ANNUAL REPORT **2022**

The results
of Cassa Depositi e Prestiti

cdp

A Unique Group
at the Service
of the Country

GROUP STRUCTURE

at 31 December 2022

cdp

- Eni S.p.A. ● 26.21%
- Poste Italiane S.p.A. ● 35.00%
- Telecom Italia S.p.A. 9.81%
- Istituto della Enciclopedia Italiana fondata da Giovanni Treccani S.p.A.[a] 6.82%
- Istituto per il Credito Sportivo 2.21%
- Elite S.p.A. ● 15.00%
- ITsART S.p.A. [b] ■ 51.00%
- Redo SGR S.p.A. ⇧ ● 30.00%
- European Investment Fund 1.11%

■ 100.00% CDP EQUITY S.p.A.

- Ansaldo Energia S.p.A. ■ 88.29%
- Saipem S.p.A. ▲ 12.82%
- Fincantieri S.p.A. ■ 71.32%
- Hotelturist S.p.A. ▲ 45.95%
- Webuild S.p.A. ● 16.67%
- GPI S.p.A. ● 18.41%
- Euronext N.V. 7.32%
- Renovit S.p.A. [c] ■ 30.00%
- GreenIT S.p.A. ▲ 49.00%
- Polo Strategico Nazionale S.p.A. ▲ 20.00%
- CDP Venture Capital SGR S.p.A. ⇧ ■ 70.00%
- Fondo Italiano d'Investimento SGR S.p.A. ⇧ ■ 55.00%
- F2i - Fondi Italiani per le Infrastrutture SGR S.p.A. ⇧ 14.01%
- Holding Reti Autostradali S.p.A. ▲ 51.00%
  - Autostrade per l'Italia S.p.A. ■ 88.06%
- Open Fiber Holdings S.p.A. ▲ 60.00%
  - Open Fiber S.p.A. ■ 100.00%
- Mozart Holdco S.p.A. ● 15.00%
- Kedrion Holding S.p.A. 6.63%
- CDPE Investimenti S.p.A. ■ 77.12%
  - Rocco Forte Hotels Ltd ● 23.00%
  - Valvitalia Finanziaria S.p.A. ▲ 50.00%
  - Nexi S.p.A ● 8.28%
  - Trevi Finanziaria Industriale S.p.A. ● 25.67%
- Nexi S.p.A 5.29%

■ 59.10% CDP RETI S.p.A.

- Terna S.p.A. ◆ 29.85%
- Snam S.p.A. ◆ 31.35%
  - Italgas S.p.A. 13.48%
- Italgas S.p.A. ◆ 26.01%

■ 100.00% FINTECNA S.p.A.

■ 100.00% CDP IMMOBILIARE S.r.l.

- M.T. Manifattura Tabacchi S.p.A. ● 40.00%
- Consortiums and other

■ 70.00% ⇧ CDP REAL ASSET SGR S.p.A.

■ 76.01% SIMEST S.p.A.

TYPE OF CONTROL / INFLUENCE

- ■ Control
- ◆ De facto control
- ● Significant influence
- ▲ Joint control

⇧ **FUND MANAGEMENT RELATIONSHIP**

(a) Snam holds a further 1.26%.
(b) Company placed in voluntary liquidation by a resolution of the shareholders' meeting appointing the sole liquidator on 12/29/2022 entered in the Commercial Register on 01/10/2023.
(c) Snam holds 60.05% of the company.

COMPANIES IN LIQUIDATION:

- ● **EPF - Europrogetti & Finanza S.r.l.** 31.80%
- ■ **Bonafous S.p.A.** 100.00%
- ■ **Cinque Cerchi S.p.A.** 100.00%
- ▲ **Quadrifoglio Brescia S.p.A.** 50.00%
- ■ **Pentagramma Romagna S.p.A.** 100.00%
- ■ **Pentagramma Piemonte S.p.A.** 100.00%
- ■ **Quadrifoglio Genova S.p.A.** 100.00%
- ▲ **IQ Made in Italy Investment Company S.p.A.** 50.00%

GROUP STRUCTURE

at 31 December 2022

INVESTMENT FUNDS

CDP Real Asset SGR S.p.A. — 70.00% Control

100.00%	Fondo Investimento per la Valorizzazione Extra
100.00%	Fondo Investimento per la Valorizzazione Plus
49.31%	Fondo Investimento per l'Abitare (FIA)
90.91%	Fondo Nazionale del Turismo - Comparto A
100.00%	FNAS - Fondo Nazionale Abitare Sostenibile
100.00%	Fondo Sviluppo Comparto A (a)

Fondo Italiano d'Investimento SGR S.p.A. — 55.00% Control

quote A 66.28% quote B 38.24%	Fondo Italiano Consolidamento e Crescita
quote A 65.15% quote B 39.47%	Fondo Italiano Tecnologia e Crescita
20.83%	FoF Fondo Italiano di Investimento
64.79%	FoF Private Equity Italia
62.50%	FoF Private Debt
73.42%	FoF Private Debt Italia (b)
76.69%	FoF Venture Capital
20.83%	Fondo Italiano di Investimento FII Venture
30.77%	Fondo Italiano Agritech & Food - FIAF (b)
100.00%	FoF Impact Investing (b)

Redo SGR S.p.A. — 30.00% Significant Influence

3.57%	Fondo Immobiliare di Lombardia - Comparto Uno (formerly Abitare Sociale I)

F2i - Fondi Italiani per le Infrastrutture SGR S.p.A. — 14.01%

quote A 8.05% quote C 0.02%	F2i - Secondo Fondo Italiano per le Infrastrutture
4.17%	F2i - Terzo Fondo per le Infrastrutture
6.86%	F2i - Fondo per le Infrastrutture Sostenibili (b)

CDP Venture Capital SGR S.p.A. — 70.00% Control

82.19%	FoF VenturItaly (b)
85.62%	Fondo Acceleratori (b)
100.00%	Fondo Boost Innovation (b)
100.00%	Fondo Evoluzione (b)
92.06%	Fondo Technology Transfer - Direct sector (b)
100.00%	Fondo Technology Transfer - Indirect sector (b)
66.67%	Fondo Corporate Partners I - IndustryTech sector (b)
35.29%	Fondo Corporate Partners I - EnergyTech sector (b)
66.67%	Fondo Corporate Partners I - ServiceTech sector (b)
75.00%	Fondo Corporate Partners I - InfraTech sector (b)
100.00%	Fondo Large Ventures (b)

Other funds

25.67%	Fondo AREF II
4.82%	Fondo EGO
21.36%	Fondo Opes (c)
9.75%	Fondo Ver Capital
9.10%	Fondo October
11.77%	Fondo Atlante
9.38%	Fondo Regio
12.90%	Italian Recovery Fund
49.50%	Vertis Venture 3 Technology Transfer (d)
36.90%	360 PoliMI TT Fund (d)
48.01%	Progress Tech Transfer SLP-RAIF (d)
18.49%	Sofinnova Telethon SCA (d)
15.96%	Eureka Fund! I - Technology Transfer (d)
14.58%	Fondo PPP Italia
25.14%	Springrowth - Fondi di credito diversificato
21.87%	HI CrescItalia PMI
16.16%	Anthilia BIT III
8.45%	Fondo Africinvest IV
17.55%	Oltre II SICAF EuVeca S.p.A. (c)
13.00%	Oltre III Italia (c)
34.36%	Muzinich Diversified Enterprises
33.33%	Fondo Magellano
28.36%	Fondo ENEF II
quote A 41.96% quote B 0.21%	Fondo QuattroR
quote A 35.81% quote B 0.25%	FSII

INVESTMENT VEHICLES

14.08%	2020 European Fund for Energy. Climate and Infrastructure SICAV - FIS S.A. (Fondo Marguerite)
11.27%	Fondo Marguerite III SCSp (b)
9.60%	Marguerite II SCSp (Fondo Marguerite II)
quote A 38.92% quote B 1.20%	Inframed Infrastructure S.A.S. à capital variable (Fondo Inframed)
9.01%	Connecting Europe Broadband Fund SICAV RAIF
50.00%	EAF S.C.A. SICAR - Caravella (Fondo Caravella)

NOTES

(a) Underwritten by CDP Immobiliare S.r.l.
(b) Underwritten by CDP Equity S.p.A.
(c) Fund launched under the Social Impact Italia investment platform; managed and co-investment agreement signed by CDP and EIF, focused on social
(d) Fund launched under the ITAtech investment platform; managed and co-investment agreement signed by CDP and EIF, focused on technology transfer funds.

Company with fund relationship management.

(Translation from the Italian original which remains the definitive version)

This document, PDF format, does not fulfill the obligations deriving from Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" - European Single Electronic Format) for which a dedicated XHTML format has been prepared.

ANNUAL REPORT
2022

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LETTER TO SHAREHOLDERS

In 2022 Cassa Depositi e Prestiti confirmed its key role in the country's sustainable development, with an unprecedented use of resources and contribution to growth.

This activity was carried out in a complex scenario due to the effects of the pandemic and the geopolitical tensions caused by the war in Europe. The Russian-Ukrainian conflict has destabilised global markets and increased uncertainty over future prospects. The Italian economy has so far shown significant resilience, despite high inflation, high energy prices, high commodity prices and restrictive monetary policies threatening growth in the short to medium term.

In this context, the CDP Group has put in place measures to respond to the economic needs of the productive fabric and local authorities, without however ever losing sight of the structural objectives linked to social inclusion and the dual green and digital transition.

Our contribution to Italian growth reached 1.7% of GDP, a value added generated by over 30 billion made available to enterprises, public administrations and infrastructure projects. A commitment that mobilised additional resources from other investors and lenders amounting to 80 billion in total deployed for the benefit of the country, with a leverage effect of 2.6 times. These results were made possible thanks to the solidity of postal funding, which reached 280 billion, and the ability to obtain financing on the market, including through issues inspired by ESG principles.

We served 47,000 companies, supported over 1,300 public entities for a total of over 3,000 transactions, created or retained approximately 470,000 employees, committed 3 billion to the energy transition, carried out initiatives in social housing and in the hospital and school building sector.

In terms of development finance and international cooperation, CDP increased the use of resources (+250%) and contributed

The Chief Executive Officer and General Manager Dario Scannapieco and the Chairman Giovanni Gorno Tempini to the launch of the Italian Climate Fund which, with a budget of 4.2 billion over five years, will finance climate change mitigation projects in developing countries.

With regard to strategic equity investments, we retained our role as permanent shareholder covering infrastructure or assets of importance to the country; whereas, with regard to special purpose interventions, our commitment was focused on growth or the stabilisation of companies in key sectors, with a capital turnover rationale.

The innovation of the business fabric continued to be a priority for the Group and, in particular, for venture capital activities. In the latter area, support for innovative start-ups and SMEs was also pursued with new forms of collaboration between large enterprises, universities, research centres and local institutions. Examples of these include the National Accelerators Network, which provides start-ups with a network of operators, partners and investors for the structuring of their proposal to the market, and the National Technology Transfer Hubs, created to enhance the excellence of Italian scientific research and encourage the creation of new businesses.

In the first year of implementation of the 2022-2024 Strategic Plan, sustainability was integrated into our methods for assessing loans and investments, allowing us to make the transition from a risk-return approach to a new risk-return-impact model.

The Plan identified 10 priority action areas consistent with the objectives of the UN 2030 Agenda and with the missions of the National Recovery and Resilience Plan, for the implementation of which we work alongside administrations by directly managing part of the funds, providing technical support and also financing projects with additional resources.

Last but not least, we have strengthened cooperation with EU institutions. We are the first to have signed implementation agreements under the InvestEU programme, which enables National Promotional Institutions to benefit directly from the EU budget guarantee.

CDP's mission is to promote sustainable growth with a focus on social and territorial cohesion. To this end, together with the CDP Foundation we launched a number of projects to support young people in difficulty and the most vulnerable segments of the population and to allocate funds to scientific research. Again with this in mind, at the end of the year we launched a corporate volunteering programme to generate even more impact on the communities, involving colleagues from the Group.

People are undoubtedly the real driving force behind the results achieved in 2022 and we would like to extend our heartfelt thanks to each and every one of them. With the aim of increasingly enhancing their talent and uniqueness, we approved the policy on diversity, fairness and inclusion, which reinforces CDP's commitment to creating an open and diverse work environment, where everyone can fully express their potential.

We also firmly believe that sustainable development also depends on listening to and dialoguing with our stakeholders. For this reason, the 2022-2024 Strategic Plan initiated a process of dialogue with civil society, with the first edition of the Multistakeholder Forum and consultations on our intervention strategies.

In the current climate of national and global uncertainty, Cassa Depositi e Prestiti was able to rely on the constant support of its shareholders, the Italian Ministry of the Economy and Finance and the Banking Foundations. A cooperation that will lead us to work together again on tangible initiatives for local growth.

Italy is now having to face new challenges. The CDP Group, increasingly aware of its fundamental role as an institution serving the country, will continue to place people and the economic, social and environmental impact at the heart of its operations, with a view to building a more sustainable and inclusive future together.

Giovanni Gorno Tempini
Chairman

Dario Scannapieco
Chief Executive Officer and General Manager

2022 MAIN INDICATORS

CDP S.p.A.

TOTAL ASSETS	POSTAL FUNDING (*)
400.7 bn euro	**281.0** bn euro

RESOURCES DEPLOYED	SHAREHOLDERS' EQUITY
30.2 bn euro	**25.7** bn euro

LOANS (*)	DEBT SECURITIES (*)
119.9 bn euro	**67.0** bn euro

NET INCOME	EMPLOYEES
2.5 bn euro	**1,222**

(*) Reclassified figures. Re. § 4.2.1

CDP Group

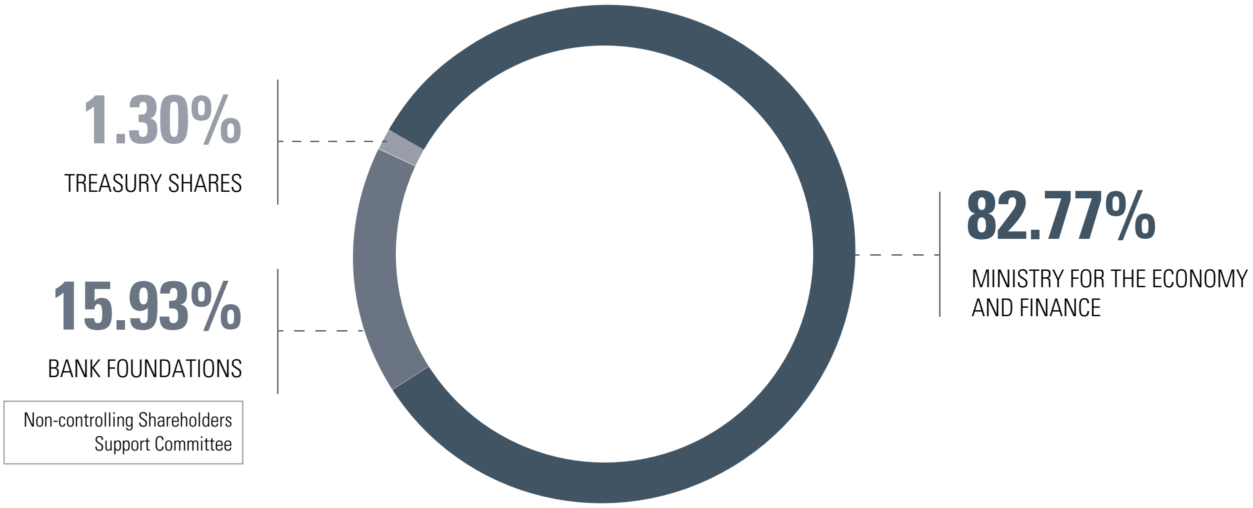
TOTAL ASSETS	FUNDING
478.1 bn euro	**406.3** bn euro

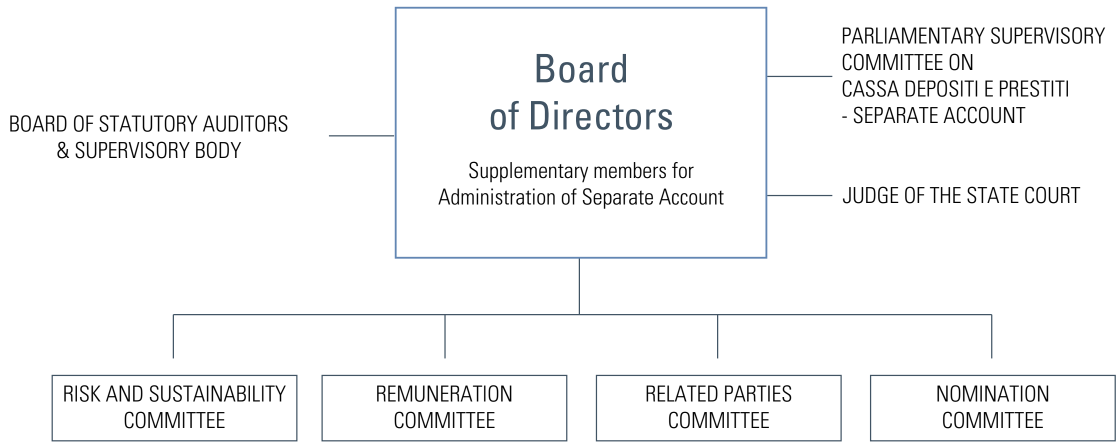
RESOURCES DEPLOYED	CONSOLIDATED NET EQUITY
30.6 bn euro	**39.7** bn euro

EQUITY INVESTMENTS	GROUP EQUITY
27.1 bn euro	**23.8** bn euro

CONSOLIDATED NET INCOME	EMPLOYEES
6.8 bn euro	**40,000**

COMPANY BODIES, OFFICERS AND GOVERNANCE





COMPANY BODIES AT 31 DECEMBER 2022

BOARD OF DIRECTORS

Chairman
Giovanni Gorno Tempini

CEO and General Manager
Dario Scannapieco

Directors
Livia Amidani Aliberti
Anna Girello Garbi
Fabrizia Lapecorella
Fabiana Massa
Matteo Melley[(1)]
Alessandra Ruzzu
Giorgio Toschi

BOARD OF STATUTORY AUDITORS[(2)]

Chairman
Carlo Corradini

Auditors
Franca Brusco
Mauro D'Amico
Patrizia Graziani
Davide Maggi

Alternate Auditors
Anna Maria Ustino
Giuseppe Zottoli

PARLIAMENTARY SUPERVISORY COMMITTEE ON CASSA DEPOSITI E PRESTITI - SEPARATE ACCOUNT[(3)]

Chairman
Sestino Giacomoni

Members
Nunzio Angiola
Gian Pietro Dal Moro
Raffaele Trano
Alberto Bagnai
Roberta Ferrero
Vincenzo Presutto
Cristiano Zuliani
Luca Cestaro (Administrative Court)[(4)]
Carlo Dell'Olio (Administrative Court)
Luigi Massimiliano Tarantino (Council of State)
Mauro Orefice (Italian Court of Audit)

NON-CONTROLLING SHAREHOLDERS SUPPORT COMMITTEE

Chairman
Giovanni Quaglia

Members
Konrad Bergmeister
Marcello Bertocchini
Michele Bugliesi
Francesco Caia
Paolo Cavicchioli
Cristina Colaiacovo
Giovanni Fosti
Giuseppe Toffoli
Maria Teresa Cucco (Secretary)

SUPPLEMENTARY MEMBERS FOR ADMINISTRATION OF SEPARATE ACCOUNT

(Article 5.8, Decree Law 269/2003, ratified with amendments by Law 326/03)

Director General of the Treasury[(5)]
State Accountant General[(6)]
Paolo Calvano
Antonio Decaro
Michele de Pascale

JUDGE OF THE ITALIAN COURT OF AUDIT[(7)]

(Article 5, para 17, D.L. 269/2003)

Holder
Carlo Alberto Manfredi Selvaggi

Alternate
Luigi Caso

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

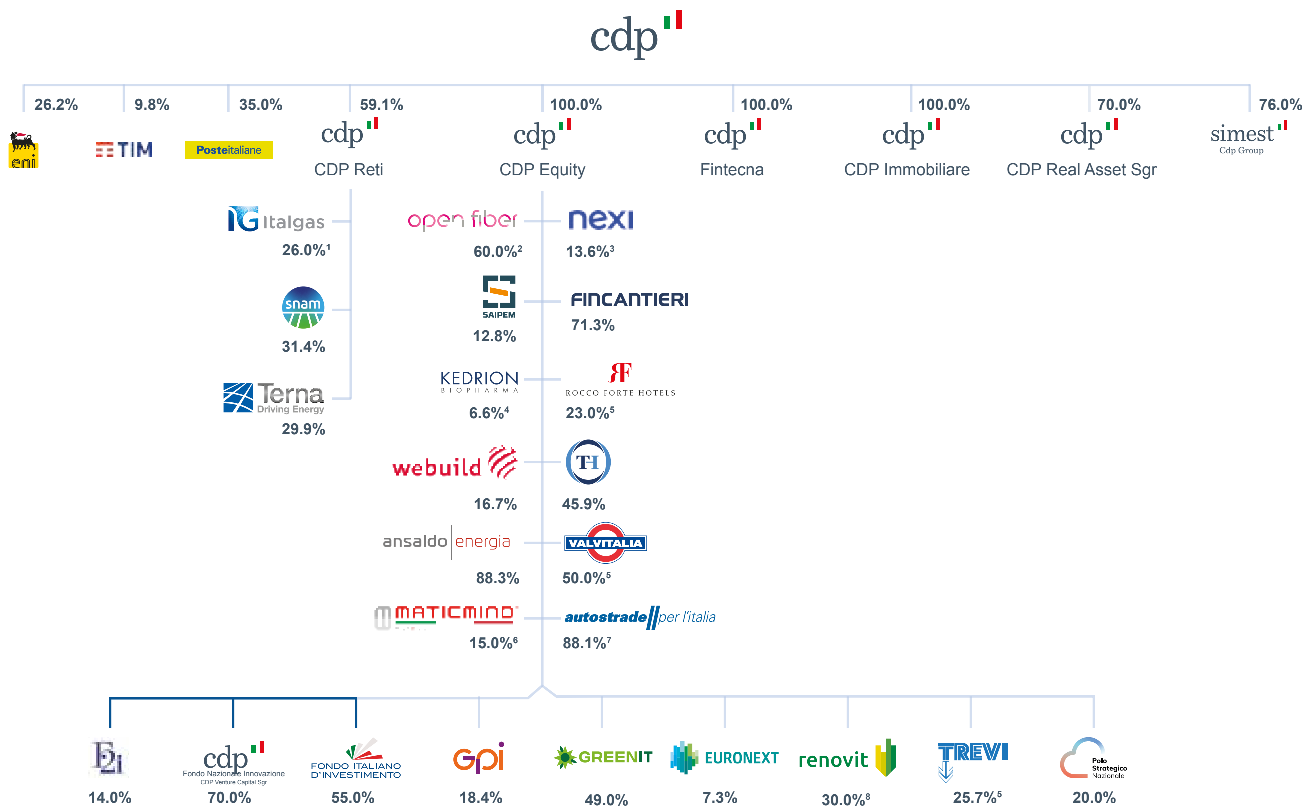
MANAGER IN CHARGE WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

Fabio Massoli[(8)]

(1) Ceased from office on 1 December 2022. On 15 February 2023 was appointed Giorgio Righetti.
(2) On 25 January 2017, the Board of Directors assigned to the Board of Statutory Auditors the duties of the Supervisory Body (pursuant to Legislative Decree No. 231 of 8 June 2001) starting from 27 February 2017.
(3) *In prorogatio*, until the appointment will be made by the XIX[th] legislature.
(4) Appointed on 20 April 2021, in substitution of Vincenzo Blanda.
(5) Alessandro Rivera. From January 2023, Riccardo Barbieri Hermitte.
(6) Pier Paolo Italia, delegate of the State Accountant General.
(7) Art. 5, para. 17, of Decree Law 269/03 — attends meetings of the Board of Directors and the Board of Statutory Auditors.
(8) Appointed on 1 September 2022, in substitution of Pier Francesco Ragni.

1 REPORT ON OPERATIONS

1. CDP GROUP



CDP GROUP INVESTMENTS AT 31.12.2022 (NON-EXHAUSTIVE REPRESENTATION)

1. Snam holds an additional 13.5% in Italgas.
2. CDP Equity holds a 60% stake in the vehicle Open Fiber Holdings, which owns 100% of the share capital of Open Fiber.
3. Participation held through CDPE Investimenti by 8.3% and further 5.3% held through CDP Equity.
4. CDP Equity holds a 6.6% stake in Kedrion Holding, which indirectly holds 100% of Kedrion's share capital, Parent company of the Paneuropean group following the acquisition of Bio Products Laboratory.
5. Participation held through CDPE Investimenti, of which CDP Equity is the 77.1% shareholder.
6. CDP Equity holds a 15% stake in SPV Mozart HoldCo, which holds 100% of Maticmind's share capital, through the company Mozart Bidco.
7. Participation held through Holding Reti Autostradali, held by CDP Equity at 51%.
8. Snam holds 60.05% of the company.

#37 enterprises funds
#9 infrastructures and facilities funds
#6 real estate funds
#4 international cooperation funds
SGR

1.1 CDP S.P.A.

Established in Turin in 1850 as an institution purposed to receive deposits as a "place of public trust", Cassa Depositi e Prestiti ("CDP") is seeing its role change over the years. During the past decade, it has assumed a key role in promoting Italy's development.

From being an institution created to support the public sector through the management of Postal Savings, commitment to public works and financing of the State and public bodies, CDP is gradually expanding its scope of action towards the private sector, while always operating in view of medium-long term development, in a fully complementary role with the market.

More specifically:

- in 2009, the financing of enterprises through the banking system was strengthened to tackle the liquidity crisis in the financial markets;
- Fondo Strategico Italiano - FSI (now CDP Equity), wholly owned by CDP, was established in 2011 in order to acquire equity investments in enterprises of major national interest under a long-term perspective;

- in 2012, after the acquisition of SACE, SIMEST and Fintecna, the CDP Group was created, with the aim of strengthening the international expansion of Italian enterprises;
- in 2014, the scope of CDP's activities was extended to financing international development cooperation projects designed for public or private-sector entities;
- in 2015, the Italian Government and the European Union designated CDP as a National Promotional Institution. As a result, CDP became:
  - the entry point for funding under the Juncker Plan for Italy;
  - the financial advisor to the Public Administration for a more effective use of domestic and European funds;
- in November 2021, the 2022-2024 Strategic Plan was approved, which identified four major challenges to be tackled in order to make a real contribution to relaunching the Italian economy over the next three years: climate change and protection of the ecosystem, inclusive and sustainable growth, rethinking production sectors, digitalisation and innovation.

All CDP's operations are carried out by ensuring the separation of the organisational and accounting activities between Separate Account and Ordinary Account assets, thereby ensuring the Company's long-term economic and financial equilibrium whilst also ensuring returns for shareholders.

In terms of supervision, in accordance with article 5, paragraph 6, of decree law 269/2003, the provisions of Title 5 of the Consolidated Law on Banking concerning the supervision of non-banking financial intermediaries apply to CDP, taking into account the characteristics of the supervised entity and the special regulations applicable to the Separate Account.

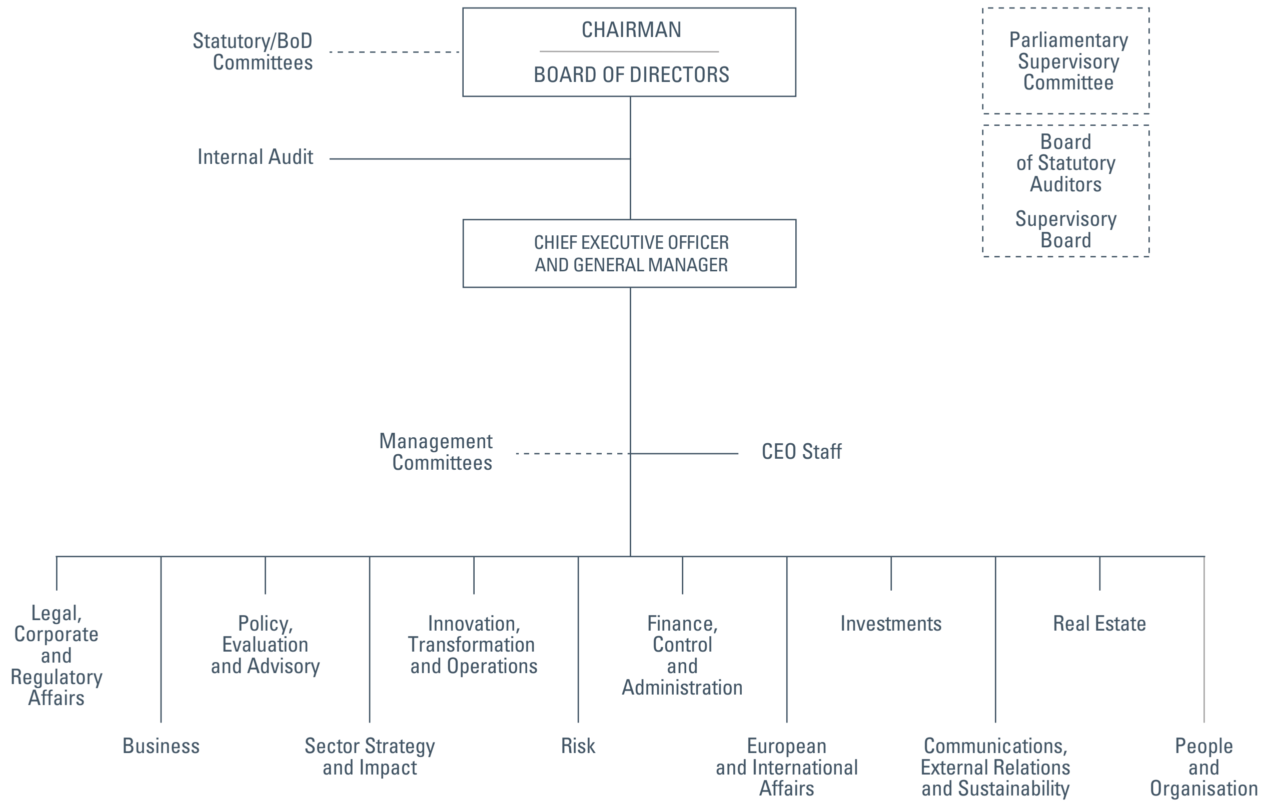
CDP is also subject to oversight by a Parliamentary Supervisory Committee and the Court of Auditors.

At the date of this report, CDP is structured as follows:

The following structures report to the Board of Directors:
- Chief Executive Officer and General Manager;
- Internal Audit.

The following organisational structures report to the Chief Executive Officer and General Manager:
- Legal, Corporate and Regulatory Affairs;
- Business;
- Policy, Evaluation and Advisory;
- Sector Strategy and Impact;
- Innovation, Transformation and Operations;
- Risk;
- Finance, Control and Administration;
- European and International Affairs;
- Investments;
- Communications, External Relations and Sustainability;
- Real Estate;
- People and Organisation;
- CEO Staff.

CDP organisational chart as at 31 December 2022:



As at 31 December 2022, CDP employed 1,222 people, including 113 senior managers, 656 middle managers, 439 office workers and 14 employees seconded from other organisations.

In 2022, CDP employees grew both in terms of number and quality, with 252 new hires against 144 people leaving the organisation.

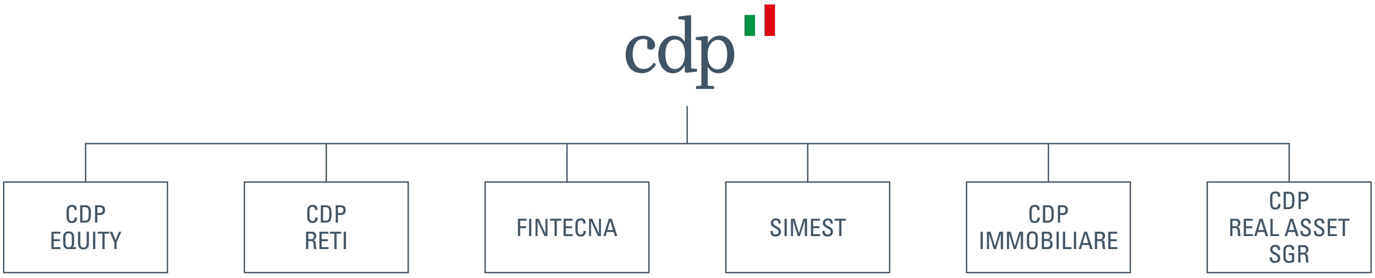
Compared to last year, the average age of employees remained basically unchanged, around 41 years, while the percentage of employees with a tertiary education (bachelor's or master's degree, doctorate or other post-graduate qualification) increased to 88%.

The companies subject to management and coordination together with the Parent Company employed 1,754 people at 31 December 2022[1], with an increase of 7%, or 109 people, compared to the figure at 31 December 2021[2].

1 The figure includes the employees of Simest, a company subject to management and coordination by CDP since the second half of 2022.

2 The calculation of resources has been made pro-forma for the whole Group according to the following method: resources included: all the current resources, the resources seconded in the company with a percentage greater than 50%, resources on maternity and parental leave or general leave, and the resources seconded out of the company with a percentage lower than 50%; resources excluded: the resources seconded out of the company with a percentage greater than 50%, the resources seconded in the company with a percentage lower than 50%, interns, collaborators, temporary workers, and the corporate bodies.

1.2 GROUP COMPANIES



CDP EQUITY S.P.A.

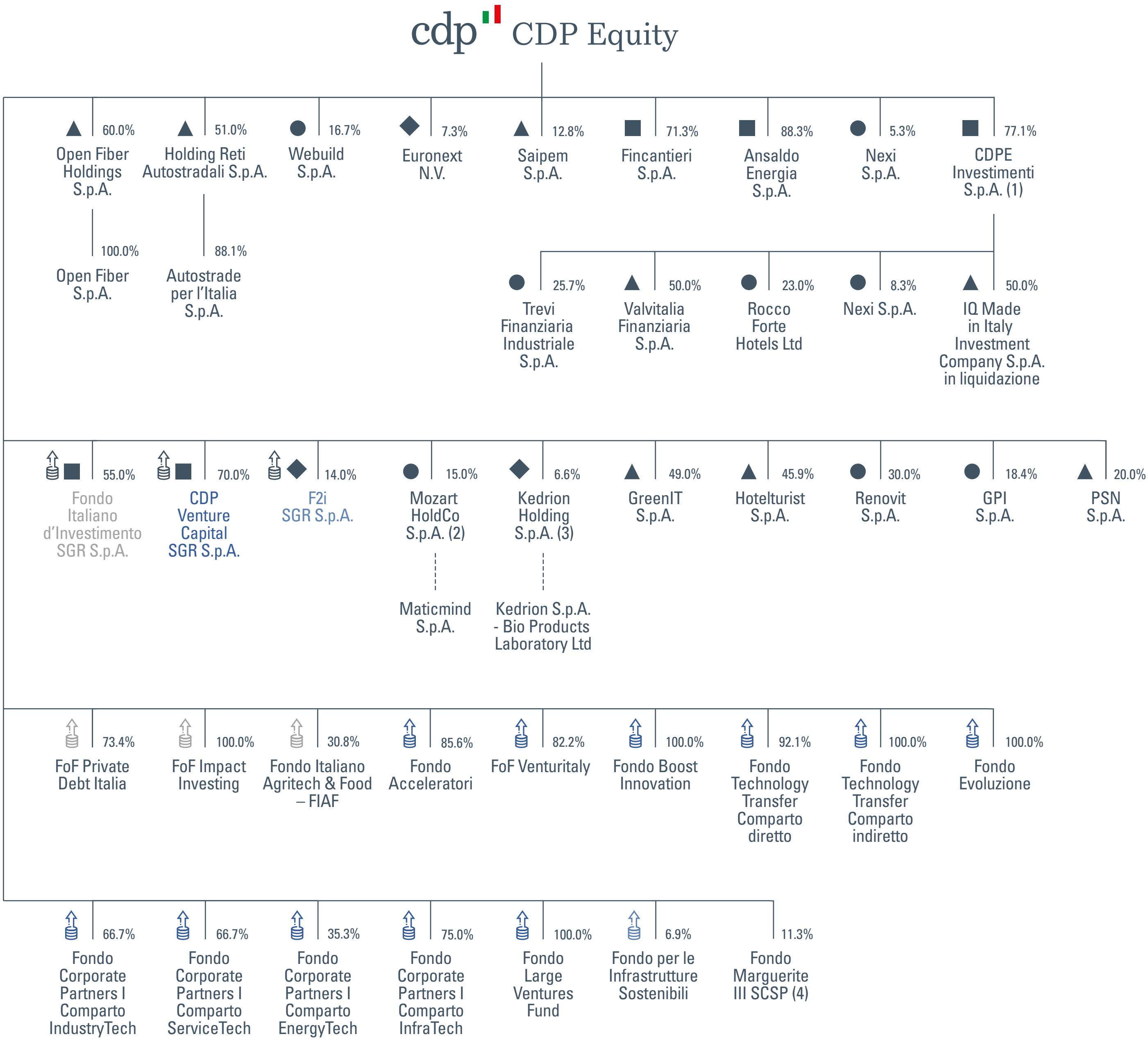
CDP Equity is the company name adopted as of 31 March 2016 by Fondo Strategico Italiano S.p.A., an investment fund established on 2 August 2011 under paragraph 8-*bis* of Article 5 of Decree-Law 269 of 2003, converted into Law 326 of 24 November 2003, and wholly-owned by CDP.

CDP Equity is mainly engaged in the acquisition of equity investments in "companies of major national interest", characterised by a stable financial position and sound performance, with adequate profit-generating prospects and significant growth prospects, able to generate value for investors, in accordance with the market economy investor principle.

In 2019, CDP Equity's operations were further strengthened, by expanding the scope of the investment portfolio also to asset management companies and investment funds. As such, CDP Equity today invests both directly in companies and indirectly through the subscription of funds.

Moreover, it is reported that with the closing of the merger by incorporation of CDP Industria into CDP Equity, with legal, tax and accounting effect as of 11.59 p.m. of 31 December 2022, CDP Industria ceased to exist and CDP Equity took over the legal relationships of the target company, including therein, by way of example, ownership of the equity investments in Fincantieri S.p.A. and in Saipem S.p.A. The purpose of the merger was to streamline the corporate structure of the CDP Group and, as such, in line with the CDP Group's 2022–2024 Strategic Plan, which envisages, among the various equity initiatives contemplated, the assessment of potential transactions for rationalising the existing equity investment portfolio and the corporate shareholder structure.

The following chart shows the corporate structure of CDP Equity and its portfolio of investments at 31 December 2022.



Key

- ■ Control
- ▲ Joint control
- ● Significant influence
- ◆ Financial assets measured at fair value with impact on comprehensive income

Fund relationship management

- Managed by Fondo Italiano d'Investimento SGR S.p.A.
- Managed by CDP Venture Capital SGR S.p.A.
- Managed by F2i SGR S.p.A.

(1) CDPE Investimenti S.p.A. is subject to the management and coordination of CDP Equity S.p.A.
(2) Mozart HoldCo holds 100% of the vehicle Mozart BidCo S.p.A., which in turn owns 100% of the share capital of Maticmind S.p.A.
(3) Kedrion Holding S.p.A. holds 100% of the share capital of Kevlar S.p.A., which owns 100% of the share capital of Kedrion S.p.A., which is the parent company of the Paneuropean group created after the acquisition of Bio Products Laboratory Limited.
(4) Managed by Marguerite Investment Management S.A.

At 31 December 2022, CDP Equity employed a total of 79 people, 3 less than at 31 December 2021.

FINTECNA S.P.A.

Fintecna was established in 1993 for the specific purpose of restructuring recoverable businesses and performing transitional management activities linked to the liquidation of Iritecna to pave the way for its privatisation. In 2002, IRI (in liquidation) was incorporated into Fintecna together with its residual assets. In 2012, CDP acquired the entire share capital of Fintecna from the MEF.

Currently Fintecna's activities are geared towards: (i) the management of liquidation procedures, (ii) the management of litigation, mainly arising from the incorporated companies, and (iii) other operations, including support initiatives for the communities affected by the earthquakes in central Italy in 2016.

At 31 December 2022, Fintecna employed 93 people, 5 less than at 31 December 2021.

CDP IMMOBILIARE S.R.L.

CDP Immobiliare, set up in 2007 as part of the Fintecna group and becoming CDP's direct equity investment in 2013 following the spin-off of Fintecna's real estate activities, operates throughout the real estate sector, carrying out management, construction and marketing activities, with particular regard to the leveraging of its real estate assets through local urban growth and redevelopment projects.

CDP Immobiliare manages the process of development and disposal of its assets, both directly and through special purpose vehicles set up over time. Specifically, at 31 December 2022, CDP Immobiliare held equity investments (subsidiaries and associates) in 7 companies, including M.T. - Manifattura Tabacchi S.p.A. (Florence).

At 31 December 2022, CDP Immobiliare employed 94 people, 10 less than at 31 December 2021.

CDP REAL ASSET SGR S.P.A.

CDP Real Asset SGR (CDP RA SGR), 70% owned by CDP, was established in 2009 by CDP, Associazione delle Fondazioni Bancarie e Casse di Risparmio (ACRI) and the Italian Banking Association (ABI).

CDP RA SGR operates in the real estate and securities investment sector, specifically in the promotion, establishment and management of closed-end funds reserved to qualified investors in specific real estate and infrastructure market segments. At 31 December 2022, CDP RA SGR managed the following real estate funds:

1. Fondo Investimenti per l'Abitare ("FIA"), focused on the realisation of social housing initiatives, through investments in a network of local real estate funds;
2. Fondo Investimenti per la Valorizzazione ("FIV"), a real estate umbrella fund dedicated to the acquisition of real estate with unexpressed potential value that can be leveraged through change in use, upgrading or rental;
3. Fondo Nazionale del Turismo – Sub-Fund A ("FNT – Sub-Fund A"), an umbrella fund focused on real estate investments in the tourism, hotel, hospitality and recreational sectors through (i) Fondo Turismo 1 ("FT1") and (ii) Fondo Turismo 2 ("FT2"), both managed by CDP RA SGR and specialised in aggregating a diversified portfolio by acquiring real estate assets (with specific characteristics depending on the fund) and renting these out to hotel operators;
4. Fondo Nazionale del Turismo – Sub-Fund B ("FNT – Sub-Fund B"), an umbrella fund focused on the investment of PNRR resources received from the Ministry of Tourism for tourist sector initiatives of high impact for the local area, through Fondo Turismo 3 ("FT3"), which is similarly managed by CDP RA SGR;
5. Fondo Nazionale dell'Abitare Sostenibile ("FNAS"), dedicated to real estate investments to support housing and community services, with particular reference to social, student and senior housing initiatives, urban regeneration and redevelopment projects, and spaces to support innovation and education;
6. Fondo Sviluppo, an umbrella fund focused on the purchase and development of real estate assets, also for the purpose of renting out the properties and raising their value through their renovation, restoration and ordinary or extraordinary maintenance, or through their transformation and redevelopment.

During the year, CDP RA SGR expanded its operations to the securities sector, with the creation of a first fund of funds focused on infrastructure, aimed at supporting the development of the Italian infrastructure market through investments in specialist funds with greenfield/revamping components and an ESG focus.

At 31 December 2022, the company employed 55 people, 1 less than at 31 December 2021.

CDP RETI S.P.A.

CDP RETI was set up as an investment vehicle in 2012 to support the development of the infrastructure of natural gas transportation, dispatching, regasification, storage and distribution as well as electricity transmission. It achieves this purpose by acquiring equity investments of systemic importance.

After the share capital was opened to outside investors in November 2014, the company's present shareholders are: CDP (59.1%), State Grid Europe Limited (35.0%) and other institutional Italian investors (with a collective interest of the remaining 5.9%).

At 31 December 2022, the company owned equity investments in Snam (31.35%), Terna (29.85%) and Italgas (26.01%).[3]

At 31 December 2022, CDP RETI employed 3 people (2 at 31 December 2021), plus 8 people under part-time secondment from the Parent Company (7 people under secondment at 31 December 2021). Moreover, in pursuing its business, the company relies on the operational support of the parent company CDP S.p.A. and of CDP Equity S.p.A. based on service agreements that provide the company with all the skills and services that are necessary for its operations.

SIMEST S.P.A.

SIMEST is a joint-stock company established in 1991 to promote investments abroad by Italian businesses and provide them with technical and financial support.

As a result of the corporate reorganisation involving CDP and the SACE group, on 21 March 2022 CDP acquired from SACE S.p.A. a 76.005% equity interest in SIMEST, with the remaining share capital distributed across a number of minority shareholders, consisting mainly of banking institutions and investors from the Confindustria system.

The main activities of the company concern:
1. Transactions pursuant to Law 100/1990 (equity loan): SIMEST acquires, on market terms and conditions and drawing on its own funding, temporary minority equity investments in companies promoted or invested in by Italian companies, also with the possibility of providing shareholder loans;
2. Public funds[4]: SIMEST manages the following public funds under the specific provisions of laws and agreements signed with the MAECI:
   a) Fund 295/73 to support export finance initiatives and the international expansion of Italian business;
   b) Fund 394/81 to provide subsidised loans for the international expansion of Italian companies[5], also within the scope of the National Recovery and Resilience Plan (PNRR);
   c) Venture Capital Fund (i) to promote international expansion initiatives by Italian companies through co-investments with SIMEST for the acquisition of equity investments and the provision of shareholder loans, and (ii) to support the international expansion of innovative start-ups and SMEs.

At 31 December 2022, the company employed 208 people, 17 more than at 31 December 2021.

3 On 10 March 2022, in implementation of the incentive plan called "2018-2020 Co-Investment Plan" - approved by the Ordinary and Extraordinary Shareholders' Meeting on 19 April 2018 - and the decision of the Board of Directors of Italgas to freely assign a total of 477,364 new ordinary shares of the Company to the beneficiaries of the Plan (the so-called second cycle of the Plan) and launch the execution of the second tranche of the capital increase approved by the aforementioned Shareholders' Meeting, CDP RETI's equity investment in ITALGAS went from 26.02% to 26.01%.

4 The funds are recognised as off-balance sheet operations of the Italian State and are treated as segregated assets, distinct from the assets of SIMEST.

5 SIMEST also manages a share of the Fondo per la Promozione Integrata, which provides grants as part of the financing package arranged by Fund 394/81 through its subsidised loans.

2. MARKET CONTEXT

2.1 MACROECONOMIC SCENARIO

In 2022, global GDP grew by 3.4%, less than expected at the beginning of the last year (4.4%[6]). In January 2022 the pandemic appeared less severe, despite the high circulation of the virus, and the growing inflation was considered as transitory, linked to the temporary imbalances that arose on the markets in the post-pandemic recovery. However, the serious and unforeseen consequences of the Russian military invasion of Ukraine changed the scenario.

The return of war to Europe's borders has exacerbated tensions between the Western Bloc and Russia, which has strategically managed gas and oil exports to weaken the European response. The outbreak of the conflict and the cuts in exports to the EU have pushed up sharply the prices of energy goods, that significantly affected the overall price dynamics globally. In 2022, 70% of the countries around the world recorded an average annual inflation of more than 6% and in many advanced economies price growth has reached 40-year highs, above (EU) or close (US) to 10%. Almost all central banks raised policy rates and began to reabsorb the excess liquidity in the banking system.

Reflecting uncertainty, inflation and lower confidence, the pace of global GDP growth began to lose steam during the year, leading to a further slowdown in 2023 (2.9%[7], compared to an average rate of 3.8% between 2000 and 2019) and a moderating inflation.

In 2022, the GDP of China and the United States grew by 3.0% and 2.1%, respectively, far less than the forecasts at the beginning of the year. For China, this was the lowest GDP growth rate in the last 40 years (except for 2020), mainly due to the "zero tolerance" Covid-19 policy (in a context of poor vaccine coverage among the population), but also due to the difficulties of the real estate sector and the collapse of foreign demand in the second half of the year. The United States has been severely affected by high inflation and the resulting tightening of monetary policy by the Federal Reserve. Investments have decreased compared to 2021 and exports have been weakened by the appreciation of the dollar.

The Eurozone surprised positively, recording a GDP growth rate of 3.5% driven by the significant contribution of domestic demand. Both private consumption and fixed investment grew in annual terms by around 4%, thanks to the rebound of activities that were more limited by the pandemic, and thanks to expansionary fiscal policies too. In the second half of the year, high domestic inflation and a less dynamic global environment led to a deterioration in the economic outlook for the Eurozone. In 2023, GDP is expected to grow by only 0.7%[8].

Among the main Eurozone countries, in 2022, Spain recorded the strongest performance (5.5%), particularly due to its lower dependence on Russian gas and, therefore, favoured by lower energy costs, contrary to what happened in countries where high energy costs have slowed down economic growth. In Germany, economic activity grew by only 1.8%, because of the higher weight of industry and its dependence on import of gas from Russia. Lastly, French GDP grew by 2.6%.

Italy stood out for its excellent capacity for recovery and resilience in 2022. GDP grew by 3,7% respect to 2021, a stronger increase than that expected by forecasters and analysts. The conflict in Ukraine raised fears for significant repercussions on the national economy, particularly due to the risks of gas unavailability and the consequences of high energy prices on businesses and households. The risk of gas shortage was avoided thanks to the diversification of supply sources and to the consumption containment plan, which was also facilitated by mild temperatures, while the negative consequences of inflation were mitigated by Government measures as well as by the household savings accumulated during the pandemic. The growth of the Italian economy pushed up the GDP beyond the pre-pandemic levels, doing better than in other large European countries.

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[6] IMF, World Economic Outlook, January 2022.
[7] IMF, World Economic Outlook, January 2022.
[8] *Ibidem.*

In Italy, the contribution of domestic demand was robust; private consumption and fixed investment grew by 4.6% and 9.4% respectively compared to 2021[9]. Both investment in construction and in plant and machinery recorded relevant increases. In terms of trade, net exports had a negative contribution to GDP growth, as imports grew in volume at a higher rate than exports (11.8% vs. 9.4%).

Italy's performance was achieved in a context of high inflation. The Harmonised Index of Consumer Prices (HICP) increased by 8.7%[10] in 2022 (from 1.9% in 2021), reaching the highest levels since '80s. The increase in energy contributed to about half of the overall change in the HICP (+51.3% compared to 2021). In addition, there was a significant increase in the prices of food products (8.0%), also affected by the Russian-Ukrainian conflict, while the prices of non-energy industrial goods and services increased by 3.2% and 3.4%, respectively.

The labour market also achieved strong results. The employment rate exceeded 60% (never happened since 2004, the start year for the series) and the unemployment rate fell to below 8% (the lowest since August 2009). At the end of the year, there were about 330 thousand more employees than in December 2021, mainly on permanent contracts. In the same period, the number of unemployed (-242 thousand) and inactive (-225 thousand) people fell.

Finally, the higher tax revenues resulting from the higher consumer prices and the increase in nominal GDP contributed to the second decline in the public debt-to-GDP ratio in a row, after the shock of the pandemic. In 2022 debt decreased to 144.7% of GDP, -5.1 percentage points compared to 2021 while net borrowing was 8.0% of GDP (from 9.0% in 2021), up from to government forecasts due to a review of the criteria for accounting for tax credits.

2.2 BANKING SECTOR AND FINANCIAL MARKETS

After years of low rates and ample liquidity, the resurgence of inflation has forced central banks to change monetary policies. In 2022, 34 of them (out of 37 monitored by the Bank for International Settlements) proceeded to at least one increase in the main refinancing rate (26 of them to at least 5 increases).

The European Central Bank (ECB) suspended both the Pandemic Emergency Purchase Programme (PEPP) and the standard programme launched in 2014 (Asset Purchase Programme, APP). In 2022, the Governing Council decided on four hikes of the monetary policy interest rates, for a total of 250 basis points[11] (the main refinancing rate went from 0% to 2.5%), modified the interest rates applicable to the targeted long-term refinancing operations (TLTRO-III) for the worse in order to favour their early repayment by the banks, and initiated the reduction of the securities portfolio by 15 billion euro per month to begin in March 2023 until the end of the second quarter, when the pace may be reviewed.

In the financial markets, 2022 was marked by a sharp retracement. As had occurred only three times in the last century, both stock and bond prices fell simultaneously. Tighter monetary conditions, the uncertainty linked to the Russian-Ukrainian conflict and various economic factors, such as the developments of the pandemic phenomenon in China, are the reasons that explain these results. Milan's FTSE Mib index fell by around 13% at the end of the year (in line with the German index in Frankfurt), after having fallen by 25% in the first half of October. The Nasdaq Composite Index plunged 33% in 2022, also due to the negative impact on Big Tech stock prices. On the other hand, Government bond yields have increased significantly. The 10-year BTP benchmark ended the year with a yield of 4.6%, about 350 basis points higher than the previous year, recording a widening of the spread with the German Bund (200 basis points compared to 130 at the beginning of the year). In the US, the 10-year Treasury yield rose to 3.8% at the end of the year, more than doubling the value at the end of 2021 (1.5%).

In 2022, the Italian banking sector supported the demand for credit from households and businesses, even though the trend in loans to the private sector weakened significantly since August after the ECB raised the interest rates and the economic outlook deteriorated. In December, the loans increased by 2.1% (year-on-year), driven by the ones to the households (+3.3% year-on-year) but slowed down by those to the non-financial companies (0.0%, from 2.8% in November). In the same month, loans to the Public Administration

9 Istat, GDP and general government net borrowing - year 2022, March 1, 2023.
10 Istat, Consumer prices, 17 January 2023.
11 Two further increases of 50 basis points were decided on 2 February 2023 and on 16 March 2023.

increased by 1.1% compared to December 2021. Net bad debts in the banking sector fell to 14.1 billion euro (-6.5% year-on-year), almost half of 2019, representing a small share of loans and capital plus reserves.

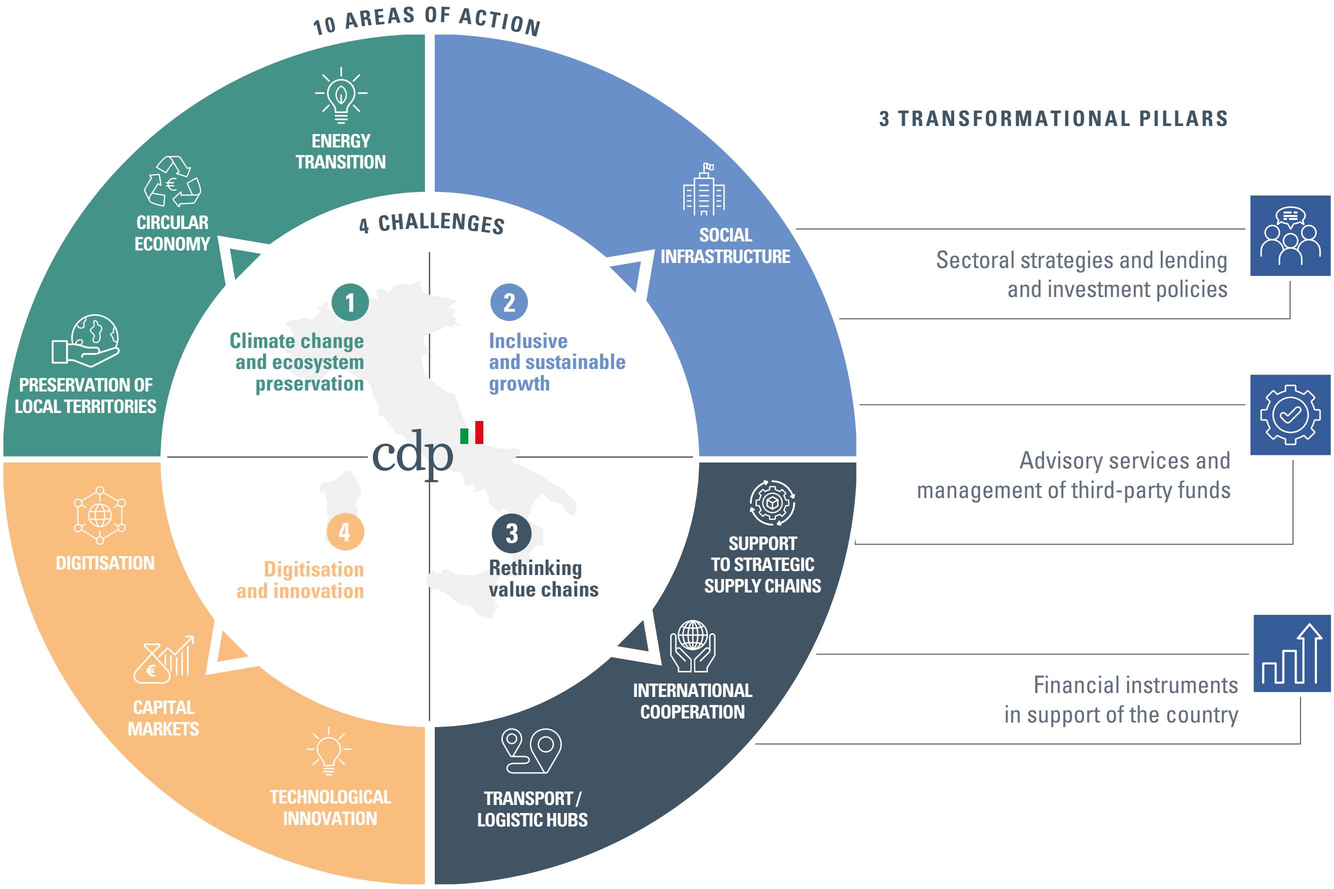
Italian banks reported a decrease in funding in December compared to the same month in 2021 (-3.1%). This has been the first significant fall after years of growth, attributable to the dynamics of private sector deposits (-0.7%), which begin to be eroded by the increase in the cost of living. Bond funding is 1.5% lower year-on-year, experiencing a slowdown in the downward trend over the past two years.

The stock of financial assets held by Italian households decreased by 7.8% in September 2022 compared to the end of 2021, offsetting the increase of the previous year (6.6%). The drop was due to the loss in value of shares, equity investments and mutual funds, which reached its maximum between the end of September and the beginning of October. In addition, while there is an outflow from riskier assets, both deposits and bonds held by households increased.

3. 2022–2024 STRATEGIC PLAN

In November 2021, the Board of Directors of CDP approved the new Strategic Plan of the CDP Group for the three-year period 2022-2024.

The Plan defines the Group's strategic guidelines starting from four major global trends: climate change and protection of the ecosystem, inclusive and sustainable growth, digitisation and innovation, and rethinking value chains. These trends correspond to ten areas of action for the Group, as set out in the figure below. In line with its mission, CDP acts in the identified areas of action through debt and equity instruments, the management of public fund mandates, but also, as a novelty, by supporting its counterparties with technical assistance and advisory services. The methods and areas of action identified are fully consistent with the goals of the UN Agenda 2030 for Sustainable Development and the missions of the National Recovery and Resilience Plan (PNRR), for which CDP will provide expertise and financial instruments, with a service approach towards administrations.



In order to best direct CDP's action with reference to the challenges identified, the strategy underlying the Plan for the current three-year period is structured around three major transformational pillars, which transversally affect the CDP Group's activities:

1. Sector analysis and impact assessment, focusing on identifying the gaps to be bridged and on adopting specific financing and investment policies. These policies provide ex-ante guidance when making decisions and allow the social, economic and environmental impact of operations to be measured ex-post according to criteria of selectivity of the operations examined, with the objective of directing CDP's resources towards the country's priority areas and bridging the most significant market gaps while preserving the economic and financial sustainability of CDP and of the projects supported. Accordingly, CDP lending and investment processes will be evolved, integrating the current analysis with engineering, economic and sustainability expertise provided by the "competence centers", new CDP structures specialized by areas: Urban regeneration and infrastructures, Natural resources, energy and environment, Innovation and digitisation.

2. Advisory and the management of public national and European funds, especially for the benefit of the public administration (PA), to facilitate the utilisation of funding and with a view to directing investments towards high-quality projects.

3. Financial instruments available to businesses and public administrations in the capacity as Promotional and Development Institution, to support every phase of the life cycle of a company or project and to take strong action in support of international development cooperation. CDP's action must be supplementary and complementary to other available forms of financing, inclusive and unifying towards the market. Specifically:

- **Loans and guarantees**: efforts have been expanded to support infrastructure, the PA and companies through a policy that is able to foster virtuous investments, in line with ESG sustainability criteria. For this purpose, CDP has boosted its technical assessment capacity and enhanced the mechanisms that blend its own and third-party funds. Furthermore, CDP supports companies in international expansion by ensuring a direct commitment through its own funds and developing non-bank lending instruments. Financial instruments, technical assessment, advisory and blending are also functional to reinforcing CDP's role in the international cooperation sector, in partnership with multilateral development banks.
- **Equity**: a new portfolio management approach has been adopted. On one side there are the equity investments considered strategic, where CDP retains its role as permanent shareholder covering infrastructure, or assets of importance to the country; on the other there are the purposeful interventions, with commitment to growth or the stabilisation of companies in key sectors, though with an exit and capital turnover rationale; finally, there are Private Equity and Venture Capital, where the CDP Group's commitment is expected to grow. In all these cases, operations are based on a crowding-in principle, i.e. the ability to attract resources from other investors.
- **Real estate**: in addition to continuing its commitment to tourism, CDP is focusing on Social, Senior and Student housing, with the aim of generating a significant impact on the territory, also thanks to its partnership with banking foundations. Overall, the management of the real estate portfolio will be based on urban regeneration operations, particularly in Southern Italy, development or direct sales, with principles of transparency and value maximization. Furthermore, the Real Estate area aims to strengthen CDP's role in the sector, also through a clear distribution of skills and a more rational allocation of the real estate portfolio.

Over the three-year period, the CDP Group expects to deploy resources for 65 billion euro and attract an additional 63 billion euro of resources from outside investors and co-lenders, by implementing investments totalling 128 billion euro. The CDP Group's commitment will focus on having a strong effect at an economic and social level, with real and tangible positive results for companies, Public Administration and households.

In the last months of 2022, due to the changed geopolitical and macroeconomic context determined in particular by the Russian-Ukrainian conflict, CDP conducted an update of the Strategic Plan with the aim of analyzing the possible implications on CDP's operations, starting from the results achieved in the first twelve months. From the analyses conducted, the overall strategic framework of the Plan, its challenges and objectives, including the target of deployed resources and investments activated, were confirmed, with the identification of some areas to be updated and in some cases new initiatives, in line with the overall framework.

TOTAL RESOURCES AND INVESTMENTS

2022-2024, billion euro (*)

	RESOURCES DEPLOYED	INVESTMENTS ACTIVATED
INFRASTRUCTURES AND PUBLIC ADMINISTRATION	21	53
LENDING TO ENTERPRISES AND SUPPORT FOR INTERNATIONAL EXPANSION	34	56
INTERNATIONAL COOPERATION AND FINANCE FOR DEVELOPMENT	2	4
EQUITY	7	13
REAL ESTATE	1	2
TOTAL	**65**	**128**

* Net of intragroup transactions

4. CDP GROUP'S ACTIVITIES

4.1 BUSINESS PERFORMANCE

In 2022, in line with the 2022-2024 Strategic Plan, the CDP Group's[12] activities were structured along three transformational pillars: i) sectoral strategies and lending and investment policies, ii) advisory services and management of third-party funds, and iii) financial instruments in support of the country.

4.1.1 SECTORAL STRATEGIES AND LENDING AND INVESTMENT POLICIES

In 2022, the CDP Group worked on the definition of sectoral strategic analyses and lending and investment policies that allow it to direct its efforts in the areas with the greatest impact for the country.

SECTORAL STRATEGIES

The 2022–2024 Strategic Plan identifies 10 priority areas of action to guide the CDP Group's operations and simultaneously identifies a new approach for the analysis of business initiatives, moving from a risk-return model towards a risk-return-impact model. The change in the approach to operations is underpinned by the determination to deliver on the commitment to the country not only in terms of funding deployed, but also in relation to the actual ability to generate benefits for citizens, businesses and local areas.

From this perspective, the work of the new Sector Strategy and Impact Department in 2022 focused on lending/investment processes, with (i) on the one hand, strategic guidance outlined for the different action areas and the assessment of initiatives in terms of strategic consistency during their selection, and (ii) on the other hand, the organization of the activities necessary for monitoring and analysing impacts.

With regard to the definition of strategic guidance, during the year, the drafting of Sectoral Strategic Guidelines (SSGL) was completed for each of the ten areas of action. The documents, starting from the analysis of the reference context and from a benchmarking of Italy's performance aimed at identifying the main market gaps, identify the areas and strategic priorities on which the CDP Group can act, also taking into account potential enabling factors. For each priority, the documents also define the materiality of CDP's role and identify a specific performance indicator useful for the ex-post monitoring of Group operations, in line with an impact assessment model. The recommendations contained in the SSGL, summarised in a strategic consistency grid, aim not only to define a scope within which to develop the operations of the CDP Group in a manner consistent with its mission, but also to support the project selection process in the pre-assessment phase and to contribute to the broader mechanism of scoring operations during assessment. The ten Sectoral Strategic Guidelines were approved by the Board of Directors and incorporated into the corpus of internal regulations.

In the last months of 2022, work was started up on preparing the strategic consistency assessments that will be part of the necessary documentation for presenting loan/investment transactions to the Board of Directors. At the same time, the review of internal regulations continued, to incorporate the new operations into company processes.

With regard to the monitoring and analysis of impacts, the main activities pursued in 2022 concerned:
- the publication of "Methodological Guidelines for Monitoring and Assessing Impact", which illustrate, for the benefit of all stakeholders, how CDP intends to pursue the ex-post monitoring and assessment of the impact of its operations. The guidelines were approved by the Board of Directors in December 2022 and incorporated into the corpus of internal regulations;

[12] "CDP Group" here means CDP S.p.A. together with CDP Equity S.p.A., Fintecna S.p.A., CDP Immobiliare S.r.l. and CDP Real Asset SGR S.p.A.

- the publication of a quarterly monitoring report of the activities of the CDP Group under the PNRR aimed at: i) disclosing the procedural progress of the projects and identifying any bottlenecks; ii) tracking financial resources to check the status of disbursements and investments enabled; iii) enhancing the actions of the CDP Group at the socio-economic level in accordance with the general objectives of the PNRR.
- support for the preparation, in partnership with the Finance area, of the report on the assessment of the impact generated by the 2021 Social Bond in line with the disclosure obligations regarding the reporting of economic activities considered environmentally sustainable in the non-financial statement (the so-called Taxonomy Regulation), to which CDP has been subject since January 2022;
- the outlining of the impact framework for the Climate Fund, with a set of indicators identified for the selection of projects and the ex-post impact assessment of the initiatives;
- support for the State General Accounting Department in planning and preparing a report on the implementation of the PNRR, covering the procedural, financial and expenditure progress made and socioeconomic analyses of the ability of the measures to bridge gaps across the country.

LENDING AND INVESTMENT POLICIES

The first transformational pillar of the 2022-24 Strategic Plan identifies the policy instrument as an ex-ante guide to the CDP Group's activities. The objective is to channel CDP Group funds towards worthy areas, strengthening the capacity to evaluate transactions and ensuring the Group's positioning in terms of sustainability in line with international best practices.

In this context, the Policy, Evaluation and Advisory Department was set up in 2022 to guide the Group's activities through the: (i) definition of the sustainability strategy, (ii) definition of responsible lending/investment policies, including sector-level policies, and (iii) strengthening of the ex-ante assessment of the actions in terms of expected impact, where relevant, also looking at the technical and economic quality of the project supported.

In particular, the main initiatives during the year regarded:
- the approval of the first ESG Plan setting out sustainability goals and commitments, as already indicated in the 2022–2024 Strategic Plan and in line with international best practices. In particular, with the approval of the ESG Plan, CDP undertakes to: (i) reduce climate-altering consumption and emissions, foster more responsible and aware procurement practices and steer operations to transform the business into a Smart Company and (ii) put people at the heart of the corporate strategy, supporting diversity and inclusion, enhancing training and well-being and ensuring a greater gender balance within the organisation;
- the approval of the first 5 steering policies, in line with the objective of identifying CDP as a policy-driven organisation and with the commitments undertaken in the ESG Plan. The CDP policy-making process involved all the internal people of reference for each topic, as well as formal talks organised with sustainability experts and representatives of civil society, with a view to ensuring transparency and ongoing stakeholder engagement. Specifically, in 2022 the Board of Directors approved:
  - the General Responsible Lending Policy, which aims to incorporate ESG aspects into lending processes, with the specific objective of: (i) establishing the priority areas for action, (ii) identifying systematic exclusions and (iii) outlining the methodological approach for assessing the potential environmental, social and governance impacts of lending transactions, be they positive or negative;
  - the General Responsible Investment Policy, which aims to incorporate ESG aspects into all stages of the investing process, for both direct and indirect investments, with the specific objective of (i) streamlining the CDP investment strategy and steering funding towards the priority areas for action identified by the Strategic Plan, (ii) describing how to actively incorporate social, environmental and governance considerations into all stages of the investing process, (iii) describing exclusion criteria in relation to specific ethical, environmental and sector-specific matters and how to manage and engage investees on those matters and (iv) requiring the periodic measurement and reporting of the economic, social and environmental impact generated;
  - the Diversity, Fairness and Inclusion Policy, which identifies the principles informing the policy and the operational means for promoting the values of diversity, fairness and inclusion with internal and external stakeholders, with four macro areas targeted: (i) people, with a view to valuing the uniqueness of every individual in hiring and recruitment, remuneration, training and development, work-life balance and awareness-raising and information activities, (ii) business, entailing a commitment to considering diversity as one of the assessment criteria in lending and investment decisions, by giving preference to programmes with a positive social impact and focusing in particular on labour market inclusion projects, (iii) suppliers, entailing a commitment to considering screening criteria that foster equal opportunities for all age groups and genders and promote

diversity, fairness and inclusion and (iv) communications, to promote a fairer representation of diversity at conferences, institutional events and in communications;
  - the Energy Sector Policy, which identifies the focus areas, limitations and exclusions for CDP lending and investment operations in the energy sector, with a view to steering the sector in its transition to becoming climate neutral, while at the same time ensuring energy security and expanding the options for diversifying supply;
  - the Defence and Security Sector Policy, aimed at steering CDP lending and investment operations in a strategic sector for the security of nations by setting out treatment, restriction and exclusion criteria in relation to (i) the type of defence and security goods concerned by a transaction, (ii) the final recipient of the transaction, (iii) the counterparty of the transaction and (iv) the destination country for the goods concerned by the transaction;
- the creation of three Competence Centres specialised by thematic area[13], with a view to (i) conducting ex-ante technical and economic assessments on CDP lending/investment operations and (ii) providing technical consultancy on advisory initiatives and projects promoted by CDP, and the consequent technical-economic assessment of projects funded by CDP;
- the updating and publication of the Sustainable Development Assessment (SDA) rules for assessing the sustainability impact of lending operations, whose roll-out was started up in January 2023 and will be progressively extended to the full scope of application, with the objective of steering CDP towards the selection of higher-impact projects and encourage the construction of a portfolio that delivers both financial returns and high ESG impacts;

The Policy, Evaluation and Advisory Department also contributes to the development of strategic projects in the infrastructure, energy, digitisation and innovations sectors for the development of national infrastructure and services of public utility, working with the support of or in partnership with market players. Examples in 2022 included: (i) the creation of a Polo Strategico Nazionale (National Strategic Hub) and the signing of an investment agreement giving CDP Equity an interest in GPI S.p.A.; (ii) the closing of investments in the training and re-skilling segments by CDP Venture Capital; and (iii) the establishment of a "National Agri-Tech Centre", of which the CDP Foundation is a founding member.

4.1.2 ADVISORY SERVICES AND MANAGEMENT OF THIRD-PARTY FUNDS

In 2022, the CDP Group expanded its advisory work for the implementation of investments and the management of mandates on public funds.

ADVISORY

Led by the Advisory Area, sector-specific Competence Centres[14] and other support units, in 2022 the CDP Group enabled the roll-out of programmes and projects of strategic importance, especially in the infrastructure sector, by providing support and advisory services to the Public Administration for the planning, engineering and implementation of public investments.

In line with the guidelines of the Strategic Plan and within the regulatory framework set out by the CDP-MEF Framework Agreement signed on 27 December 2021, advisory operations in 2022 focused on assisting general government entities in planning, identifying, implementing and monitoring PNRR initiatives, enabling schedules to be met and objectives and milestones to be delivered.

In this regard, at 31 December 2022, CDP had signed 14 Activity Plans in support of central government entities responsible for investments under the PNRR, of which 13 were started up during the year. The plans in progress concern support activities for the implementation of over 50 PNRR measures, for a value of approximately 60 billion euro of investments.

Work similarly continued in support of local authorities for the implementation of infrastructure investments, consisting of technical-administrative and economic-financial advisory services. In this context, at 31 December 2022, there were 100 projects in progress for a total value of approximately 8 billion euro of investments, mainly in the sectors of school building, healthcare building, public sector construction, port infrastructure, local public transport and road infrastructure.

[13] Innovation and Digitisation; Urban Regeneration and Infrastructure; Natural Resources, Energy and Environment.
[14] The Advisory Area and the competence centres are organisational units within the CDP Policy, Evaluation and Advisory Department.

This area of operations also includes the agreement signed in July 2022 between CDP – the first National Promotional Institution in Europe to become an Advisory Partner for the InvestEU programme – and the European Commission. Under the agreement, CDP can offer targeted advisory services for the planning and implementation of major public and social infrastructure investments and sustainable development investments, also drawing on European budget funding.

MANAGEMENT OF THIRD-PARTY FUNDS

In line with the 2022–2024 Strategic Plan, with a view to reinforcing its partnership with the Public Administration, the CDP Group expanded its mandate management work in 2022 with the acquisition of new mandates on third-party funds.

In relation to the PNRR, CDP acquired 4 new mandates through its Public Administration Area:

- from the Ministry of Culture, mandates for:
    1. the protection and enhancement of rural architecture and the rural landscape, through the conservation of tangible and intangible heritage assets and the promotion of sustainable heritage-tourism initiatives that value local traditions and heritage, drawing on the 438 million euro earmarked under the Notice for the Enhancement of Rural Architecture[15];
    2. the co-financing of 207 projects drawn up (including on a joint basis) by 289 Italian municipalities with a population of up to 5,000 inhabitants and aimed at the cultural, social and economic regeneration of outdoor public spaces and the recovery of the historical heritage of small Italian towns, also to promote sustainable tourism, drawing on the 363 million euro earmarked by the Notice for the Attractiveness of Villages – Line B[16];
    3. the enhancement of 129 historical parks and gardens of cultural interest located in Italy, in order to strengthen the identity of the places, and improve the quality of the landscape and of the life and well-being of citizens, drawing on the 190 million euro earmarked by the Notice for Historical Parks and Gardens[17];
- from the Ministry for Universities and Research, one new mandate drawing on the 300 million euro earmarked by the Notice for Student Housing – PNRR[18], of which 150 million euro was allocated during the year for the creation of university halls of residence.

Outside the scope of the PNRR, CDP also managed the following mandates:

- from the Ministry of Infrastructure and Transport, in relation to (i) the Priority Works Planning Fund[19], for a total of 58 million euro, earmarked for the preparation of feasibility studies of priority infrastructure and installations for the development of the country, and (ii) the Local Authority Planning Fund, for the preparation of projects for the seismic safety, adaptation and/or improvement of public buildings and facilities;
- from the Ministry for University and Research, with regard to the University Halls of Residence Fund[20], through the conclusion of agreements in favour of the beneficiaries of the Fund's resources, for a total of 163 million euro for the construction of about 40 halls of residence for university students;
- from the Ministry of Culture in relation to the Culture Fund[21], for the promotion of investments proposed by 95 Italian public entities for the protection, conservation, restoration, use, enhancement and digitisation of the country's tangible and intangible heritage assets, drawing on the 49 million euro earmarked;
- from the Ministry for the Environment and Energy Security, with regard to the Kyoto Fund for the financing of energy efficiency measures for properties in the school and healthcare building sectors, as well as sports facilities.

With regard to mandates for the management of third-party funds assigned to the International Cooperation and Development Finance Area, activities in 2022 continued on (i) the set-up of new public funding instruments and (ii) the management of funding under the Revolving Fund for Development Cooperation.

In relation to the set-up of new public funding instruments, activities continued over the year for the launch of the new Italian Climate Fund, established by Law 234/2021 (2022 Budget Law), whose funding operations were tasked to CDP under a specific agreement signed with the Ministry for the Environment and Energy Security (MASE). Presented at the United Nations Climate Change Conference

15 Mission 1 – Component 3 – Investment 2.2 "Protection and enhancement of architecture and the rural landscape".
16 Mission 1 – Component 3 – Investment 2.1 "Attractiveness of villages".
17 Mission 1 – Component 3 – Investment 2.3 "Programmes to enhance the identity of places: historical parks and gardens".
18 Mission 4 – Component 1 – Reform 1.7 "Reform of student housing legislation and investments in student housing".
19 Article 202, paragraph 1, point a) of the Italian Code of Public Contracts, pursuant to Legislative Decree no. 50 of 18 April 2016.
20 Law 338/2000 (Call I-V).
21 Article 184 of Decree Law of 19/5/2020, converted with amendments by Law no. 77 of 17/7/2020.

(COP 27) in 2022, the fund will contribute to the achievement of the targets set by international climate agreements, drawing on a total endowment of 4.2 billion euro over a five-year horizon. The fund is one of the most innovative instruments promoted at European level for the benefit of developing countries and it is the first Italian investment platform specifically dedicated to climate finance. CDP will be able to provide direct and indirect loans to public and private entities, also in the form of guarantees, co-finance initiatives with international organisations and invest in debt and equity funds.

In this regard, we also report the group's participation in the World Bank initiative in support of Ukraine, entitled "Public Expenditure for Administrative Capacity Endurance (PEACE)". With the support of CDP and its management of the funding allocated by the Ministry of the Economy and Finance, the initiative led to the signing of a 200 million euro loan agreement in favour of the Ukrainian Government, to enable the payment of wages and salaries to education workers in the country.

In addition, the traditional activity of supporting the sovereign entities and other public entities in developing countries were carried on through the management of the Revolving Fund for Development Cooperation. In this context, the following loans are worth mentioning:

- to Caribbean countries, through funding provided to the multilateral Caribbean Development Bank (CBD), to help finance initiatives to combat climate change;
- to Tanzania, to support higher technical and vocational education in the country, for the skilling of workers and the application of technological innovations to help achieve sustainable development goals;
- to Senegal, to promote inclusive education through better access to services for the population;
- to Ethiopia, to support the country's strategic health plan;
- to Kenya, to improve the living conditions of the populations of Malindi and Magarini, through the implementation of a series of projects relating to education, the supply of drinking water, the improvement of communication routes and the sale of local resources.

In this regard, we also report the adoption of implementing regulations in 2022 for the introduction of a specific form of action envisaged by Law 125/2014 (Article 27, paragraph 3, point a)), which expands the operational scope of the fund to include the possibility of earmarking a part of its funding to support venture capital investments in enterprises operating in Partner Countries, with a view to generating positive impacts on the economic, social and environmental fabrics of developing countries.

4.1.3 FINANCIAL INSTRUMENTS IN SUPPORT OF THE COUNTRY

In 2022, the CDP Group continued its work in support of the country.

4.1.3.1 LENDING

The lending activity of the CDP Group, in line with the 2022–2024 Strategic Plan, is arranged into six operational lines:

- **Lending to enterprises and support for international expansion:** through the Enterprises and Financial Institutions Area, the CDP Group pursues the mission of ensuring financial support to the national productive fabric, in a complementary role to the banking system;
- **Public Administration:** through the Public Administration Area, the CDP Group supports the investing activities of Public Entities across the country;
- **Infrastructures:** through the Infrastructures Area, the CDP Group works to support the development of the country's infrastructures;
- **International Cooperation and Development Finance:** through the International Cooperation and Development Finance Area, the CDP Group promotes initiatives capable of generating positive impacts in developing countries;
- **Equity:** through the Investment Department, together with the companies CDP Equity, CDP RETI and CDP Industria[22], the CDP Group plays a key role in the country's strategic sectors, through direct and indirect initiatives;
- **Real Estate:** through the Real Estate Department, together with the companies CDP Immobiliare Srl and CDP Real Asset SGR[23], the CDP Group supports the real estate sector with the aim of promoting social cohesion through sustainable and inclusive urban regeneration initiatives, supporting the tourism-hotel sector and creating value from its assets.

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22 Please note that under the reorganisation process, CDP Industria has been merged by incorporation into CDP Equity, with effect as of 31.12.2022.
23 On 20 December 2022, CDP Immobiliare SGR S.p.A. changed its company name to CDP Real Asset SGR S.p.A.

Overall in 2022, the CDP Group[24] deployed 30.6 billion euro in funding, up by 28% compared to 2021. In the same period, the Parent Company CDP S.p.A. deployed 30.2 billion euro in funding, up by 28% on 2021.

Resources deployed broken down by lines of action - CDP Group[25]

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Lending to enterprises and support for int. expansion	15,304	11,880	3,424	28.8%
Public Administration	5,496	7,600	(2,104)	-27.7%
Infrastructures	3,702	2,082	1,620	77.8%
International Cooperation and Development Finance	599	172	427	247.9%
Equity	5,344	1,651	3,694	223.8%
Real Estate	132	414	(282)	-68.0%
TOTAL	**30,578**	**23,799**	**6,779**	**28.5%**

Taking into account the channelling of third-party funding, in 2022 the CDP Group unlocked around 80 billion euro of investments in the economy.

LENDING TO ENTERPRISES AND SUPPORT FOR INTERNATIONAL EXPANSION

Through the Enterprises and Financial Institutions Area, the CDP Group aims to ensure financial support to the national productive and entrepreneurial fabric for development, innovation and growth of enterprises, also at an international level, in a complementary role to the banking system.

In line with the 2022–2024 Strategic Plan, in 2022 operations continued through i) direct support to medium and large enterprises for the domestic market, ii) support for exports and international expansion, iii) indirect support in synergy with the banking channel with a focus on SMEs, iv) development of alternative finance instruments and v) non-financial support, with a focus on SMEs and Mid-Caps, to develop human capital and promote growth in markets.

With reference to direct support to medium and large enterprises, lending activities continued mainly in support of growth and sustainable development initiatives, as well as investments in research, development, innovation and the green economy, also with a view to generating a positive social and environmental impact through the offer of financial solutions tied to ESG values. The main initiatives taken include:

- participation in a syndicated loan to expand the national network of ultra-fast charging stations for electric vehicles by around 1,800 new stations. The transaction, which amounted to a total of 26 million euro, benefited from funding by the European Investment Bank ("EIB") and is backed by the SACE Green Guarantee. The initiative was also supported by the European Commission through the Debt Instrument and Transport Blending Facility with funds from the CEF-Connecting Europe Facility;
- the granting of a 25 million euro loan to an Italian group, a global leader in the provision of advanced solutions for the energy sector, to support the adoption of next-generation technologies to reduce its environmental impact and create new jobs in Italy;
- participation, with a 40 million euro investment, in the subscription of a sustainability-linked bond issue by a leading Italian group specialised in the research and development, manufacture and distribution of chemical products and active ingredients for the pharmaceutical industry;
- provision of more than 20 direct loans backed by SACE ("Garanzia Italia" and "Garanzia SupportItalia") and the EIB (within the framework of the European Guarantee Fund – "EGF"), in order to support access to credit by Italian enterprises that, while showing long-term solidity prospects, have been impacted by the current macroeconomic situation.

With regard to support for exports and international expansion, the main initiatives in 2022 include:

- the granting of a medium to long-term loan of 40 million euro to support investments in new technologies by a leading Italian air heat exchanger operator in plants located in Poland, the Czech Republic, Sweden, the USA and Finland. This is the first loan

24 "Group" here means CDP S.p.A. together with CDP Equity S.p.A., CDP Immobiliare S.r.l. and CDP Real Asset SGR S.p.A.
25 Resources deployed include the management of third-party funds.

finalised by CDP in which a commitment is made by the beneficiary to increase employment levels in Italy, upon achievement of which a benefit will be provided to the company in terms of reducing the cost of financing;
- participation in a medium to long-term syndicated loan for a total amount of up to 1 billion euro, which is the first ESG-linked transaction in the iron and steel sector. CDP's participation in the loan aims to meet the financial requirements to cover the investment expenses incurred in the group's plants located in Poland, Mexico, the United Kingdom, Turkey, Tunisia, Brazil and Italy, in order to implement and streamline the production chain;
- provision of various loans targeted at supporting the external growth of Italian companies through the acquisition of foreign enterprises, with a view to shoring up their expansion and operations on international markets and boost exports;
- stepping up of direct export support operations through the provision of loans to international counterparties for the purchase of goods and services from Italian groups, in order to support export growth.

With regard to indirect support through the banking channel, with a focus on SMEs, the main initiatives in 2022 include:
- signing of a new agreement with MCC and the EIF to facilitate access to credit for Italian SMEs, through expansion of the counter-guarantee line in favour of the SME Guarantee Fund signed in September 2021, up to a maximum cumulative value of 10 billion euro, through the use of resources from the European Guarantee Fund (EGF);
- the operational consolidation of liquidity funds reserved to financial intermediaries, with particular reference to funding provided to the banking sector through the Enterprises Platform for SMEs and Mid-Caps, which in 2022 totalled 1,049 million euro;
- the increase in operations in support of private reconstruction in the areas affected by the 2016 earthquakes, through the Central Italy Earthquake Fund, which recorded significant growth in disbursements compared to the same period of 2021, at 996 million euro, also due to the simplifications introduced in the processes of granting the subsidies and the increase in value of the multiannual spending authorisation on the government budget;
- the subscription, for a cumulative total of 1,250 million euro, of private offerings of bonds issued by leading banking groups to support Italian SMEs and Mid-Caps, with a focus on sectors and/or objectives in line with the strategic priorities of CDP, and the subscription of quotas of ESG bonds issued by Italian banks;
- the restart of lending activities under the "Revolving Fund supporting enterprises and investment in research" (FRI) through the signing of new agreements with the Ministry for Agricultural, Food and Forestry Policy (today renamed the Ministry of Agriculture, Food Sovereignty and Forests) for supply chain loan contracts (fifth call), with the Ministry for Tourism for the FRI-Tur initiative, and with the Ministry of Economic Development (today renamed the Ministry for Enterprises and Made in Italy) for the "Sustainable Growth – Green New Deal Fund" and "Social Economy Enterprises" initiatives.

With regard to the development of alternative finance instruments, the main initiatives concluded during the year include:
- closing of the fifth and sixth rounds of the Basket Bond Puglia programme for a total of 22 million euro in favour of 6 issuing companies. The programme aims to facilitate access to credit for SMEs based in Puglia through the granting of medium/long-term financing to support their growth programmes;
- various closings of unsecured "market" Basket Bonds, specifically: i) closing of the second round of the Basket Bond programme focused on strategic national industries (wine-growing and recreational-cultural sector), for a total of 25 million euro in favour of 6 issuing companies; ii) closing of the second round of the Euronext Growth Basket Bond programme for companies listed on the Euronext Growth Milan market segment managed by Borsa Italiana, for a total of 20 million euro distributed across 4 issuing companies; and iii) closing of the second round of the Sella Basket Bond programme in support of business investment plans across the country, for a total of 25 million euro in favour of 3 issuing companies;
- structuring and closing of new Basket Bond programmes backed by the EGF[26] in support of business investment plans across the country with an ESG focus. For the purpose, four different Basket Bond platforms were set up, specifically: i) the "Basket Bond Italia" programme, in which 4 rounds were closed for a total of 97 million euro in favour of 22 issuing companies; ii) the "Basket Bond BPER" programme, in which 4 rounds were closed for a total of 112 million euro in favour of 15 issuing companies; iii) the "Basket Bond Credit Agricole Italia" programme, in which 3 rounds were closed for a total of 37 million euro in favour of 6 issuing companies; and iv) the "Basket Bond ESG" programme, in which a single round was closed for a total of 48 million euro in favour of 8 issuing companies.

With regard to non-financial support to develop human capital and promote the growth of SMEs and Mid-Caps on markets, the main

[26] Following the agreement signed between the EIB and CDP on 20 December 2021, the EGF guarantee aims to facilitate access to credit for enterprises during the Covid-19 pandemic crisis and provides, for Basket Bond programmes, 90% coverage of the first losses of Mini-bonds with a cap set at 35% of the nominal value of the portfolio.

initiatives of the year include:

- continuation of the "Acceleratore Imprese" programme, designed to support the growth of Italian SMEs and Mid-caps with high potential by providing access to a dedicated platform of professional services by leading international consultancy firms and Italian universities covering various subject areas, such as: strategic consulting, management recruitment and training, digital transformation, and tax & legal. In this respect, since the launch of the programme as of 31/12/2022, 118 companies were involved (37% in Northern Italy and 63% in Central-Southern Italy), of which approximately 40% identified improvement projects in regard to which discussions with programme partners have been started up, relating to over 60 professional assistance services;
- consolidation of the first joint programme between France and Italy aimed at promoting the international expansion of SMEs and Mid-caps in partnership with Bpifrance, ELITE – a company of the Euronext group – and Team France Export.[27]. Run within the framework of the Memorandum of Understanding signed by CDP with Bpifrance at the end of 2021, the first round of the initiative was brought to a close in December 2022, with around 100 hours of training delivered focused on exporting/internationalisation in the French and Italian market and over 400 business matching encounters arranged for companies, on the basis of the specific needs expressed by the participants.

Shown below is the stock of loans of the Enterprises and Financial Institutions Area at 31 December 2022. The stock of outstanding debt amounted to 34.6 billion euro, increasing by 13.0% on the figure recorded at the end of 2021, mainly as a result of the disbursements made during the year, which more than offset redemptions. The total stock of residual debt and commitments amounted to 47.8 billion euro, marking an increase by 9.4% on the figure recorded at the end of 2021.

Enterprises and Financial Institutions – Stock of loans

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Enterprises	**5,422**	**6,028**	**(606)**	**-10.0%**
Loans	4,379	4,519	(140)	-3.1%
Securities	1,044	1,509	(466)	-30.8%
Alternative financing	**733**	**608**	**125**	**20.5%**
Basket bond	387	228	159	69.7%
Tax credit	346	381	(35)	-9.1%
Financial Institutions	**16,716**	**14,187**	**2,529**	**17.8%**
Plafond to enterprises	2,483	1,966	517	26.3%
Residential Real Estate	525	587	(62)	-10.5%
Natural disasters	7,864	7,085	779	11.0%
Financial institutions loans/securities	5,198	3,907	1,291	33.0%
Other products	645	643	3	0.4%
Export & International financing	**11,770**	**9,892**	**1,878**	**19.0%**
Loans	11,665	9,807	1,858	18.9%
Securities	105	85	20	23.5%
Total loans	**34,642**	**30,716**	**3,926**	**12.8%**
Commitments	13,161	13,051	110	0.8%
TOTAL	**47,803**	**43,767**	**4,037**	**9.2%**

Public Administration

Through the Public Administration Area, the CDP Group backs the investments of Public Entities through financial support, in accordance with the principles of accessibility, equality of treatment, pre-specification of terms and non-discrimination.

[27] Team France Export is the French government's public service that supports the international expansion of French companies thanks to the support of Business France, Bpifrance and the French International Chamber of Commerce.

In line with the 2022–2024 Strategic Plan, in 2022, in addition to the continuation of financial support activities for Public Entities, the management of public mandates on behalf of the Public Administration was strengthened.

With regard to financial support activities, CDP continued lending operations in favour of local authorities, autonomous regions and provinces and other public entities and public-law bodies through the provision of more than 2,000 loans, for a total lending volume of approximately 4.1 billion euro.

In particular, the following is noted in favour of local authorities:

- the management, in the name and on behalf of the Ministry of the Economy and Finance, of the renegotiation of the cash advances granted to local authorities, for the payment of certain, liquid and collectable payables[28]. Over 800 Entities participated in the transaction in relation to approximately 1,400 advance contracts for a renegotiated residual debt of approximately 2 billion euro and with total savings of approximately 250 million euro over the term of the repayment plan;
- support to the local authorities of the Abruzzo, Lazio, Marche and Umbria Regions, affected by the seismic events in 2016, by postponing payment of loan instalments falling due in 2022, after the repayment due date of each loan, with no additional interest[29];
- the renegotiation of loans granted to Metropolitan Cities and to Municipalities that are regional capitals or the principal cities of Metropolitan Areas, with a view to providing financial support to the entities and enable funds to be freed up to cope with the staggering rise in commodity prices. More specifically, approximately 3,800 loans, for a total residual debt of approximately 4.6 billion euro, were renegotiated with 15 local authorities, enabling them to save approximately 70 million euro in 2022.

In support of the autonomous regions and provinces, the activity of refinancing mortgage loans granted in the past by the Ministry of the Economy and Finance (MEF) to the Regions also for expenses other than investment continued. In particular, two transactions were carried out for a total amount of approximately 2.1 billion euro. The renegotiations generated approximately 36 million euro in savings in 2022 for the regions concerned and will deliver, over the term of the repayment plan, total savings of approximately 390 million euro.

In addition, the partnership with the European Investment Bank was further stepped up with a view to maximising access to European funding and stimulating public and private investment, with close attention placed on achieving ESG goals. To that end, CDP and the EIB Group entered into:

- an agreement to guarantee approximately 0.5 billion euro of loans provided by CDP to three Italian Regions (Lazio, Piedmont and Sicily), thus freeing up funding that CDP will use to provide up to more than 1 billion euro in new loans. The funding will be targeted at supporting the implementation of new projects by local authorities, with 40% of the amount earmarked for initiatives to tackle climate change and for works in southern Italian Regions and central Italian areas devastated by the 2016 earthquake;
- an agreement for the provision of loans totalling of 200 million euro to local authorities and other public bodies and entities governed by public law, earmarked to support green investments targeted at promoting sustainable mobility, improving the energy efficiency of buildings and protecting the environment from future climate shocks.

Support for other bodies and entities governed by public law included, in particular, financial support in favour of more than 25 universities and higher education institutes for the fine arts, music and dance (AFAM) for the redevelopment and renovation of their research and learning facilities, through more than 200 million euro of loans, of which 64 million euro carrying charges that will be covered by the state budget.

In terms of the expansion of the network serving the Public Administration, in 2022, besides a greater presence on the territory, an organisational unit was set up for the development of relations with public entities, in an effort to reach a greater number of beneficiaries for lending activities. Moreover, the range of products available to public entities was expanded, offering specific support for PNRR initiatives and financing for investments made by Italian universities.

With regard to the management of public mandates, CDP has consolidated its partnership with the Public Administration through support to the Central and Regional Administrations in the management of the different phases of the tenders that govern the alloca-

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28 Transaction envisaged by Article 1, paragraphs 597-602, of Law no. 234 of 30 December 2021 and concerning the advances granted pursuant to Decree Law no. 35 of 8 April 2013, and Decree Law no. 102 of 31 August 2013.

29 The transaction followed up on a similar initiative by the Ministry of the Economy and Finance, in accordance with Law-Decree no. 17 of 1 March 2022.

tion of public funds, expanding the scope of the mandates managed, with an increase in the resources subject to these mandates of approximately 1.4 billion euro compared to 2021, as described in more detail in paragraph 4.1.2.

Shown below is the stock of loans of the Public Administration Area at 31 December 2022. The stock of outstanding debt amounted to 75.3 billion euro, down by 0.1% on the figure recorded at the end of 2021. The total stock of residual debt and commitments amounted to 81.0 billion euro, showing a decline of 0.4% on the figure recorded at the end of 2021.

Public Administration – Stock of loans

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Local authorities	24,705	25,085	(380)	-1.5%
Regions and autonomous provinces	25,663	23,955	1,708	7.1%
Other public entities and public - law bodies	1,655	1,649	6	0.4%
Government	23,305	24,678	(1,373)	-5.6%
Total loans	**75,328**	**75,367**	**(39)**	**-0.1%**
Commitments	5,691	5,972	(281)	-4.7%
TOTAL	**81,019**	**81,340**	**(320)**	**-0.4%**

Infrastructures

Through the Infrastructures Area, the CDP Group supports the development of national infrastructure by channelling funding to operators in the sector.

In line with the 2022–2024 Strategic Plan, in 2022 support for infrastructures was further stepped up, targeting in particular the energy and digital sectors, with both the number and volumes of project finance & structured loan transactions, corporate loans and bond issues raised, while respecting the principles of additionality and complementarity with the market.

With regard to the project finance & structured loan activities, we report: (i) the participation of CDP in a financing transaction targeting the telecommunications sector worth a total of 7 billion euro, in support of investments for the construction of optical fibre network infrastructure throughout the country; (ii) the granting of a 66 million euro syndicated loan together with the banking sector to a leading player in the renewable energy sector, to help finance the construction of two new wind farms of a total of 62MW; and (iii) the provision of a loan to a La Spezia port operator for the development of the port area, including the construction of new docks, aimed at improving the accessibility of the port infrastructure and generating positive impacts on jobs and the environment.

With regard to corporate loan transactions, CDP provided loans in support of the investment plans of companies operating in the energy, airport, construction, urban redevelopment, local public transport, utilities and motorway sectors. In particular, mention goes to the participation in a syndicated loan to the airport sector together with other banks, chiefly earmarked in support of planned investments at the airports of Venice and Treviso, which also include the adoption of technologies that will contribute to delivering the energy transition targets set by the Group.

Finally, with reference to bond issues, the group participated in a number of issues in the utilities, railway and water sectors. In particular, a bond issue was organised for the water sector with the participation of the EIB Group, which will help fund around 350 million euro of investments by six operators of the integrated water service in Veneto. In particular, the investments concern the modernisation and efficiency of the Region's water network, including through the improvement of sewage networks and treatment plants.

Shown below is the stock of loans of the Infrastructure Area at 31 December 2022. The stock of outstanding debt amounted to 9.7 billion euro, increasing by 21.0% on the figure recorded at the end of 2021, mainly as a result of the disbursements made during the year, which more than offset redemptions. The total stock of residual debt and commitments amounted to 15.0 billion euro, marking an increase by 9.2% on the figure recorded at the end of 2021.

Infrastructures – Stock of loans

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Loans	5,900	4,471	1,430	32.0%
Securities	3,832	3,575	257	7.2%
Total outstanding debt	**9,732**	**8,046**	**1,686**	**21.0%**
Commitments	5,227	5,657	(430)	-7.6%
TOTAL	**14,960**	**13,704**	**1,256**	**9.2%**

INTERNATIONAL COOPERATION AND DEVELOPMENT FINANCE

Through the International Cooperation & Development Finance Area, the CDP Group supports initiatives with a positive impact in emerging economies and developing countries, with the aim of promoting their long-term economic and social growth through a broad range of financial instruments in favour of public and private counterparties, drawing on both the Group's funds and third-party funding.

In 2022, CDP further expanded its operations in this area, targeting its work primarily at efforts to tackle climate change, environmental protection and the preservation of biodiversity and economic and social inclusion. Specifically, in line with the 2022–2024 Strategic Plan, CDP provided its support through (i) the promotion of initiatives drawing on its own funds, (ii) closer partnerships with major national, European and international institutions and (iii) the expansion of its work in managing third-party funding, in accordance with the goals set out in the international agreements that Italy has signed.

The promotion of initiatives drawing on own funding included:

- support for sustainable development projects in Africa in the food security, social infrastructure, renewable energy and energy efficiency sectors, involving lending to the multilateral financial institutions Afreximbank and Africa Finance Corporation (AFC) and to the Development Bank of Southern Africa (DBSA) for a total of 250 million euro;
- support for investments by enterprises operating in the African continent, with the aim of creating new jobs, making water use more efficient and reducing harmful emissions, through the subscription of units for 35 million dollars in the AfricInvest IV Fund. CDP was joined in the initiative by other Development Finance Institutions (DFIs) and Public Development Banks (PDBs), including the EIB Group, the International Finance Corporation (IFC, World Bank group), the Netherlands' FMO, Germany's DEG, France's Proparco and the US DFC;
- support for investments by enterprises operating in the Western Balkans, through the subscription of units for 19 million euro in the Enterprise Expansion Fund II (ENEF II) promoted by the European Bank for Reconstruction and Development (EBRD) and through a technical assistance programme aimed at enhancing management and Environmental, Social and Governance (ESG) skills;
- support for the investment plans of Italian enterprises that help further growth in emerging markets, involving loans that will contribute to the development of operations in high-potential markets, generating positive impacts for local communities from a social and environmental point of view.

Closer partnerships with national, European and international institutions involved:

- the signing of Memoranda of Understanding with major European development finance institutions (EIB Group, EBRD, KfW), aimed at identifying common areas in which to work together in the field of international cooperation and finance, for the development of geographical areas of strategic interest;
- a co-financing agreement with the International Fund for Agricultural Development (IFAD) for the promotion of initiatives to fight poverty, support rural economic development and protect natural resources in countries and sectors of common interest (e.g., sustainable agriculture, protection of biodiversity, combating desertification, protection of water resources and food security);
- participation in and support for the organisation of the third Finance in Common Summit, held in Abidjan (Ivory Coast) in October. Promoted by the World Federation of Development Finance Institutions (WFDFI) and the International Development Finance Club (IDFC), the goal of the coalition is to catalyse the efforts of PDBs towards achieving the United Nations Sustainable Development

Goals (SDGs) and the Paris climate agreement;

- the organisation, together with Simest, of the Annual General Meeting of the Association of European Development Finance Institutions (EDFI). The event was attended by the senior management of CDP and of the participating DFIs, as well as senior representatives of government and of other partner institutions. The meeting focused on how to develop and strengthen collaboration between DFIs to address global crisis situations that are affecting the most fragile geographical areas.
- the start-up of the technical assistance projects envisaged by the "Archipelagos" programme, promoted by the European Commission within the scope of the EIP and aimed at assisting dynamic African SMEs in approaching capital markets through a business training and networking platform;
- the presentation of four new initiatives, within the scope of the European Union's European Fund for Sustainable Development ("EFSD+")[30], aimed at supporting high-impact projects in the renewable energy, sustainable agriculture and financial inclusion sectors, three of which have already obtained the approval of the European Commission;
- the signing of an agreement under the Western Balkans Investment Framework in relation to the "Green Finance for Inclusion (GF4I)" initiative, through which 10 million euro of EU grants will be transferred to CDP to promote financial and sustainable inclusion in the Western Balkans;
- the participation of CDP in activities implementing the European blending project "*Projet de contraste à la migration illégale à travers l'appui au Secteur Privé et à la création d'emplois au Sénégal*" (PASPED), in partnership with the AICS office in Dakar, aimed at facilitating access to credit for local MSMEs and supporting youth entrepreneurship in Senegal.

Finally, CDP stepped up its role as Italy's development cooperation institution over the year through (i) the expansion of its work in managing third-party funds, pushing forward with the set-up of the new Italian Climate Fund, established by Law 234/2021 (2022 Budget Law), (ii) the continuation of lending activities drawing on the Revolving Fund for International Cooperation & Development Finance (FRCS) in favour of sovereign entities, (iii) the start-up of work for the launch of the new product for the private sector envisaged in paragraph 3, point a) of Article 27 of Law 125/2014 and (iv) the management of MEF funding under the financing agreement in support of the Ukrainian government, within the scope of the "Public Expenditure for Administrative Capacity Endurance ("PEACE") project promoted by the World Bank.

For more details on the management of third-party funds, see the description provided in paragraph 4.1.2.

Shown below is the stock of loans of the International Cooperation & Development Finance Area at 31 December 2022. The stock of outstanding debt amounted to 514 million euro, increasing by 15.7% on the figure recorded at the end of 2021, mainly as a result of the disbursements made during the year. The total stock of residual debt and commitments amounted to 669 million euro, marking an increase by 41.3% on the figure recorded at the end of 2021.

International Cooperation and Development Finance – Stock of loans

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
International Cooperation	20	20		0.0%
Development Financing	494	424	70	16.4%
Total outstanding debt	**514**	**444**	**70**	**15.7%**
Commitments	155	29	126	431.1%
TOTAL	**669**	**474**	**196**	**41.3%**

EQUITY

In the area of equity investments, CDP Group acts as an investor in all phases of the life cycle of enterprises and infrastructure, by using both own capital and third-party capital (crowding-in). In doing so, the CDP Group systematically applies the principle of capital rotation, thus exiting from investments once the set objectives have been achieved, in order to support new initiatives with the capital released.

[30] The Global Green Bonds Initiative (GGBI), Renewable Infrastructure & Sustainable Energy Africa-EU partnership (RISE) and Transforming and Empowering Resilient and Responsible Agribusiness (TERRA) have been approved.

Specifically, the operations of the CDP Group, through the Investment Department and the Group Companies operating in the sector, include:

- direct investments (i) with the role of stable shareholder in companies functional to the Group's mission and in companies that manage key infrastructure or assets for the country; (ii) with a specific purpose, which is the growth and consolidation of companies, operating in key sectors, that in any case, are in a stable financial, capital and economic situation and feature adequate earnings prospects;
- indirect investments through mutual funds and investment vehicles supporting the private equity, private debt, venture capital and infrastructure markets.

The equity investment portfolio of the CDP Group at 31 December 2022 is broken down as follows:

- Group companies, to carry out the role of "National Promotional Institution" (CDP Equity, CDP RETI, SIMEST and Fintecna);
- Listed and unlisted companies that manage key infrastructure or assets or that operate in strategic sectors for the country (such as Eni S.p.A., Poste Italiane S.p.A., TIM S.p.A., Open Fiber S.p.A., Snam S.p.A., Terna S.p.A., Nexi S.p.A., Autostrade per l'Italia S.p.A.[31]);
- Investment funds and investment vehicles operating:
  - in support of enterprises throughout their entire life cycle, from venture capital (mainly managed by CDP Venture Capital SGR) to private equity and private debt (mainly managed by Fondo Italiano d'Investimento SGR);
  - in the infrastructure sector, to support the creation of new infrastructure and manage existing infrastructure (mainly through European initiatives in partnership with the EIF and with other National Promotional Institutions);
  - in support of International Development Cooperation;
  - in support of the NPL market.

Equity investments and funds – Portfolio composition

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
A. Group companies	**14,978**	**14,522**	**456**	**3.1%**
B. Other equity investments	**18,608**	**18,942**	**(334)**	**-1.8%**
Listed companies	18,537	18,865	(328)	-1.7%
Unlisted companies	71	78	(7)	-8.4%
C. Investment funds and investment vehicles	**1,993**	**1,911**	**82**	**4.3%**
TOTAL	**35,579**	**35,375**	**204**	**0.6%**

In 2022, CDP Group kept working on managing and improving the performance of its equity investments portfolio, as well as searching for, developing and evaluating new investment opportunities. In particular, the main transactions completed during the period include:

- the acquisition through Holding Reti Autostradali S.p.A. (51%-owned by CDP Equity S.p.A.) of 88.06% of Autostrade per l'Italia S.p.A., with the objectives of (i) contributing to the implementation of an extensive investment plan covering the entire motorway network, by facilitating digitisation and innovation, (ii) improving the efficiency of infrastructure maintenance programmes in order to ensure the highest standards of performance and safety for motorists, (iii) providing long-term stability to the governance of a key part of Italy's infrastructure for the benefit of communities and the economy;
- the acquisition of 18.4% of GPI S.p.A., a listed company and major player in the digital health sector, with the objective of supporting its investment strategy of accelerating the digitisation of Italian healthcare;
- the acquisition of 100% of Maticmind S.p.A., a system integrator operating in the ICT sector, through Mozart HoldCo S.p.A.[32], with the aim of developing connectivity infrastructure, supporting the digitisation of the public administration and strengthening cyber security;
- the subscription of a 20% share in PSN S.p.A., a newco established within the scope of Polo Strategico Nazionale project, as part of a comprehensive plan for accelerating the digital transformation of the country, in order to guarantee the security and reliability of data and provide innovative services for the community and businesses;

[31] Investment made through Holding Reti Autostradali S.p.A., an investment vehicle owned by CDP Equity (51%) together with Blackstone Infrastructure Partners (24.5%) and Macquarie Asset Management (24.5%).
[32] Investment vehicle owned by CVC (70%), CDP Equity (15%) and Carmine Saladino (15%).

- the support of the existing equity investment portfolio through additional investments in GreenIT S.p.A. (to support the company's growth plan, in accordance with the objective of fostering the energy transition of the country, in line with the targets of the 2030 Integrated National Energy and Climate Plan), Ansaldo Energia S.p.A. (to support the strengthening of the company's asset structure and financial position), Saipem S.p.A. (to support the strengthening of the company's asset structure and financial position, approved within the update of the company's 2022–2025 Strategic Plan) and Trevi Finanziaria Industriale S.p.A. (to support the strengthening of the company's asset structure and financial position);
- the subscription, within venture capital market segment, of commitments in the Fondo Acceleratori (in addition to existing commitments), in the Corporate Venture Capital Fund, for the ServiceTech, EnergyTech and InfraTech sub-funds[33] and in the Large Ventures Fund, with the objectives of creating a sustainable national venture capital ecosystem and attracting third-party investments for the progressive development of new segments;
- the subscription, within private equity market segment, of commitments in the Agri & Food Fund and the Impact Investing FoF, respectively with the aim of supporting market growth and specialisation through investments in SMEs engaged in strategic supply chains and developing a sustainable investment strategy;
- the subscription, within infrastructure market segment, of commitments in the Marguerite III Fund, with the objective of developing the Italian infrastructure market by investing selectively in specialist funds with greenfield and revamping components;
- the reorganisation of the SACE group, through the sale of SACE S.p.A. to the MEF and the acquisition of SIMEST S.p.A. from SACE S.p.A., aimed at further specialising the role of CDP Group in support of Italian enterprises;
- the full disposal of the 25.1% stake held in Kedrion S.p.A. and the concurrent new investment for a 6.6% share in Kedrion Holding S.p.A. (owner of 100% of the share capital of Kevlar S.p.A., the vehicle that holds 100% of the share capital of Kedrion S.p.A., parent company of the group created with the acquisition of Bpl), with the aim of creating a new European-wide biopharmaceuticals industrial hub;
- the full disposal of the 17.5% stake held in B.F. S.p.A. and of the 28.4% interest in Inalca S.p.A., in line with the principle of capital rotation endorsed by the CDP Group's 2022–2024 Strategic Plan;
- the full disposal of the 39% stake held in FSI SGR and of the 40% interest in QuattroR SGR, aimed at rationalising and streamlining CDP Equity's position in the asset management companies' ownership structures;
- the disposal of 13% of Fondo Italiano d'Investimento SGR, with the aim of expanding the shareholder base to include institutional investors able to contribute to raising funding for the creation and development of new funds;
- the rationalisation of the Group's structure through the merger by incorporation of CDP Industria S.p.A. into CDP Equity S.p.A., the merger of FSIA Investimenti S.p.A. into CDPE Investimenti S.p.A. and the liquidation of IQ Made In Italy Investment Company S.p.A.

Moreover, the investment activity of the equity funds in which the CDP Group has invested over time also continued in 2022, mainly in support of the private equity, private debt, venture capital and infrastructure markets, as well as international development cooperation.

REAL ESTATE

Through the Real Estate Department and the Group Companies, in line with its role of National Promotional Institution, CDP operates in support of the real estate sector. Its objectives include both supporting social cohesion, mainly through urban regeneration and social housing initiatives, fostering the growth of the tourism-hotels sector and the development of its real estate assets.

The real estate portfolio of the CDP Group at 31 December 2022 is broken down as follows:

- direct equity investments in companies either functional to the Group's mission or that manage real estate assets in line with the objectives of the CDP Group (mainly CDP Immobiliare and CDP Real Asset SGR);[34]
- indirect investments, through investment funds (mainly managed by CDP Real Asset SGR), focused on urban development, social housing and renovation of tourist facilities, thus facilitating the involvement of third-party institutional investors, with the aim of increasing support for the economy through the so-called "multiplier effect".

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33 Sub-funds aimed at investmenting in and funding for innovative start-ups and SMEs engaged in the digital transition of financial, insurance and B2B information services (ServiceTech sub-fund), in the energy transition (EnergyTech sub-fund) and in new technologies for the manufacturing sector (IndustryTech sub-fund).

34 On 20 December 2022, CDP Immobiliare SGR S.p.A. changed its company name to CDP Real Asset SGR S.p.A.

Equity investments and funds – Real Estate portfolio composition

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
A. Group companies	**526**	**486**	**40**	**8.3%**
B. Other equity investments	**4**	**5**	**(1)**	**-23.0%**
C. Investment funds and investment vehicles	**1,571**	**1,542**	**29**	**1.9%**
TOTAL	**2,101**	**2,033**	**68**	**3.4%**

During 2022, the main initiatives of the CDP Group in the real estate sector include:

- the start-up, in line with the guidelines of the 2022–2024 Strategic Plan, of the reorganisation of the Real Estate department of the CDP Group, with the aim of strengthening its role in the sector through the allocation of the real estate portfolio and activities by dedicated entity (CDP Real Asset SGR for asset and fund management operations and Fintecna for the provision of real estate services and the management of sales processes for the non-strategic portfolio);
- the transformation of FIA2 into the sustainable housing fund Fondo Nazionale dell'Abitare Sostenibile ("FNAS") and the launch of an open call aimed at identifying investment opportunities for the fund, to promote real estate initiatives in the sustainable housing and school infrastructure segments.

Investing activities continued over the year, with around 132 million euro of investments, alongside the marketing and sale of assets. Among the others we report:

- redevelopment works on larger owned properties, characterised by complex urban planning procedures and with a high social impact. Specifically, re-purposing works continued on the former Istituto Poligrafico dello Stato, on Torri dell'Eur, and on the former Manifattura Tabacchi in Florence, while plans for the redevelopment of the former Manifatture Tabacchi in Naples and Modena are in progress;
- developments works through the FIV fund, mainly relating to the former Istituto Geologico in Rome and the former Services Centre in Scandicci, the latter destined to become a logistics hub of the Yves Saint Laurent Group;
- the continuation of the FIA fund's investing activities in support of social housing, through the building of around 900 new social housing units;
- support for the tourist-hotel industry through the investments and work of the FT1 and FT2 funds, and the setting up of the FT3 fund for the investment of PNRR funds received from the Ministry of Tourism for initiatives of high social impact across the country, focused on sustainability and digitisation;
- the release of over 200 million euro of funds through property sales that have been closed, that have received binding offers or that are currently underway[35], including the sale of an approximately 250,000 m^2 site of building land in the Municipality of Segrate for the launch of an urban regeneration programme by third-party investors.

[35] The figure includes notarial instruments, binding offers and pre-sale arrangements at 31 December 2022; binding offers and pre-sale arrangements are subject to conditions precedent.

4.1.3.2 FINANCE AND FUNDING ACTIVITIES

With regard to Finance activities, the following table shows the aggregates for cash and cash equivalents and other treasury investments and debt securities.

Stock of finance investment instruments

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Cash and other treasury investments	167,266	184,801	(17,535)	-9.5%
Debt securities[36]	66,975	67,424	(450)	-0.7%
TOTAL	**234,240**	**252,225**	**(17,985)**	**-7.1%**

The aggregate of cash and cash equivalents and other treasury investments amounted to 167 billion euro at 31 December 2022, down (-9.5%) on the year-end figure for 2021. The decrease was almost entirely due to lower deposits held in CDP's Reserve Account, owing to the new interest rate scenario. This aggregate also includes the balance on the current account held with the Central State Treasury, which CDP uses to deposit funding in excess of investments made in the Separate Account, which stood at 155.3 billion euro, showing essentially no change on the figure recorded at the end of 2021.

The securities portfolio at 31 December 2022 amounted to 67 billion euro, remaining essentially stable compared to the figure at the end of 2021. In detail, in 2022, the Held to Collect ("HTC") portfolio was subject to rebalance for asset & liability management purposes, in compliance with the provisions of the IFRS 9 Business Model. With regard to securities classified under the Held to Collect and Sell ("HTCS") portfolio, activities on positions in European government securities and corporate securities continued, with a view to diversifying the portfolio and optimising returns. Overall, the portfolio mainly consists of Italian government securities and is held for investment purposes and to stabilise CDP's gross income.

POSTAL FUNDING

Postal savings constitute a major component of household savings, representing 7% of the total financial assets of Italian households at the end of the third quarter of 2022.

At 31 December 2022, CDP postal funding totalled 281,018 million euro, remaining essentially in line with the figure at the end of 2021 (281,460 million euro), thanks to positive net funding from both postal savings bonds and accrued interest income pertaining to savers, which essentially offset negative funding from passbook savings accounts.

CDP stock of postal savings

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Postal savings bonds	190,164	182,205	7,959	4.4%
Passbook accounts	90,854	99,255	(8,401)	-8.5%
TOTAL	**281,018**	**281,460**	**(442)**	**-0.2%**

The unexpected rise in inflation and essentially constant growth in government bond yields shaped the product strategy over the year, with the dual objective of providing a full and competitive range of savings products to best reflect the drastic change in market conditions compared to the previous year.

With reference to the range of postal savings bonds, yields were raised three times over the year, bringing the yield at maturity on the Ordinary Bond, for example, up from 0.30% to 2.50%.

36 Basket Bonds were reclassified for operational purposes from the item "Debt securities" to "Loans".

In February a new 5x5 Bond was introduced, followed in July by the reintroduction of the 3-year Plus Bond, which was received positively by savers, such that in the second half 5.6 billion euro of bonds were placed, equal to 20% of the subscriptions recorded in the period.

Finally, in line with the goals of the 2022–2024 Strategic Plan, in October the new Sustainable Savings Bond was launched, which is indexed to the Stoxx Europe 600 ESG-X index, including large-cap European companies in line with the Sustainable Development Goals of the UN 2030 Agenda. With a seven-year maturity, the new bond guarantees a minimum yield that grows with time, enabling bondholders at maturity to benefit from growth in the underlying equity index.

With reference to passbook savings accounts, various initiatives were pursued to attract new customers and raise new assets, in support of a segment facing a particularly tough year. In particular, in addition to the Supersmart 180 days and 360 days offers, offering the general public a return of up to 1.50%, four Supersmart Premium offers were launched over the year, which raised a total of almost 2.2 billion euro of new liquidity.

Efforts also continued over the year to develop the services available to savers, expanding the range of features on the digital channel (e.g., the sale procedure for the passbook account for under-18s) and streamlining operations for post office workers (e.g., optimization of the steps involved in opening a Smart passbook account), with a view to improving customer relations and reducing waiting times.

The training programme "Il Risparmio che fa Scuola" also continued on digital channels in 2022, involving Italian students of all educational levels on issues related to financial education, with the aim of expanding their knowledge of financial matters and involving the updating of the contents on the dedicated portal (information sheets for teachers and students, thematic videos and games for younger children). Finally, market research surveys were conducted with customers to measure satisfaction levels with the service model, on both the digital channel and through the post office network.

CDP's net funding was equal to -3,934 million euro in 2022.

In detail, net funding from CDP postal savings bonds came to +4,494 million euro, showing a drop from the +7,802 million euro raised in 2021, as strong growth in subscriptions for a total 42,965 million euro (up from 30,227 million euro in 2021) still fell short of even stronger growth in redemptions, which rose to 38,472 million euro (22,425 million euro in the previous year). Subscriptions focused chiefly on 4x4 Bonds (10,844 million euro), 3x4 Bonds (7,961 million euro), Ordinary Bonds (7,940 million euro), 3x2 Bonds (6,206 million euro) and 3-year Plus Bonds (5,595 million euro).

Net funding on passbook savings accounts stood at -8,427 million euro, showing a sharp drop on 2021. The lower figure was in part driven by lower pension payments credited in 2022 compared to the previous year, due to the return, as of April 2022, of crediting on the first business day of the month: as a result in 2022 only 11 credit dates were recorded.

Postal savings bonds and passbook savings accounts – CDP net funding

(millions of euro)	Subscriptions/ Deposits	Redemptions/ Withdrawals	Net funding in 2022	Net funding in 2021	Change (+/-)
Postal savings bonds	42,965	(38,472)	4,494	7,802	(3,308)
Passbook accounts	97,824	(106,251)	(8,427)	(4,479)	(3,948)
TOTAL	**140,789**	**(144,723)**	**(3,934)**	**3,323**	**(7,257)**

Note: the deposits and withdrawals not include transfers between passbook accounts.

Postal savings bonds and passbook savings accounts – Changes in CDP stock

(millions of euro)	31/12/2021	Net funding	Interest	Withholding tax	Transaction costs	Premiums accrued on postal bonds	31/12/2022
Postal savings bonds	182,205	4,494	4,572	(645)	(450)	(12)	190,164
Passbook accounts	99,255	(8,427)	33	(6)			90,854
TOTAL	**281,460**	**(3,934)**	**4,604**	**(651)**	**(450)**	**(12)**	**281,018**

Note: the item "transaction costs" includes the distribution fee on the subscriptions of Buoni Ordinari, Buoni 5x5, Buoni 4x4, Buoni 3x4, Buoni 3x2, Buoni a 4 Anni Risparmio Semplice, Buoni 3 Anni Plus, Buoni 3 Anni Premium, Buoni Rinnova, Buoni Soluzione Eredità, Buoni Risparmio Sostenibile and the pre-payment of the fee for the years 2007-2010. The item "Premiums accrued on postal bonds" includes the separate value of embedded options in bonds indexed to equity indices (Buono Risparmio Sostenibile).

Finally, with reference to bonds pertaining to the MEF, redemptions totalled -7,193 million euro in 2022, down from -8,621 million euro in 2021. In 2022, total net funding (CDP + MEF) from postal savings bonds and passbook savings accounts stood at -11,126 million euro, down on 2021.

Total net postal savings funding (CDP + MEF)

(millions of euro)	Net funding in 2022	Net funding in 2021	Change (+/-)
Postal savings bonds	(2,699)	(819)	*(1,880)*
of which:			
– *pertaining to CDP*	*4,494*	*7,802*	*(3,308)*
– *pertaining to the MEF*	*(7,193)*	*(8,621)*	*1,428*
Passbook accounts	**(8,427)**	**(4,479)**	**(3,948)**
CDP net funding	(3,934)	3,323	(7,257)
MEF net funding	(7,193)	(8,621)	1,428
TOTAL	**(11,126)**	**(5,298)**	**(5,829)**

NON-POSTAL FUNDING

In 2022, CDP continued its activity on capital markets and in other institutional funding channels, with the aim of strengthening the process of diversifying funding sources and supporting business lending.

Stock of funding from banks

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
ECB refinancing	5,092	5,092		0.0%
Repurchase agreements and deposits	54,393	52,541	1,852	3.5%
EIB/CEB credit facilities	5,308	5,066	242	4.8%
TOTAL	**64,793**	**62,699**	**2,094**	**3.3%**

In relation to funding from banks, 2022 was characterized by a strong rise in interest rates, after the ECB announced its decision to bring monetary policy rates back onto positive ground to counter strong growth in inflation. In just six months, the ECB raised the rate on the main refinancing operations from zero to 2.50% and the rate on the deposit facility from -0.50% to 2.00%.

Over the year, CDP continued to take part in targeted longer-term refinancing operations (TLTRO-III), despite the ECB's decision to revise the borrowing rate upwards as of 23 November 2022 and offer banks additional windows for early repayments. Indeed, the ECB institutional funding continues to be an important channel for CDP to differentiate its sources of funding. The stock of TLTRO-III funds thus remained stable with respect to the end of 2021, amounting to 5.1 billion euro at 31 December 2022.

Funding on the money market through deposits and repurchase agreements stood at 54.4 billion euro at 31 December 2022. The increase with respect to the end of 2021 was mainly attributable to the growth in CSA deposits, due to the improvement in the mark-to-market value of hedging derivatives.

In this regard, in 2022 CDP negotiated its first funding deal in ESG repurchase agreements, for a total of 500 million euro and a maturity of 5 years. The transaction was a first at both the Italian and European levels and commits CDP to improving its ESG rating, where any failure to reach the targets will impact on the financial terms of the deal. The transaction is in line with the priorities identified by the 2022–2024 Strategic Plan and highlights CDP's leading role in the field of sustainable finance in Italy.

CDP also raised new subsidised funding over the year, through the signing of four new funding agreements with the European Investment Bank (EIB) and one with the Council of Europe Development Bank (CEB), for a combined total of 785 million euro. Specifically, in the first half of the year CDP negotiated a 150 million euro new funding facility with the CEB in support of the Capital Goods Fund, and a 10 million euro new funding agreement with the EIB, to finance the construction by Duferco Energia S.p.A. of a network of charging stations for electric vehicles in Italy. In the second half, agreements were made with the EIB for (i) a 25 million euro loan to finance an investment plan for the development of port infrastructure in La Spezia, (ii) a 500 million euro funding facility in support of the Central Italy Earthquake Fund and (iii) 100 million euro of funding to finance green investments by public entities across Italy.

Finally, in 2022 CDP drew down a total of approximately 606 million euro from funding facilities provided by the EIB and CEB, primarily to finance reconstruction work in areas devastated by earthquakes (through the Central Italy Earthquake Fund), school building work and both direct and indirect loans, through the banking sector, to SMEs and Mid-Caps (through the Enterprises Platform Fund).

At 31 December 2022, the stock of credit facilities granted by the EIB and the CEB amounted to 5.3 billion euro, of which around 4.8 billion euro relating to the EIB funding and 0.5 billion euro referred to the CEB funding.

Stock of funding from customers (excluding postal funding)

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Formerly OPTES and FATIS deposits (liabilities)	2,249	5,324	(3,074)	-57.7%
Deposits of Group companies	1,958	7,229	(5,272)	-72.9%
Amounts to be disbursed	3,832	3,769	63	1.7%
TOTAL	**8,039**	**16,322**	**(8,282)**	**-50.7%**

With regard to funding from customers, liquidity raised through Money Market Transactions with the Treasury (formerly OPTES) amounted to 2.0 billion euro at 31 December 2022, down compared to the 5.0 billion euro posted at the end of 2021. In this regard, as of 20 September 2022, the MEF changed the name of OPTES transactions to Money Market Transactions with the Treasury, following changes to the management of liquidity held in the Treasury Availability Account introduced in accordance with Decree no. 1416 of 10 January 2022 of the Ministry of the Economy and Finance (MEF), published in the Official Gazette on 3 February 2022.

With regard to companies subject to management and coordination, cash pooling with the Parent Company's centralised treasury continued in 2022, involving irregular deposit arrangements between CDP and its subsidiaries. The stock of centralised liquidity at 31 December 2022 amounted to 2 billion euro, showing a sharp drop on the stock at the end of 2021 (7.2 billion euro) due to the restructuring of the SACE group, which led to the closure of the irregular deposit account held by SACE S.p.A. and the transfer of the relative funds.

Finally, amounts to be disbursed constitute the part of loans granted by CDP that have not yet been taken up by the beneficiaries, whose disbursement is subject to progress in the investments financed. Total amounts at 31 December 2022 were approximately 3.8 billion euro, essentially in line with the end-2021 figure.

The table below shows CDP's overall position in terms of bond funding at 31 December 2022, compared with 31 December 2021.

Stock of bond funding

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
EMTN/DIP programme	11,437	11,691	(254)	-2.2%
Retail bonds	1,470	2,947	(1,478)	-50.1%
"Stand-alone" issues guaranteed by the State	3,000	3,000		0.0%
Panda Bond		139	(139)	n/s
Commercial paper	1,350	3,639	(2,289)	-62.9%
TOTAL	**17,257**	**21,416**	**(4,159)**	**-19.4%**

With reference to medium/long-term funding, in 2022 new bond issues were completed under the "Debt Issuance Programme" (DIP), totalling 970 million euro. The new issues included the public placement of a Sustainability Bond for a total of 750 million euro, which will go to finance green and social initiatives, including renewable energy projects, energy and water efficiency, social infrastructure and the international expansion of Italian enterprises.

With reference to short-term funding, in line with the objective of optimising the mix of funding and investments, at 31 December 2022 the stock of funding from the "Multi-Currency Commercial Paper Programme" totalled 1.4 billion euro.

4.2 INCOME STATEMENT AND BALANCE SHEET RESULTS

4.2.1 CDP S.P.A.

In a complex macroeconomic scenario impacted by the Russian-Ukrainian conflict and a marked rise in inflation and interest rates, CDP's economic and financial performance remained solid.

4.2.1.1 RECLASSIFIED INCOME STATEMENT

The economic performance of CDP set out below refers to the income statement layout reclassified on the basis of management criteria.

A statement of reconciliation between management and accounting schedules (Annex 2.2 to the report on operations) has also been appended in the interest of completeness of information and forms an integral part of the report on operations.

Reclassified Income Statement

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Net interest income	**1,693**	**1,777**	**(84)**	**-4.7%**
Dividends	1,602	1,234	368	29.9%
Other net revenues (costs)	219	566	(347)	-61.3%
Gross income	**3,514**	**3,577**	**(63)**	**-1.7%**
Write-downs	(140)	(205)	65	-31.7%
Staff costs and other administrative expenses	(231)	(204)	(27)	13.1%
Amortisation and other operating expenses and income	(23)	(15)	(8)	55.7%
Operating income	**3,121**	**3,153**	**(33)**	**-1.0%**
Provisions for risks and charges				n/s
Income taxes	(630)	(786)	155	-19.8%
NET INCOME	**2,490**	**2,367**	**123**	**5.2%**

Net interest income amounted to 1,693 million euro, showing negative growth on 2021 (-84 million euro). The decline was mainly driven by the flattening of the yield curve, which impacted interest income from maturity transformation given the characteristics of CDP's assets and liabilities .

Dividends totalled 1,602 million euro, up with respect to 2021 mainly due to the higher contribution from Eni, CDP Equity and Poste.

The item "Other net revenues" amounted to 219 million euro, marking a decrease compared to 2021 (-347 million euro), reflecting lower income from the management of the securities portfolio.

The cost of risk amounted to -140 million euro, an improvement on the figure for 2021 (+65 million euro). The figure for 2022 is attributable to the combined effect of (i) net impairment on the loan portfolio of -74 million euro, after the reversal of an impairment on a significant credit exposure and the write-off of tax credits[37], (ii) reversals of impairment of provisions for +35 million euro and (iii) impairment of equity investments for -101 million euro.

Staff costs and administrative expenses rose to 231 million euro from 204 million euro in 2021, mainly due to the planned growth of the workforce and the implementation of actions aimed at promoting the digitisation of business products, the resilience and security of ICT systems and the automation of internal processes.

Lastly, income tax for the period amounted to 630 million euro and mainly referred to (i) current taxes for the year and (ii) the change in deferred tax assets and liabilities.

4.2.1.2 RECLASSIFIED BALANCE SHEET

The reclassified balance sheet of CDP at 31 December 2022 is presented below.

Assets

Assets in CDP's reclassified balance sheet at 31 December 2022 included the following items:

Reclassified balance sheet – Assets

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Cash and cash equivalents	167,266	184,801	(17,535)	-9.5%
Loans	119,886	114,452	5,435	4.7%
Debt securities	66,975	67,424	(450)	-0.7%
Equity investments and funds	37,680	37,408	272	0.7%
Assets held for trading and hedging derivatives	4,699	508	4,191	n/s
Property, plant and equipment and intangible assets	431	431	1	0.2%
Accrued income, prepaid expenses and other non-interest-bearing assets	2,284	6,851	(4,567)	-66.7%
Other assets	1,470	1,085	384	35.4%
TOTAL ASSETS	**400,690**	**412,959**	**(12,269)**	**-3.0%**

Total assets amounted to 401 billion euro, down by 3% compared to the end of 2021.

Cash and cash equivalents and other short-term investments dropped to 167 billion euro compared to the previous year (-9%), mainly due to a reduction in the stock of short-term funding and investments, especially in the second half of the year, as part of an ALM management strategy in response to the new interest-rate scenario.

[37] Recognised in the statutory income statement under item 200. Other operating income (costs).

Loans[38], which amounted to 120 billion euro, increased by 5% with respect to the balance at the end of 2021, mainly due to direct and indirect loans to businesses.

Debt securities[39] remained substantially stable on the year-end 2021 figure at 67 billion euro (-0.7%), with the maturities recorded during the year offset by purchases and government bonds received from the MEF in return for the transfer of the equity investment in SACE.

The stock of equity investments and funds, totalling 38 billion euro, was essentially in line with 2021 (+0.7%). The impact of the transfer of SACE to the MEF was essentially offset by the acquisition of the equity investment in Autostrade per l'Italia by CDP Equity (through Holding Reti Autostradali).

The item "Assets held for trading and hedging derivatives" includes the fair value (where positive) of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes. The figure at 31 December 2022 amounted to 4.7 billion euro, a considerable increase compared to the end of 2021 (+4.2 billion euro), attributable to the significant hike in interest rates over the year.

The balance of Property, plant and equipment and intangible assets amounted to 431 million euro, of which 360 million euro relating to property, plant and equipment and the remainder to intangible assets.

The balance of Accrued income, prepaid expenses and other non-interest bearing assets amounted to 2.3 billion euro, down compared to the value at the end of 2021, equal to 6.9 billion euro.

Lastly, the item "Other assets", which includes current and deferred tax assets, payments on account for withholding tax on passbook savings accounts and other residual assets, was equal to 1.5 billion euro, up compared to the 1.1 billion euro recorded at the end of 2021.

Liabilities

At 31 December 2022, the liabilities in CDP's reclassified balance sheet were as follows:

Reclassified balance sheet – Liabilities and equity

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Funding	371,107	381,896	(10,789)	-2.8%
of which:				
– *postal funding*	*281,018*	*281,460*	*(442)*	*-0.2%*
– *funding from banks*	*64,793*	*62,699*	*2,094*	*3.3%*
– *funding from customers*	*8,039*	*16,322*	*(8,282)*	*-50.7%*
– *bond funding*	*17,257*	*21,416*	*(4,159)*	*-19.4%*
Liabilities held for trading and hedging derivatives	1,492	3,325	(1,833)	-55.1%
Accrued expenses, deferred income and other non-interest-bearing liabilities	230	1,052	(822)	-78.1%
Other liabilities	1,017	607	410	67.5%
Provisions for contingencies, taxes and staff severance pay	1,095	771	325	42.1%
Equity	25,749	25,309	440	1.7%
TOTAL LIABILITIES AND EQUITY	**400,690**	**412,959**	**(12,269)**	**-3.0%**

Total funding at 31 December 2022 amounted to 371 billion euro, down 3% from the figure recorded at the end of 2021.

38 Basket Bonds were reclassified for operational purposes from the item "Debt securities" to "Loans".
39 See previous note.

Postal funding remained substantially stable compared to 2021 at 281 billion euro (-0.2%), showing the combined effect of negative net CDP funding over the year, amounting to -3.9 billion euro, and accrued interest income pertaining to postal savers.

Funding from banks amounted to 65 billion euro, up compared to the figure recorded at the end of the previous year (+3%), mainly due to higher CSA deposits held in connection with derivatives trading.

Funding from customers fell to 8 billion euro compared to 2021 (-51%), driven mainly by the aforementioned reduction in short-term funding and investments in the second half of the year.

Bond funding, equal to 17 billion euro, decreased compared to 2021 (-19%) due to bond maturities recorded over the year, which were only partially offset by new issues, and the decrease in commercial papers.

The item "Liabilities held for trading and hedging derivatives" includes the fair value (where negative) of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes. The figure for 2022 amounted to 1.5 billion euro, down compared to the end of 2021 (-1.8 billion euro), attributable to the significant hike in interest rates over the year.

The balance of Accrued expenses, deferred income and other non-interest-bearing liabilities[40] was 230 million euro, marking a drop on the figure at the end of 2021 (1,052 million euro).

With regard to other significant items, there was (i) an increase in the balance of Other liabilities[41], equal to 1,017 million euro at 31 December 2022 (+67.5% compared to the end of 2021), and (ii) an increase in the balance of Provisions for contingencies, taxes and staff severance pay, equal to 1,095 million euro (771 million euro at the end of 2021).

Finally, equity rose to 25.7 billion euro compared to the end of 2021 (+1.7%), driven by net income for the year that more than offset the impact of dividends distributed and the drop in valuation reserves for financial assets measured at fair value.

4.2.1.3 ALTERNATIVE PERFORMANCE INDICATORS[42]

Main indicators (reclassified figures)

(%)	31/12/2022	31/12/2021
Structure ratios (%)		
Funding/Total liabilities	93%	92%
Equity/Total liabilities	6%	6%
Postal Savings/Total funding	76%	74%
Performance ratios (%)		
Spread on interest-bearing assets and liabilities	0.5%	0.5%
Cost/income ratio (1)	7%	6%
Net income/Opening equity (ROE)	10%	9%
Risk ratios (%)		
Coverage of bad loans (2)	46%	47%
Net non-performing loans/Net loans to customers and banks (3) (4)	0.12%	0.10%
Net adjustments to loans/Net exposure (3) (4)	0.02%	0.00%

(1) Ratio of operating costs (staff expenses, other administrative expenses, other operating expenses and income and depreciation and amortization) and financial operating surplus (interm margin and cost of risk). Other operating income and expenses do not include payments to the CDP Foun-dation.
(2) Provision bad loans/Gross exposure to bad loans.
(3) Exposure includes Loans to banks and customers, Disbursement commitments, cash & cash equivalents & bonds.
(4) Net exposure is calculated net of the provision for non-performing loans.

[40] Accrued postal commission was reclassified for operational purposes from "Other liabilities" to "Accrued expenses, deferred income and other non-interest-bearing liabilities".
[41] See previous note.
[42] For more details in relation to how the indicators are calculated, refer to Annex 2.2.

Structure ratios related to liabilities were substantially in line with 2021, with the weight of postal funding on total funding rising to 76%.

With regard to performance ratios, please note (i) the spread between interest-bearing assets and liabilities remaining in line with 2021, (ii) a still very low cost/income ratio (7%), and (iii) a 10% return on equity (ROE).

The creditworthiness of the CDP loan portfolio remained very high, with a moderate risk profile, as highlighted by its excellent risk indicators.

4.2.1.4 MANAGEMENT IMPACTS OF THE REFERENCE CONTEXT AND OUTLOOK OF OPERATIONS

During 2020, the new Covid-19 virus, originating in China, progressively spread to many countries around the world, with the World Health Organization consequently defining the epidemic as a "pandemic situation".

The health emergency has had profoundly negative repercussions on the national and world economy. Since 2021, as lockdown restrictions were progressively lifted, in part due to the spread of vaccination campaigns, there has been a general improvement of economic activities and prospects, after the generalised downturn in 2020 caused by the health emergency.

With specific reference to CDP, the health crisis had an impact in terms of business, economic and financial performance and operating model.

In line with ESMA's indications in Recommendations for 2020, it should be noted that, with regard to the business activities of the CDP Group, in 2022 a series of extraordinary measures launched in 2020 were continued to support businesses and local areas in the context of the health emergency. In this scenario, particular mention goes to financing dedicated to companies to meet temporary liquidity needs and support working capital.

In addition, CDP and Group companies have assumed a key role in implementing the measures issued by the Italian government to mitigate the impacts of Covid-19 and to support the economy. To be noted in this context, for example, is the continuation of operations of the "Patrimonio Rilancio" under Decree-Law 34 of 19 May 2020, set up with resources contributed by the MEF and managed by CDP, intended to implement measures and operations to support and relaunch the Italian economic and production system as a result of the epidemiological emergency.

In February 2022, as the economic scenario was showing signs of recovery, in part due to the spread of vaccination campaigns, the outbreak of war between Russia and Ukraine, still raging today, sent shock waves through the world economy. In particular, the war has had a major impact on trade relations and on energy supply chains and has fuelled uncertainty on financial markets, while driving inflation, on the rise since the end of 2021, up to levels not witnessed in decades.

The continuation of the conflict and the great uncertainty surrounding its duration, the reach of sanctions and the geopolitical and economic world order that it will shape make it especially complex to foresee the medium- and long-term effects on the macroeconomic scenario and the relative impacts on the business and future performance of the CDP Group. Indeed, the repercussions of the crisis for growth and inflation could adversely impact various economic sectors in a major way, especially energy-intensive industries or those most exposed to rising commodity prices. As such, although CDP's direct exposure to counterparties in Russia, Belarus, Ukraine or other Eastern European countries potentially affected by the crisis is very small and, where present, largely guaranteed by SACE, these trends are being constantly monitored.

4.2.2 GROUP COMPANIES

The accounting situation of the companies of the CDP Group as at 31 December 2022 is presented below from a management accounting standpoint. For detailed information concerning balance sheet and income statement performance, refer to the financial statements of the Group's companies, which contain full accounting information and analyses of the companies' operating performances.

A statement of reconciliation between management and accounting schedules (Annex 2.1 to the consolidated financial statements) has also been appended in the interest of completeness of information.

The contribution of the entities sold in 2022, with reference to the balance sheet figures at 31 December 2021 and to the income statement figures for 2021 and 2022, namely SACE, SACE BT, SACE FCT, SACE SRV and FSE, has been shown, in line with IFRS 5, in aggregate form, respectively, in the reclassified balance sheet items "Other assets" and "Other liabilities", and in the item "Other of the reclassified income statement". More generally, for details of the changes in the scope of consolidation in 2022, see the detailed description provided in Section 3 – Consolidation Area and Methods – of the notes to the consolidated financial statements.

4.2.2.1 RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The Group's reclassified consolidated income statement, with a comparison to the previous year, is presented below.

Reclassified Income Statement

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Net interest income	**1,417**	**1,513**	**(96)**	**-6.3%**
Gains (losses) on equity investments	4,414	1,795	2,619	n/s
Net commission income (expense)	130	119	11	9.2%
Other net revenues (costs)	128	578	(450)	-77.9%
Gross income	**6,089**	**4,005**	**2,084**	**52.0%**
Net recoveries (impairment)	36	(41)	77	n/s
Administrative expenses	(12,629)	(11,675)	(954)	8.2%
Other net operating income (costs)	17,813	17,414	399	2.3%
Operating income	**11,309**	**9,703**	**1,606**	**16.6%**
Net provisions for risks and charges	(3)	(48)	45	-93.8%
Net adjustments to PPE and intangible assets	(3,179)	(2,758)	(421)	15.3%
Goodwill impairment	(48)		(48)	n/s
Other	20	(222)	242	n/s
Income taxes	(1,297)	(1,351)	54	-4.0%
Net income (loss) for the year	**6,802**	**5,324**	**1,478**	**27.8%**
Net income (loss) for the year pertaining to non-controlling interests	1,385	2,344	(959)	-40.9%
NET INCOME (LOSS) FOR THE YEAR PERTAINING TO THE PARENT COMPANY	**5,417**	**2,980**	**2,437**	**81.8%**

The net income pertaining to the Parent Company for the year ended 31 December 2022 was equal to 5,417 million euro, a significant increase compared to 2021 mainly due to the contribution of companies accounted for using the equity method.

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Interest and commission expense on payables to customers	(5,515)	(5,423)	(92)	1.7%
Interest expense on payables to banks	(337)	(233)	(104)	44.6%
Interest expense on securities issued	(605)	(568)	(37)	6.5%
Interest income on debt securities	1,525	1,340	185	13.8%
Interest income on financing	6,526	6,389	137	2.1%
Interest on hedging derivatives	(297)	(217)	(80)	36.9%
Other net interest	120	225	(105)	-46.7%
NET INTEREST INCOME	**1,417**	**1,513**	**(96)**	**-6.3%**

Net interest income was equal to 1,417 million euro, marking a decrease on the previous year mainly due to the contribution of the Parent Company, which was affected by a flattened yield curve that impacted income from the transformation of maturities, given the characteristics of CDP's assets.

The result of the measurement according to the equity method of investee companies over which the Group has significant influence or which are subject to joint control, included under "Gains (losses) on equity investments", led to a gain of 4,414 million euro, compared to the 1,795 million euro reported in 2021. This value mainly reflects the result of the measurement with the equity method of the following investee companies:

- Eni +3,890 million euro (+1,473 million euro in 2021);
- Poste Italiane +479 million euro (+517 million euro in 2021);
- SAIPEM -27 million euro (-323 million euro in 2021);
- Webuild +18 million euro (-60 million euro in 2021);
- Nexi -208 million euro; the figure was impacted by the recognition of an impairment loss of -190 million euro on the equity investment, following impairment testing;
- Holding Reti Autostradali, which has control of Autostrade per l'Italia, which contributed positively for +284 million euro, whose entry into the scope of consolidation of the CDP Group — as a joint controlling interest measured using the equity method — took place from May 2022 following completion of the purchase of the equity investment.

Net commission income amounted to 130 million euro, up by 11 million euro on the previous year.

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Net gain (loss) on trading activities	65	53	12	22.6%
Net gain (loss) on hedging activities	84	(40)	124	n/s
Gains (losses) on disposal or repurchase financial assets and liabilities	52	475	(423)	-89.1%
Net gain (loss) on financial assets and liabilities carried at fair value	(73)	90	(163)	n/s
OTHER NET REVENUES (COSTS)	**128**	**578**	**(450)**	**-77.9%**

Other net revenues/costs were down by about 450 million euro due to:

- the lower values reported by the Parent Company for financial income (loss) of assets measured at amortised cost and assets measured at fair value through other comprehensive income, which dropped by 323 million euro and 92 million euro, respectively;
- lower gains on assets mandatorily measured at fair value through profit or loss compared to the previous year by -128 million euro, mainly earned on units in collective investment undertakings held by the Parent Company (-190 million euro), and lower

losses (53 million euro) on convertible bonds held by CDP Equity Investimenti and issued by Valvitalia Finanziaria, which were converted in 2022;
- the improvement, by 123 million euro, resulting from fair value adjustments in hedge accounting, of which 102 million euro was attributable to the Parent Company.

The sum of the various components making up gross income shows a positive figure of 6,089 million euro, a marked improvement on the figure for 2021 (4,005 million euro).

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Gross Income	**6,089**	**4,005**	**2,084**	**52.0%**
Net recoveries (impairment)	36	(41)	77	n/s
Administrative expenses	(12,629)	(11,675)	(954)	8.2%
Other net operating income (costs)	17,813	17,414	399	2.3%
Operating income before adjustments to PPE and intangible assets	**11,309**	**9,703**	**1,606**	**16.6%**
Net adjustments to PPE, intangible assets	(3,179)	(2,758)	(421)	15.3%
OPERATING INCOME AFTER ADJUSTMENTS TO PPE AND INTANGIBLE ASSETS	**8,130**	**6,945**	**1,185**	**17.1%**

The decrease in net adjustments, amounting to +36 million euro (against a charge of -41 million euro in 2021), was mainly attributable to the change in reversals/provisions made by the Parent Company, which improved by +88 million euro compared to the previous year.

Administrative expenses increased to 12,629 million euro. This was mainly due to the combined effects of:
- the greater contribution by the Fincantieri group (7,171 million euro, compared to 6,370 million euro in 2021);
- higher costs reported by companies operating in the gas transport, re-gasification, storage and distribution sector (3,368 million euro, compared to 2,160 million euro in 2021), partly as a result of business combinations carried out during the year;
- lower administrative expenses reported by the Ansaldo Energia group (1,256 million euro, compared to 1,414 million euro in 2021);
- the impact of the deconsolidation of SIA, which for the previous year had contributed 540 million euro to the item.

Other net operating income (costs) of 17,813 million euro mainly include the revenues from the core business of the Snam, Italgas, Terna, Fincantieri and Ansaldo Energia groups. The higher figure was mainly driven by higher net revenues earned by the Terna (+408 million euro), Fincantieri (+537 million euro) and Snam (+210 million euro) groups, partially offset by the deconsolidation of the SIA group, which last year contributed 799 million euro of revenues to the figure.

Net adjustments to property, plant and equipment and intangible assets rose by 421 million euro compared to the previous year, mainly due to impairment on some intangible assets (technology, backlog and customer relationships) reported by Ansaldo Energia totalling -339 million euro.

Goodwill impairment chiefly referred to impairment on goodwill reported by the Vard group.

The item Other, with a positive balance of 20 million euro, includes profit or loss from discontinued operations (loss of -1 million euro) and from the sale of investments; the comparative figure for the previous year, showing a negative -222 million euro, was the result of the recognition in 2021 of the opposite effects of the adjustment of the assets held for sale relating to Sace and its subsidiaries (net of Simest) amounting to -1,288 million euro, reduced by the 923 million euro gain resulting from the accounting of the merger of SIA into Nexi.

The effective tax rate payable by the CDP Group for 2022 came to 16.0% (20.2% in 2021). The lower rate compared to the previous year was due to the higher impact on pre-tax profit for 2022 of equity investments accounted for using the equity method.

4.2.2.2 RECLASSIFIED CONSOLIDATED BALANCE SHEET

Consolidated assets

The asset side of the reclassified consolidated balance sheet at 31 December 2022 is presented below, in comparison with the figures as at 31 December 2021:

Reclassified consolidated assets

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Assets				
Cash and cash equivalents and other treasury investments	168,940	186,219	(17,279)	-9.3%
Loans	120,589	117,806	2,783	2.4%
Debt securities, equity securities and units in collective investment undertakings	80,762	81,310	(548)	-0.7%
Equity investments	27,109	20,830	6,279	30.1%
Trading and hedging derivatives	4,951	366	4,585	n/s
Property, plant and equipment and intangible assets	55,915	53,659	2,256	4.2%
Other assets	19,834	56,904	(37,070)	-65.1%
TOTAL ASSETS	**478,100**	**517,094**	**(38,994)**	**-7.5%**

Group assets totalled 478 billion euro, down by approximately 7.5% (around 39 billion euro) compared to the end of the previous year, mainly due to the deconsolidation of the SACE group.

The trends in financial assets represented by cash and cash equivalents, loans and securities were primarily attributable to the performance of the Parent Company's portfolios which overall highlighted an overall drop of 3.9% compared to the previous period.

Securities, including debt securities, equity securities and units in collective investment undertakings (the latter primarily purchased as an investment) decreased in value, mainly due to the changes in financial assets classified under the HTC portfolio.

The equity investments item, which stood at 27.1 billion euro, increased by 6.3 billion euro, mainly for the following reasons:

- Eni – an increase deriving from net income for the year pertaining to the Group, equal to 3,890 million euro, and the change in valuation reserves, equal to +439 million euro. Added to these effects is the impact of the reversal of the dividend and other changes for a total value of -847 million euro;
- Poste Italiane - an increase of +479 million euro (including the effect of consolidation entries) deriving from net income for the year, as well as the overall negative effects of the change in valuation reserves, the reversal of the dividend and other changes, totalling -1,654 million euro;
- Saipem – an increase resulting from the subscription of a capital increase launched by the company at the end of the first half of 2022 and closed in July, through which new shares totalling 256 million euro were subscribed, and a decrease deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to -27 million euro, as well as the effects of the change in valuation reserves and other changes totalling -6 million euro;

- purchase, through CDP Equity, of 51% of Holding Reti Autostradali, the parent company of Autostrade per l'Italia, for a value of approximately 4,202 million euro. Between the equity investment acquisition date and 31 December 2022, the measurement using the equity method of Holding Reti Autostradali resulted in income of 284 million euro and an increase in the value of the equity investment of 91 million euro attributable to changes in valuation reserves, whereas the release of part of the share premium account decreased the value of the equity investment by 306 million euro;
- Nexi – a decrease of -18 million euro deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) and an impairment loss of -190 million euro resulting from the impairment testing of the equity investment. Added to these effects is the impact of the change in valuation reserves and other changes for a total value of -32 million euro.

Assets held for trading and hedging derivatives increased by 4,585 million euro compared to the previous year, driven mainly by rising interest rates. This item includes the fair value (where positive) of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes.

Property, plant and equipment and intangible assets totalled 55.9 billion euro, an increase of 2.3 billion euro over the previous year. The item mainly includes the investments made by the Terna, Snam and Italgas groups in their respective businesses, whether regulated or not.

Other assets, amounting to 19.8 billion euro, decreased by 37 billion euro compared to the previous year, mainly due to the sale of the equity investment in SACE and its subsidiaries classified among assets held for sale at 31 December 2021. The item mainly includes the contribution of Fincantieri (5.4 billion euro), Snam (9.0 billion euro), CDP (-1.4 billion euro, of which -3 billion euro referring to the fair value change of financial assets in hedged portfolios), Terna (2.9 billion euro), Italgas (1.8 billion euro) and Ansaldo Energia (1.4 billion euro).

Consolidated liabilities

The liability side of the reclassified consolidated balance sheet at 31 December 2022 is presented below, in comparison with the figures as at 31 December 2021:

Reclassified consolidated liabilities

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Liabilities and equity				
Funding	406,266	415,493	(9,227)	-2.2%
of which:				
– *postal funding*	*281,018*	*281,460*	*(442)*	*-0.2%*
– *funding from banks*	*78,092*	*79,221*	*(1,129)*	*-1.4%*
– *funding from customers*	*8,300*	*10,781*	*(2,481)*	*-23.0%*
– *bond funding*	*38,856*	*44,031*	*(5,175)*	*-11.8%*
Liabilities held for trading and hedging derivatives	1,699	3,279	(1,580)	-48.2%
Other liabilities	24,612	57,141	(32,529)	-56.9%
Provisions for contingencies, taxes and staff severance pay	5,784	5,739	45	0.8%
Total equity	39,739	35,442	4,297	12.1%
TOTAL LIABILITIES AND EQUITY	**478,100**	**517,094**	**(38,994)**	**-7.5%**

The CDP Group's total funding stood at 406 billion euro at 31 December 2022, a drop of 9.2 billion euro compared to 2021.

Postal funding refers exclusively to the Parent Company. Please refer to the specific section for the related comments.

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Due to central banks	**5,099**	**5,096**	**3**	**0.1%**
Due to banks	**72,993**	**74,125**	**(1,132)**	**-1.5%**
Current accounts and demand deposits	12	27	(15)	-55.6%
Fixed-term deposits	219	1,910	(1,691)	-88.5%
Repurchase agreements	50,986	52,297	(1,311)	-2.5%
Other loans	18,405	17,837	568	3.2%
Other payables	3,371	2,054	1,317	64.1%
FUNDING FROM BANKS	**78,092**	**79,221**	**(1,129)**	**-1.4%**

The following components contributed to funding levels:

- funding from banks remained stable overall, despite changes in the mix of funding instruments, which saw a decrease in term deposits and repurchase agreements, in favour of other forms of borrowing;
- funding from customers dropped, reflecting the reduction in money market trading with the Treasury (formerly OPTES) by the Parent Company;
- bond funding, down by 5.2 billion euro, was mainly affected by the bond maturities recorded, which were only partially offset by new issues, and the decrease in commercial papers issued by the Parent Company. In terms of the contributions driving the downward change, the decrease in net funding was driven by the Parent Company for 4.2 billion euro, and by Terna for 1.2 billion euro.

Liabilities held for trading and hedging derivatives totalled 1.7 billion euro, down by 1.6 billion euro compared with the previous financial year. The change is mainly attributable to the lower negative value of the hedging derivatives subscribed by the Parent Company.

Other liabilities, which totalled approximately 24.6 billion euro, include not only the other liabilities of the Parent Company, but also significant balances relating to other Group companies, such as total trade payables (9.7 billion euro) and contract work in progress (2.0 billion euro). The item posted a drop of 32.5 billion euro, driven primarily by the impact of the sale, and consequent deconsolidation, of SACE, together with its investee companies SACE FCT, SACE BT, SACE SRV and the vehicle Fondo Sviluppo Export, whose combined contribution to consolidated liabilities at 31 December 2021 was aggregated into a single item under liabilities held for sale, as previously explained.

Provisions for contingencies, taxes and staff severance pay stood at approximately 5.8 billion euro at 31 December 2022, essentially unchanged compared to the prior year.

Equity at 31 December 2022 came to about 39.7 billion euro, up by 4.3 billion euro on the previous year, and reflects:

- the decrease resulting from the distribution of dividends and the drop in the valuation reserve;
- the uptrends deriving from the net income for the year and other components recognised in equity.

(millions of euro; %)	31/12/2022	31/12/2021	Change (+/-)	(%) change
Group's Equity	23,771	21,163	2,608	12.3%
Non-controlling interests	15,968	14,279	1,689	11.8%
TOTAL EQUITY	**39,739**	**35,442**	**4,297**	**12.1%**

4.2.2.3 CONTRIBUTION OF THE BUSINESS SEGMENTS TO THE GROUP'S RESULTS

The contribution of the business segments to the Group's financial performance at the level of the reclassified income statement and main items of the reclassified balance sheet is presented below:

Reclassified income statement by business segment

		Companies subject to management and coordination				
(millions of euro)	Support for the economy	International expansion	Other segments	Total (*)	Companies not subject to management and coordination	Total
Net interest income	**1,705**	**23**	**(2)**	**1,726**	**(309)**	**1,417**
Dividends	1,602		558	45	5	50
Gains (losses) on equity investments			(4)	(4)	4,368	4,364
Net commission income (expense)	121	35	8	164	(34)	130
Other net revenues (costs)	85	(6)	(53)	26	102	128
Gross income	**3,513**	**52**	**507**	**1,957**	**4,132**	**6,089**
Net recoveries (impairment)	68	(3)	1	66	(30)	36
Administrative expenses	(251)	(39)	(104)	(394)	(12,235)	(12,629)
Other net operating income (costs)	(122)		61	(61)	17,874	17,813
Operating income	**3,208**	**10**	**465**	**1,568**	**9,741**	**11,309**
Net provisions for risks and charges			160	160	(163)	(3)
Net adjustment to property, plant and equipment and intangible assets	(32)	(3)	(16)	(51)	(3,128)	(3,179)
Goodwill impairment					(48)	(48)
Other			7	7	13	20
Income (loss) for the year before tax	**3,176**	**7**	**616**	**1,684**	**6,415**	**8,099**
Income taxes						(1,297)
INCOME (LOSS) FOR THE YEAR						**6,802**

(*) Total of the segments "Support for the economy" and "Companies subject to management and coordination", net of elimination of dividends

Key reclassified balance sheet figures by segment

		Companies subject to management and coordination				
(millions of euro)	Support for the economy	International expansion	Other segments	Total	Companies not subject to management and coordination	Total
Loans and cash and cash equivalents	282,041	502	1,033	283,576	5,953	289,529
Equity investments			36	36	27,073	27,109
Debt and equity securities and units in collective investment undertakings	79,151	5	960	80,116	646	80,762
Property, plant and equipment/technical investments	343	3	1,406	1,752	40,804	42,556
Other assets (including Inventories)	469	21	82	572	19,514	20,086
Funding	369,377	164	1,626	371,167	35,099	406,266
– *of which: bonds*	*17,151*		*351*	*17,502*	*21,354*	*38,856*

The financial data above were prepared considering the contribution of the four segments already net of the effects of consolidation entries, but without the elimination of dividends, which has instead been performed in the column aggregating the segments Support for the economy, International expansion and Other segments. The contribution of the three combined segments, which presents a profit before tax of 1.7 billion euro, is collectively represented by the Parent Company and the Subsidiaries subject to management and coordination, net of their investments, included in "Companies not subject to management and coordination". The latter had a profit before tax of 6.4 billion euro.

4.2.2.4 CONSOLIDATED STATEMENT OF RECONCILIATION

Finally, the statement of reconciliation between equity and net income for the year at the level of the Parent Company and at the consolidated level is provided below.

Reconciliation between equity and net income of the Parent Company and consolidated equity and net income

(millions of euro)	Net income for the year	Share capital and reserves	Total
Parent Company's financial data	**2,490**	**23,259**	**25,749**
Balance from financial statements of fully consolidated companies	1,065	35,742	36,807
Consolidation adjustments:			
Carrying amount of directly consolidated equity investments		(24,917)	(24,917)
Differences of purchase price allocation	(202)	5,647	5,445
Dividends from fully consolidated companies	(1,009)	1,009	
Measurement of equity investments accounted for with the equity method	4,522	7,206	11,728
Dividends of companies measured with the equity method	(1,104)	(13,400)	(14,504)
Elimination of intercompany transactions	138	(372)	(234)
Reversal of measurements in the separate financial statements	1,051	1,179	2,230
Value adjustements	(190)	(32)	(222)
Deferred tax assets and liabilities	133	(1,778)	(1,645)
Other adjustments	(92)	(606)	(698)
Non-controlling interests	(1,385)	(14,583)	(15,968)
GROUP'S FINANCIAL DATA	**5,417**	**18,354**	**23,771**

5. CORPORATE GOVERNANCE

COMMUNICATIONS, EXTERNAL RELATIONS AND SUSTAINABILITY

COMMUNICATION AND ACTIVITIES WITH THE MEDIA

In 2022, the consolidation of the Group's identity continued and the objectives of CDP's positioning as a driver for the sustainable growth of the country, and of promotion of activities in favour of companies and public administrations, in line with the 2022-2024 Strategic Plan, were achieved.

Particular attention was paid to CDP's positioning in the press, broadening the audience and managing the requests of journalists with timely, transparent and complete information. Dialogue was also intensified with local and sectoral newspapers, thus expanding the perimeter of the reference media and CDP's recognition as an institution serving the country.

The media relations activity was based on disseminating the contents and guidelines of the Strategic Plan, with a focus on the impact of business operations and ESG issues, through different tools: from traditional press releases to in-depth information on CDP's core business and news on the website.

The result of the activities carried out is reflected in the increase in space dedicated by the press to the financing of companies and general government. The focus on business issues was emphasised in the main national economic publications, highlighting the skills of CDP and its people.

Again with a view to positioning, corporate communication products such as the Annual Review have been created in order to promote the knowledge of CDP's role, strategy and activities among all internal and external stakeholders, in Italy and abroad.

The Group's marketing and promotion activities have been ensured through a multi-channel approach increasingly oriented towards greater accessibility, product knowledge and the generation of contacts that are useful to the commercial network.

For this reason, exclusively digital advertising campaigns have been developed on the websites of national and local newspapers, in order to convey qualified traffic (companies and public administrations) towards the sections of the CDP website focusing on the offer. The initiative generated a 100% increase in monthly requests for contact with the Group's experts from the website.

With a 20% growth in traffic, the website has proven to be the main tool for publicising the Group's products and projects. To ensure a communication based on transparent and complete information, the corporate section was updated and the sections dedicated to sustainability and initiatives in the artistic and cultural field were expanded. The strategy of the social channels, which recorded an overall 24% increase in followers, focused on greater interaction with the community and a more engaging use of content thanks to new graphic formats, videos and thematic columns centred on the story of operations in the territory.

By virtue of the role assigned to CDP to facilitate the implementation of the National Recovery and Resilience Plan (PNRR), the ministerial structures were supported in managing the communication and promotion activities.

Major marketing and communication initiatives included the start of operations of the National Strategic Hub, to create the cloud that will host the data and strategic services of Italian public administrations, and the digital network CDP Business Matching, which connects Italian and foreign companies to develop new commercial partnerships.

More than 60 events were organised to strengthen the dialogue with stakeholders with a view to promotion and training. Among the main ones are: the country-wide Roadshow, involving Naples, Florence, Venice and Turin; the inauguration program for the new commercial offices (Brescia and Venice) and Spazio CDP information points in collaboration with the Banking Foundations (Trieste); the first Multistakeholder Forum, on the themes of sustainable development; seminars and meetings focused on the Group's products.

Public administrations, companies and startups have also been reached through partnerships with leading players in the territory, as part of which CDP has participated in events such as the ANCI National Assembly in Bergamo, an important opportunity to meet the representatives of municipalities throughout Italy. Added to this was the support for projects of social inclusion, approach to culture, restitution of spaces to the community and training of young artists in collaboration with institutions of national importance (MAXXI L'Aquila, Egyptian Museum of Turin, School of Higher Education of the Academy of Santa Cecilia in Rome, Teatro Massimo in Palermo, Museum of Science and Technology Leonardo Da Vinci in Milan).

With a view to involving more people and sharing the new values of the CDP culture, internal communication activities were strengthened, with a 28% increase in news handled through intranets and newsletters. New multimedia formats were created to enhance the activities of the Management and teams, the art collection and the main projects of the Group. The corporate intranet was revamped to ensure greater clarity and usability of the contents. Campaigns, engagement activities and over 50 internal events were organised, also with the participation of external guests, in order to examine business and current affairs issues, with a focus on digital and innovation, diversity and inclusion, environmental sustainability.

Again in order to involve the people from the Group, "Impact Protagonists" was launched in December. This is the corporate volunteering program created in collaboration with the CDP Foundation and with leading third-sector entities (Save The Children, ActionAid, Airc, Umberto Veronesi Foundation, Albergo Etico, Retake, Nave Italia). A programme to donate time and skills with the aim of encouraging the training of young people, helping those who are most fragile, supporting scientific research and taking care of the environment.

SUSTAINABILITY

Sustainable development is a key element of CDP's strategy. The company embarked on a constantly evolving process aimed at integrating sustainability into corporate governance, company processes, business activities and corporate culture.

There were numerous areas of action during 2022. In light of the new strategy envisaged by the Strategic Plan, the sustainability governance has been reviewed and 3 new departments have been structured and charged with the following tasks:

- Policy, Evaluation and Advisory Department: ensures the definition of sectoral and sustainability lending and investment policies, as well as the development and acceleration of the implementation of national projects and initiatives, with particular reference to infrastructural projects, through the provision of support and economic-financial and technical-specialist advice.
- Sector Strategy and Impact Department: through the analysis of the external environment, it supports top management in defining strategies to strengthen the impact of the CDP Group's on the national economy, the environment and long-term sustainability, regional planning and the quality of life, and strategies to oversee the ex post measurement.
- Communications, External Relations and Sustainability Department: ensures the development, management and promotion of measures designed to strengthen the Group's sustainability profile, the monitoring and reporting on ESG indicators, the management of ESG ratings and indices, and the management of relations with stakeholders on sustainability issues.

In line with the objectives of the Strategic Plan, CDP's commitment to integrating environmental, social and governance (ESG) factors into business criteria continued throughout 2022. In this regard, in order to identify CDP as a "policy-driven" organisation, the Board of Directors approved the first five policies ("General Responsible Lending Policy"; "General Responsible Investment Policy"; "Diversity, Fairness and Inclusion Policy"; "Energy Sector Policy"; "Defence and Security Sector Policy") that define how CDP incorporates sustainability into its operations, by implementing it in its processes and by assigning clear responsibilities. With a view to transparency and ongoing dialogue with stakeholders, the policies were discussed with sustainability experts and representatives of civil society prior to their approval. All the policies are available on CDP's corporate website , both in Italian and English and are subject to periodic reviews to reflect changes in the regulatory framework, in the context and any developments in CDP's strategy.

After approval, each policy is widely disseminated internally to provide comprehensive information to people involved in the operations and subsequently disclosed externally. In relation to the Impact Assessment of individual operations, it should be noted that the financing decisions made by the Group also consider the ESG impacts associated with the activities of the beneficiaries of CDP actions, regardless of the type of action.

From the earliest stages of the selection and evaluation of the opportunities for its intervention, CDP gathers key information about the beneficiaries of its actions through both open source and specific databases, and dedicated tools, as well as through direct requests addressed to those concerned. Transactions with private and international cooperation counterparties financed by CDP, which are subject to the ordinary procedure, are assessed ex ante to estimate the potential positive and negative ESG impacts according to the qualitative/quantitative Sustainable Development Assessment (SDA) model.

This model, introduced in 2019 and integrated in a structured manner since 2020, has been continuously updated and aligned with the evolution of international benchmarks and has become part and parcel of the internal decision-making process, from the origination to the approval phase, alongside the assessment of risk profile, financial conditions, legal and compliance aspects.

Since 2022, the project analysis has made use of Competence Centers dedicated to technical-economic insights on strategic and more complex projects. As regards the development of the ex-post evaluation, the methodological guidelines for monitoring and impact assessment have been adopted. The document makes it possible to start a systematic monitoring of CDP activities that goes beyond the measurement of financial resources and informs on the areas of action in order to move from a model based on the minimisation of risks and the maximisation of the return of individual transactions to a model that also adds an objective of impact on the economic, social and environmental development of companies, territories and the country as a whole.

In June 2022, the Board of Directors approved the first ESG Plan, setting out sustainability goals and commitments, as already indicated in the 2022-2024 Strategic Plan and in line with the best practices for international financial institutions.

With the approval of the Plan, Cassa Depositi e Prestiti undertakes to achieve, among others, the following objectives: (i) reducing consumption and climate-change emissions, favouring responsible and conscious sourcing while directing operations towards the transformation into a Smart Company; (ii) putting people at the heart of the company's strategy, supporting diversity and inclusion, also ensuring a greater gender balance within the organisation, enhancing training and well-being; (iii) adopting at least 10 policies related to sustainability in the plan's timeframe (iv) further refining its ex-ante evaluation model (so-called Sustainable Development Assessment 2.0); and (v) continuing to refine the ESG risk monitoring.

During 2022, a project was also launched to estimate portfolio CO_2 emissions and identify the reduction levers over time.

During the year, the monitoring of non-financial performance continued. This activity is constantly evolving with respect to the analysis and selection of the international reporting standards and the refinement of data collection process to minimise operational risks and track non-financial data at the Group level. With this in mind, the CDP Group's second Integrated Report was published in April in response both to the need to report the financial, social, environmental and governance results through a unitary tool and to the desire to steer company work increasingly towards an "integrated way of thinking"

In 2022, the stakeholder engagement strategy was also renewed, which led to organising structured feedback sessions, including closed-door consultations, before the approval of the Board of Directors, with sustainability experts and civil society representatives on the CDP Group Policies being issued. The strategy also led to the organisation of the Multistakeholder Forum which placed the expectations and contributions of the younger generations at the centre of the agenda and saw the participation of 320 guests attending and 5,000 live streaming views.

During the year, CDP has joined some of the largest international and national associations on sustainability issues to obtain a distinctive positioning. Among them is the United Nations Global Compact (UNGC), the initiative arising from the desire to promote a sustainable global economy, respectful of human and labour rights, environmental protection and the fight against corruption. By joining the UNGC, CDP has committed to reporting annually to its stakeholders, through a report, the progress made in implementing the Ten Principles, thus increasing accountability and transparency. In addition, CDP confirmed its membership in several external initiatives, including, at the EU level, the Joint Initiative on Circular Economy (JICE), together with the EIB and the leading European national promotional institutions, and, at the national level, the Alleanza per l'Economia Circolare (Alliance for the Circular Economy), which includes 17 of Italy's leading companies committed to the transition to a circular development model.

Finally, constant dialogue with ESG rating agencies and investors continues and is strengthened. In 2022, the ESG rating issued by Moody's was updated. At the end of the update process, CDP strengthened its positioning both with respect to its sector and national level, being placed in the best class of the ranking (A1). Performance increased by 3 points compared to 2021, reaching a score of 67.

In addition, in 2022, the negotiations for the first 'Sustainability-Linked Repo' repurchase transaction linked to sustainability objectives were completed. In collaboration with the European bank BNP Paribas, CDP defined the terms of the 'Sustainability-Linked Repo', an innovative funding tool in Europe, in which the achievement by CDP of certain sustainability targets on ESG ratings affects the financial terms of the transactions. The transaction is in line with the priorities identified by the 2022-2024 Strategic Plan and confirms the leading role played by CDP in the field of sustainable finance in Italy, also reinforced by the latest issue of Sustainability Bonds in September 2022, which joins the other issues launched from 2017 as part of its 'Green, Social and Sustainability Bond Framework'.

During the year, a series of initiatives to promote the culture of sustainability were adopted. Among these initiatives, the mandatory training course on sustainability for all employees of the Group has been updated to adapt it to the new strategic and operational developments, and a course on taxonomy has been organised to illustrate the basic concepts of the new legislation on the EU Taxonomy and the implications for the CDP Group.

The internal awareness-raising activity also continued, both with the launch of the ESG call on the Innova platform that saw 62 proposals, over 1000 interactions and 4 winning ideas and with the "For us, for the Planet" initiative, a path designed for employees with advice and good practices to reduce consumption inside and outside the office.

In corporate social responsibility, initiatives in favour of the community and the territory continued with two blood donation campaigns in collaboration with the Italian Red Cross and the contribution of movable property in favour of foster homes.

Finally, the section of the public Sustainability website has been completely renewed, making it more user friendly and more in line with the Group's new sustainability strategy.

Concerning the reporting of the Group's non-financial information, please refer to the document "2022 Integrated Report".

INSTITUTIONAL RELATIONS AND CIVIL SOCIETY

DIALOGUE WITH NATIONAL INSTITUTIONS

In 2022, also following the internal reorganisation, institutional relations with: i) national and central institutions (Government, Parliament, Independent Authorities and other national administrations); ii) local institutions (Regions, Metropolitan Areas, Provinces, and Municipalities) and iii) the reference stakeholders (trade associations, institutional investors, foundations, universities, think tanks and civil society players) were subject to coordinated management and development.

As part of the institutional activities carried out at national level, meetings were organized between CDP's top management and the main institutional stakeholders, including representatives of the Draghi government and the new Meloni government, which took office in October, as well as with representatives of the Parliament on specific topics of interest relating to particular business activities of the Cassa Depositi e Prestiti Group.

With particular regard to the implementation of the National Recovery and Resilience Plan (PNRR), support was provided to top management and business structures in establishing institutional dialogue within CDP's technical and operational support activities with central administrations and local authorities. In particular, as provided for in the Framework Agreement concluded between

CDP and the Italian Ministry of Economy and Finance, support was provided in defining actions plans of the individual competent Ministries, including:

- Ministry of the Interior;
- Ministry of Culture;
- Ministry of Education (now Ministry of Education and Merit);
- Ministry of University and Research;
- Ministry for Agricultural, Food and Forestry Policies (now Ministry of Agriculture, Food Sovereignty and Forestry)
- Ministry of Health;
- Ministry of Ecological Transition (now Ministry of Environment and Energy Security);
- Ministry of Labour and Social Policies.

Support was also provided to the business structures in relation to the implementation projects of the 2022 – 2024 Strategic Plan, including:

- Projects aimed at accelerating the energy transition;
- Real estate projects;

LOCALLY-BASED INSTITUTIONAL RELATIONS

Following on with the activities related to the National Recovery and Resilience Plan (PNRR), launched at the end of 2021 and developed during 2022, a support activity was carried out aimed at defining and sharing communication plans with the associations operating locally (ANCI, UPI, UNCEM) in relation to the missions and the related calls opened by central administrations (Italian Ministry of Culture and Ministry of Labour).

Institutional dialogue with the implementing entities was also enhanced, facilitating their engagement by the company's competent structures for support and advisory activities.

Finally, the engagement activity was coordinated to facilitate the involvement of the reference structures for the implementation of the National Recovery and Resilience Plan specifically set up within the main municipal administrations in the training plan activated by the competent CDP area, in partnership with the MEF and INVITALIA, on the use of the Regis portal dedicated to the reporting and monitoring of National Recovery and Resilience Plan projects.

As part of the organization of the events, the maintenance of institutional relations at the local level was ensured, also in support of the other company functions, to develop projects of common interest and facilitate the management of institutional events organised by CDP with the presence of top management. Participation in third-party events organised by the reference associations of public entities was also ensured. These included the 39th ANCI National Meeting and the 1st Forum of the Regions, coordinated by the Conference of Regions and Autonomous Provinces. Support was also provided within the framework of the promotional activities of CDP's operational and strategic policies.

Lastly, discussions were facilitated between the representatives of the company's structures (including those of the Group) and local institutions, with reference to projects of significant interest to the CDP Group such as the opening of local offices (Brescia, Venice), real estate renovation and redevelopment projects (Bologna Barracks, Vittorio Emanuele Barracks in Trieste), social and student housing projects (Parma) and development of operations in the tourism sector.

CIVIL SOCIETY

CDP's discussion with civil society and institutional stakeholders on priority and strategic issues for the country was carried out by organising meetings to present the CDP Sectoral Strategic Guidelines (after approval by the Board of Directors) and Policies (before approval by the Board of Directors).

In 2022, 5 meetings were held, with the participation of 105 qualified experts and world leaders from non-governmental organisations, trade associations, Group investee companies, local authorities, national institutions and regulatory authorities. These consultation meetings have started a process of continuous listening and discussion, which aims to expand the number of players involved, enhance best practices and receive ideas and suggestions, in order to make strategies and initiatives more effective.

In addition, support was provided to the Sustainability Development, Monitoring and Reporting Unit in identifying the players to be invited to the CDP Group's 2022 Multistakeholder Forum.

Discussions were also held with civil society players for the urban redevelopment project of the former Istituto Poligrafico e Zecca dello Stato in Piazza Verdi and support was provided for the activities related to the communication plan of CDP Immobiliare towards the stakeholders in the Torre Spaccata/Cinecittà project.

STAKEHOLDER MONITORING FOR GREATER INVOLVEMENT IN CDP ACTIVITIES

In collaboration with the other company functions involved, support was provided in the organisation and management of the CDP Roadshow (Naples, Brescia, Venice, Florence), ensuring the presence of speakers from the world of trade associations and local universities on the panels. As part of the collaboration project with the Chambers of Commerce, the inaugural event of the Spazio CDP in Trieste was promoted and managed at the Venezia Giulia Chamber of Commerce. The Cooperation Agreements relating to the Spazi CDP expiring in the year were also signed and renewed.

Discussions were also initiated and maintained with the most important national and industry employers' associations, aimed at promoting the Group's instruments focusing on production chains and Venture Capital (associations of the tourism, agri-food and agri-industrial, transport and real estate development sectors; associations from the fintech, innovation and digital world; associations of institutional investors and asset management and supplementary pension schemes). As part of monitoring relations with institutional investors, the management of institutional relations was consolidated with Assofondipensione. Relations were also managed with the majority of the private pension schemes, to support fundraising on the Group's investment instruments and Real Economy projects.

As part of the National Recovery and Resilience Plan, support was provided to the company functions of the Business Department and CDP Group, for the organisation of various webinars to present and promote tools managed by the Group, in collaboration with the Italian Ministry of Tourism and Ministry of Agriculture (Fund for the enhancement, competitiveness and protection of the hospitality heritage; FRI Supply Chain Contracts).

With reference to the associative relations of CDP, several initiatives promoted by the counterparties to which CDP is associated were supported. The 2021 Membership Fee Reporting Plan was drafted and approved, as was the 2022 Membership Fee Plan encompassing the membership needs of the various organisational units and managing their budgets of approx. 710,000 euro, in cooperation with CDP's top management.

As part of the solidarity initiatives for the population affected by the conflict between Russia and Ukraine, activities aimed at providing humanitarian assistance, reception, food support, medical care and psychological support were supported through the donation of 429,176 euro collected by the Group, which was distributed in equal shares to the non-profit organisations UNHCR, the Italian Red Cross and UNICEF.

CDP VENTURE CAPITAL SGR'S OPERATIONS

In 2022, CDP Venture Capital SGR – Fondo Nazionale Innovazione continued the development of operations, by implementing the 2020-2022 Business Plan "From Italy to innovate Italy". With the support of Institutional Relations, relations with the relevant Venture Capital and innovation stakeholders were consolidated and expanded.

At the level of government institutional relations, among others, the mandate management process was finalised for National Recovery and Resilience Plan resources managed under the Digital Transition Fund and Green Transition Fund by the Italian Ministry of Enterprises and Made in Italy (MIMIT), and for complementary resources managed under the Space Fund by the Italian Ministry for the Digital Transition. Also with a view to institutional support, the strategic coordination activity and the care of the administrative obligations with the MIMIT (the main institutional investor of the funds managed by the SGR) continued.

Internationally, support was given to enhancing the Italian innovation system at the European Innovation Council (also through the Italian Ministry of University and Research) and the relationship with NATO was maintained to contribute to the implementation of the DIANA and NATO Innovation Fund projects.

At local level, institutional discussions were also managed with local and regional authorities (e.g., Municipalities, Regions, Regional Financial Companies) and universities for the development of the Italian National Accelerators Network and the Italian National Technology Transfer Hubs, as well as for the development of local finance for innovation (Fondo Toscana and Piemonte Next).

Finally, the collaboration relations with the main associations of reference in the sector (AIFI, Innovup, Italian Tech Alliance) were strengthened in terms of advocacy and studies and research.

LEGISLATIVE AFFAIRS, PARLIAMENTARY SUPERVISION AND FOUNDATIONS

In 2022, legislative and institutional initiatives (bills, parliamentary questions, parliamentary consultations, round tables, and promotional initiatives) of interest to CDP and the Group companies were systematically monitored, with over 500 alerts in their areas of interest. Particular attention was paid to monitoring the implementation of the National Recovery and Resilience Plan, with more than 100 alerts.

Support was provided to top management and the business structures during parliamentary hearings and requests for information and memoranda involving the CDP Group, in particular:
- Report concerning the actions carried out via the Special-purpose assets fund ("Patrimonio Destinato") as part of the State aid Temporary Framework of the European Union, updated at 30 June 2022 (submitted to Parliament on 3 August 2022);
- CDP memoranda as contribution to the discussion of bills AS 2505 (Sostegni-ter Decree), AC 3614 (Aid Decree), AS 391 (Strategic production sectors Decree) and within the framework of the investigation of the Parliamentary Investigation Committee on the banking system, with reference to the assignment of the "Superbonus 110%" credit.

With regard to the work of the Parliamentary Supervisory Committee on CDP's separate account, support was provided for the Committee's proceedings.

In particular, the Committee's activities concerned:
- Investigation on the trends in Postal Savings: a series of hearings of CDP and Poste Italiane representatives was held, and at the meeting of 16 June 2022 the Committee approved a conclusive Report on the investigation;
- Investigation on Support for Italy's infrastructure system: hearings of CDP and Autostrade per l'Italia - ASPI;
- Examination and approval of the End-of-Mandate Report on the Committee's activity during the 18th Legislature, approved at the meeting of 10 November 2022.

As regards the Relations with Banking and Non-Banking Foundations, the following activities have been delivered in 2022:
- renewal of the collaboration agreements between CDP and i) Fondazione Cassa di Risparmio di Parma, ii) Fondazione di Modena, iii) Fondazione Cassa di Risparmio di Trento e Rovereto, expiring in 2022 and originally signed under the ACRI Memorandum of Understanding of 2019 (ACRI i.e. the organisation representing Foundations of banking origin and Savings Banks). Each specific agreement is servant to the opening of the so called "Spazi CDP", territorial offices of Cassa Depositi e Prestiti realized into each Foundations headquarters. In relation to such local offices, Sales colleagues were supported in organising events to promote CDP's products and services for businesses operators and Public Administrations;
- support to relevant internal structures operating in the fields of Venture Capital, Real Estate, Infrastructure, and Equity, as well as

the CDP Foundation, in defining the appropriate strategies for engaging Banking Foundations, taking care of and managing the related business origination meetings;

- presentation of an important CDP Real Assets' fund of funds called FNAS "Fondo Nazionale dell'Abitare Sostenibile" at the Territorial Offices of the Banking Foundations: 6 events among the ACRI's Territorial Offices of Lazio, North West, Emilia-Romagna, Triveneto, Marche, Tuscany and Umbria, South;
- presence at the meetings of the CDP' Support non-controlling Shareholders' Committee, as well as support to the participation of CDP's management at the main events in the Banking Foundations' sector, such as: the 25th National Congress of ACRI in Cagliari, the 7th edition of the Foundations' Forum in Venice and the Annual Meeting of Itinerari Previdenziali in Bologna;
- Systematic monitoring of events and initiatives promoted by each of Shareholder Banking Foundation, as well as Corporate Foundation falling within the CDP Group's perimeter.

Among the other activities carried out in 2022, the negotiation of a new Memorandum of Understanding with ACRI for the identification of operations in the field of international cooperation is still underway.

HUMAN RESOURCE MANAGEMENT

The continuation of the Covid-19 emergency during the year again confirmed remote working as the main way of working. With the end of simplified remote working, the "Remote Working Agreement in the CDP Group", signed in November 2021 with the Group's Trade Union Representatives, has been effective since 1 September 2022.

Without prejudice to the exceptions provided for in the Agreement and the regulations in force from time to time, since the date of its entry into force, all employees have had the possibility to sign the individual agreement - through a dedicated company tool - which provides the right to work remotely up to a maximum of 10 days per month after planning and reaching agreement with one's manager. Some technological tools made available to employees, have also been implemented to support them in the daily management of issues related to remote working and the associated schemes.

Since March 2022, CDP's HR Business Partners have carried out constant inspections at CDP's local offices and conducted a total of 35 interviews with the resources encountered on site, thus analysing and managing, through constant supervision, the needs of the employees involved arising from local peculiarities.

With regard to the introduction of new resources, the onboarding process has been enriched with an additional Smart Induction called "Welfare & People Caring at Cassa Depositi e Prestiti", which illustrates the initiatives launched by CDP for its people in the welfare field. In addition, the welcome kit has been modified in order to make it genderless and sustainable in accordance with the provisions of the "Diversity, Equity and Inclusion" Policy.

As regards Specialised Compliance Monitoring, through the monitoring of labour regulations, the following activities were carried out:

- following the implementation of the "Aiuti bis" Decree, which restored the right to remote working for vulnerable workers and for parents of children under 14 until 31 December 2022, support was provided to workers belonging to the aforementioned categories who had the right to remote working, derogating from the maximum limit of 10 days per month;
- following the entry into force of Legislative Decree no. 104 of 27 June 2022 (so-called Transparency and Privacy Decree), the individual employment contract was modified for the purpose of fulfilling the new disclosure obligations of the employer. This action was finalised through the preparation of the first Compliance Guidelines, published in December 2022.

During the year, the alignment of skills in support of the strategic guidelines of the Business Plan also continued through significant investment in new hires, aimed at the growth of the organisation as a whole.

The use of the new staff recruitment process, progressively extended to the companies subject to management and coordination, was also consolidated to ensure uniform assessment.

This process involves the strengthening of the concepts of transparency, publicity and impartiality through the use of digital tools in the screening phase and of structured technical-aptitude assessments, and the introduction of panels of across-the-board interviewers, in which gender representation is always guaranteed, with the aim of recruiting staff on the basis of systems for the assessment and appreciation of individuals, based exclusively on the recognition of their merit and avoiding any form of discrimination.

In order to increase the effectiveness of the new methodological guidelines, a "Train the Interviewers" training course was held, which saw the direct participation in the experiential workshops of over 300 managers from the CDP Group. This extensive participation made it possible to create more than 150 panels of across-the-board interviewers that have facilitated the recruitment of new staff and the acquisition of professional skills.

In 2022, more than 260 job adverts were published both within and outside the CDP Group; thanks to the massive dissemination of the job adverts, more than 50 intra-group job rotations were implemented and 230 resources were acquired between hires and internships.

CDP's employer branding activities included participation in selected events consisting of career fairs, testimonials and student orientation initiatives, in collaboration with Italy's leading universities, in order to boost the CDP Group's visibility in the country.

The year 2022 marked an important stage for CDP's commitment in the field of diversity, equity and inclusion policies as fundamental values for the creation of an open, respectful and diverse working environment, where everyone can fulfil their own potential. CDP, in line with Goals no. 5 (Gender Equality) and no. 10 (Reduced Inequalities) of the 2030 Agenda for Sustainable Development, recognises and embraces the value of the principles of diversity, equity and inclusion, as an integral part of its culture, the values expressed in its Code of Ethics and its business activities.

As confirmation of its commitment to these issues and without limitation, during the year CDP signed certain policy documents, such as "The CDP Group Sustainability Manifesto" which, *inter alia*, seeks to achieve full gender equality in top management functions by 2030 and, during the Finance in Common Summit 20, the "Joint Declaration of All Public Development Banks in the World"; it also signed up to international initiatives (e.g. "No Women No Panel"), and promoted the establishment of the CDP Group Women Association with the objective of enhancing the role of women within the Group and in civil society.

Also in 2022, CDP approved the first "Diversity, Equity and Inclusion" Policy, which reinforces the Group's commitment and defines the guiding principles and operating methods to constantly promote an increasingly inclusive culture both within the organisational system of CDP, and externally for other stakeholders. Four macro-areas of action were identified, concerning our people, business choices, supplier selection and communication methods, with the aim of generating impact along the entire value chain.

During the year, the first training and awareness-raising initiatives aimed at the CDP Group's employees were undertaken, and the network was strengthened with associations committed to combating forms of discrimination such as ValoreD, Parks Liberi e Uguali and the UN Global Compact. CDP also actively participated in the "4 Weeks 4 Inclusion" event and in programmes regarding gender inequality, such as "WomenPlus" and "Target Gender Equality" (UNGC).

To strengthen the discussion and dialogue with civil society on ESG issues, CDP established a working group on the issues of Diversity, Equity and Inclusion within the Multistakeholder Forum in order to launch an increasingly constructive collaboration with external stakeholders.

The year 2022 also featured a gradual return to classroom training.

In support of the 2022-2024 Strategic Plan, meetings were organised between the CEO and the individual Departments and the "Progetto Valori" (Value Project) training programme was launched for all Group managers, to gain awareness and disseminate the five principles underlying the CDP culture: expertise, environment, impact, inclusion and integrity.

New programmes were developed within the CDP Academy, with the involvement of the main investee companies, including the launch of the Higher Education programme, and the first year of the second edition of the CDP Corporate MBA was started.

The strengthening of vertical role-based and cross-cutting training programmes continued. Specifically, in the area of vertical training, CDP launched new programmes on its core skills in partnership with training organisations of high standing. The initiatives that contributed to the strengthening of cross-cutting training included the induction called Join Unconventional Monthly Program (JUMP), which involved the development of the two parallel initiatives to guide new employees within CDP through job shadowing and mentoring. Also worth mentioning are the executive coaching initiatives created ad hoc to support professional and managerial growth.

The Skill Development Framework project was implemented, to renew the existing skills model, through the use of a taxonomy linked to the labour market. The ultimate goal is to define new development paths, for the strengthening of professional roles.

Many of the cross-cutting initiatives were designed with the involvement of all the other Group companies with the aim of strengthening a unified culture by standardising the systems and practices adopted.

As regards the people caring initiatives that are structurally available to CDP employees (e.g. health care, supplementary pension schemes, meal vouchers, financial contributions, etc.), during 2022 the welfare plan was further enriched and adapted to better respond to the needs of people, in order to increase the well-being of employees and their families:

- The ongoing updating continued of the noi.cdp app, the innovative tool designed to help employees access personal services even from outside work, directly from their smartphones, with the introduction of features aimed at improving its user-friendliness.
- Again in 2022, a remote listening and psychological support service was provided to employees, aimed at bolstering people's confidence, motivation and peace of mind.
- The internal nursing service offering daily medical assistance and first aid services provided by qualified staff was maintained.
- The wellness initiatives were renewed, such as the Sport & Fitness service available both online and in person and free specialist medical examinations.
- CDP also extended its focus to families with the second edition of the training and orientation programme for the children of employees ("Summer School, Tutoring and…much more!") that features a wide range of initiatives organised with highly qualified partners: (i) individual and group study trips abroad; (ii) summer courses focused on sports activities, with innovative digital workshops to guide young people on the professions of the future; and (iii) summer schools aimed at exploring the most relevant subject areas.
- In June 2022, a Take your Child to Work event was held by the CDP Group for the children of employees aged between 5 and 12 years. The event, which was held simultaneously at three offices, was dedicated to the themes of Diversity and Inclusion: during the day all children participated in games, activities and workshops to provide their point of view on inclusion, in order to emphasise the importance of respecting and valuing the diversity of each person without discrimination based on gender, sexual orientation, age, belief, religion, race, and political and/or trade union membership.
- During 2022, the "Orientamento e Formazione a 360°" (All-round Orientation and Training) initiative was launched for the families of CDP employees. The project involved parallel initiatives: (i) an innovative university orientation programme featuring four webinars and a wide range of support materials made available to the children of employees through an ad hoc platform, and (ii) a STEM training programme to bring parents and children closer to this world with creative computing activities focused on the creative use of technology to express and represent their ideas.

INDUSTRIAL RELATIONS

The performance of work activities in the post-emergency period has benefited from the consolidation of the remote working scheme and the updating of the related regulations as an ordinary way of working.

In view of the national regulations and CDP's strategic role for Italy, the analysis continued – in collaboration with the Italian Banking Association (ABI) and sector trade unions – for the agreement of specific, independent protocols at national level, which fosters effective dialogue at company and Group level.

Within the company, the epidemiological emergency strengthened trade union relations, fostering a climate of constructive cooperation and sharing of company policies and consolidating the positive relations with the Company, Group and Region Trade Union

Representatives. The main negotiations and agreements concluded in 2022 are:

the signing of the Cdp Corporate supplementary agreement that provides for new measures or the strengthening of those already in force, aimed at work-life balance, well-being and Diversity and Inclusion;

- the signing of periodic agreements on the video surveillance system;
- the establishment of the Bilateral Commission on Overtime with the aim of periodically monitoring the use of overtime by the Professional Areas, sharing and promoting policies and initiatives aimed at limiting it and ensuring compliance with working hours, also with reference to remote working;
- the establishment of the Bilateral Commission on Diversity, Equity & Inclusion, which aims to contribute to the promotion and sharing of policies and initiatives and develop an active and proactive discussion on equal treatment, inclusion, equal opportunities and valuing diversity, as well as combating all forms of inequality and discrimination.

Within the Group, during the year, the competent corporate function was involved in providing important support to companies subject to management and coordination in the definition of corporate supplementary agreements and certain "extraordinary" agreements (e.g. transferring resources after corporate transactions) and in liaising with national and territorial trade unions.

ASSESSMENT OF REMUNERATION OF DIRECTORS WITH SPECIFIC RESPONSIBILITIES

The policy adopted for the remuneration of the Chairman of the Board of Directors remained unchanged in 2022, whereas for the Chief Executive Officer, on 24 May 2022 the Shareholders' Meeting resolved to increase solely the fixed remuneration pursuant to paragraph 3 by 38,300 euro.

As a consequence, the following remuneration components were recognised:

Chairman of the Board of Directors

(euro)	Annual remuneration
Fixed remuneration: remuneration for the office - Article 2389, paragraph 1	70,000
Fixed remuneration: remuneration for specific responsibilities - Article 2389, paragraph 3	225,000

Chief Executive Officer

(euro)	Annual remuneration
Fixed remuneration: remuneration for the office - Article 2389, paragraph 1	45,000
Fixed remuneration: remuneration for specific responsibilities - Article 2389, paragraph 3	171,000
Annual variable component	50,000
Three-year incentive component (annual share)	25,425

Annual variable component: according to the powers assigned, the annual variable component, set with reference to the target incentive level (100%), is paid to the extent of 70% on achieving the gross operating income stated in the budget for the year in question, CDP's lending and managed resources and CDP Group's lending and managed resources (quantitative objectives); the remaining 30% is decided by the Board of Directors, on the proposal of the Remuneration Committee, based on achieving qualitative objectives of particular importance for the Company and the Group, set by the Remuneration Committee. The variable remuneration is paid annually upon verification by the Board of Directors of the achievement of the assigned objectives.

Three-year incentive component: a further three-year component - the LTI (Long Term Incentive) - is paid only if, in each of the three years, the objectives set for the year in question have been achieved.

Severance indemnity: in keeping with the best practices of reference markets and in continuity with the previous term, a severance indemnity is envisaged for the Chief Executive Officer, also paid in advance upon request or initiative of the Company (except for situations of just cause or voluntary resignation), equal to the algebraic sum of the fixed and variable remuneration, to the fullest extent provided for (including the pro rata amount of the LTI), due for one year of office.

Benefits: in line with the previous term, the Chief Executive Officer receives benefits in the form of insurance cover.

IT SYSTEMS AND INTERNAL PROJECTS

In 2022, the new 2022-24 Digital and Technological Transformation Plan was formally launched, which defined the scope of the strategic initiatives in the IT Systems area identified in line with the strategic approach, the objectives and the business priorities expressed in CDP's 2022-24 Strategic Plan.

The initiatives identified should provide the necessary tools to support the Digital Transformation of CDP through the evolution of business processes, architectures and supporting technologies. The plan's architecture is arranged in five lines.

The Digital Transformation line is aimed at supporting the business digital transformation process. During 2022, among the projects carried out, the following are recalled:

i) the numerous initiatives developed by ICT as part of the National Recovery and Resilience Plan (PNRR): the creation of an analytical database and related dashboards for monitoring financial resources, the process and the socio-economic impact of the initiatives; the support portal for public bodies to request information on the plan (Technical Desk); the platform for the management of funds (e.g. Architecture and Rural Landscape Fund, PNRR/FNC Proj. Fund);
ii) the development of a new web Reserved Area for customers in the Enterprises, Financial Intermediaries and Italian Public Administration sectors;
iii) the review of the behavioural models of postal savings bonds and the consolidation of the framework for the development of new models for the analysis of postal customers, through ledger data, with data mining and machine learning techniques;
iv) the complete re-engineering of the payment management platform and the continuation of the process of digital transformation of business financing management (65% of the portfolio migrated).

On the other hand, the Security and Resilience line is aimed at guaranteeing the logical and physical IT security controls, and strengthening the operational controls, in order to ensure the adequate resilience of technological infrastructure. During 2022, a platform was created to support Corporate Intelligence activities that gives CDP (and the entire group) the ability to collect, analyse, correlate and monitor open-source information to support security-related decision-making processes.

With regard to Smart Office and Service Models, a new way of working has been adopted, including through the reorganisation of working spaces and the strategic rearrangement of offices. Since September 2022, with simplified remote working coming to an end, CDP's ICT has implemented a series of tools and actions to maximise the effectiveness of the hybrid operating model. Innovative spaces have also been created (e.g. areas for the dissemination of digital culture or "healthy" refreshment areas, but also "smart" spaces aimed at fostering creative collaboration) with ad hoc technologies (e.g. digital whiteboards).

The Operational Excellence line is aimed at rationalising costs and making company operations more streamlined and effective. Among the projects carried out during 2022, worth mentioning is the development of a more efficient company group registry capable of responding promptly to the requests of all the players involved. The new system allows positions to be opened in disputes as both defendant and claimant.

Finally, the Innovation line encourages the adoption and scale-up of innovative technologies throughout the main company processes. During 2022, a Web Portal was created that is dedicated to the Drafting/Management of innovative Challenges addressing the suppliers of the CDP Group, Startups and new companies interested in participating. In addition, thanks to the Innova portal, the creation of an AML Competence Center was encouraged, thanks to the implementation of a system for managing the new AML processes with centralisation on the new Competence Center OU and with integration among all the systems involved.

In the wake of the results of the previous year, the ICT Governance controls were further increased through the strengthening, in 2022, of the ICT Demand & Portfolio processes and the ICT Performance measurement model, which is being further expanded by defining the frameworks for future ICT sustainability and internal user satisfaction measurements.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF CDP PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER B) OF THE CONSOLIDATED LAW ON FINANCE

INTERNAL CONTROL SYSTEM

CDP has developed an internal control system, consisting of a set of controls, rules, procedures, and organisational structures designed to identify, measure, assess, monitor, prevent or mitigate, and promptly communicate to all appropriate levels, the risks taken or that may be taken in the various segments, as well as to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by company management.

In particular, the internal control system has been implemented consistently with the establishment of three levels of control.

First level controls (line controls) are conducted by operational and administrative structures. These controls are built into organisational procedures and are designed to ensure that operations are carried out correctly in line with the assigned risk objectives.

Second level controls (risk management controls) are carried out by separate organisational units and are designed to help establish risk measurement methods and verify that the operational limits set for the various departments are respected, as well as verify that operational activities and results achieved by production units comply with their allocated risk objectives and performance targets, and ensure that the risk governance polices are properly implemented and that the internal practices and rules comply with applicable regulations.

Lastly, third level controls are performed by the Internal Audit function. Internal Audit is a permanent, independent and objective function that pursues the continuous improvement of the effectiveness and efficiency of the governance, risk management and control processes of CDP and the Group Companies subject to management and coordination, by means of professional and systematic supervision, contributing to protect and increase the Company's and the Group's value.

The division of the internal control system into the three levels mentioned above is based on sector regulations and applicable best practices, including the recommendations of the main international organisation for the internal auditing profession (Institute of Internal Auditors).

Internal Audit and second-level control functions cooperate to share the different perspectives on risks and controls in order to provide the Corporate Bodies with a representation as accurate as possible of the overall level of risk, coordinate annual activity plans and exchange information on critical issues, inefficiencies, weaknesses or irregularities identified in their respective control activities. Cooperation between these functions is intended to develop synergies and avoid overlaps, while ensuring adequate coverage of control objectives.

Internal Audit, which belongs to the Internal Audit Department, reports hierarchically to the Board of Directors (through its Chairman), which, as a strategic supervisory body, gives the authority to the structure, while guaranteeing its independence. Furthermore, the necessary link between Internal Audit, the body responsible for the management function and management is guaranteed.

The Internal Audit function provides an independent and objective assessment of the completeness, adequacy, functionality and reliability of the CDP Group's overall internal control system, and assesses the proper functioning of the processes, the adoption of suitable safeguards of the assets, the reliability and integrity of the accounting and operational information, as well as compliance with internal and external regulations (including the Code of Ethics) and management guidelines.

For the execution of its activities, each year the Internal Audit function prepares an audit plan and submits it to the Board of Directors for approval. The audit plan is consistent with the applicable regulations, the overall set of risks, the control system, the related assessment and the strategic organisational development of the Company and takes into account the guidance provided by the Chairman of the BoD, the Chief Executive Officer and the Corporate Bodies. The plan specifies the activities to be carried out and the objectives to be pursued.

Issues identified during each audit are immediately reported to the relevant business units so they can implement the corrective actions required. The Internal Audit function notifies Management, the Risk and Sustainability Committee, the Board of Statutory Auditors, the Supervisory Body, the Chairman and Chief Executive Officer of improvements that can be made to the internal control system, with particular reference to the risk management policies, the instruments used to measure risk, and the various company procedures.

On a quarterly basis, the Internal Audit function reports to the Board of Directors, after examination of the Risk and Sustainability Committee, the Board of Statutory Auditors and the Supervisory Body, on the progress of the Annual Plan, the activities carried out, the main issues identified and the progress made on the corrective actions identified by CDP and the Group subsidiaries subject to management and coordination, highlighting any risks that have not been adequately mitigated in relation to the failed or ineffective removal of the anomalies found in its monitoring activities. On an annual basis, the Internal Audit function also presents its assessment of the overall internal control system.

CDP's Internal Audit function carries out the activities for the Parent Company and for the subsidiaries subject to management and coordination, according to the service provision methods set out in agreement with the subsidiary.

The Internal Audit function also provides support to the work of the Supervisory Body, envisaged by Article 6, paragraph 1, lett. b), of Legislative Decree 231/2001.

The Internal Audit function can also provide support, assistance and advisory services to other corporate functions in order to create added value and improve the risk management and performance of the organisation, without assuming management responsibilities so as to avoid any situation that could potentially influence its independence and objectivity.

FINANCIAL AND OPERATIONAL RISK MANAGEMENT SYSTEMS

In 2022, CDP continued the process of strengthening and updating the risk management methods and systems.

To measure credit risk, CDP uses a proprietary portfolio model, which takes into account, among others, exposures to public entities in the Separate Account. It is a "default-only" model, i.e. it considers credit risk based on the losses associated with the possible default of borrowers rather than the possible deterioration in credit quality indicated by an increase in spreads or rating changes. Since it adopts a default-only approach, the model is multi-period and simulates the distribution of losses that would arise from the defaults of borrowers over the entire life of outstanding transactions. This allows for the capturing of the effect of migrations between credit ratings, not limited to default. This credit model allows for the calculation of a variety of risk metrics (VaR, TCE[43]) both for the entire portfolio and for single borrowers or business lines. It is used for assessing risk-adjusted performance and for loans to private borrowers.

[43] Value at Risk at a given confidence level (e.g. 99%) represents an estimate of the level of loss that is exceeded only with a probability equal to the complement (to 100%) of the confidence level (e.g. 1%). The Tail Conditional Expectation (TCE) at a given confidence level represents the expected value of the losses ("extreme") that exceed the VaR.

CDP has access to a series of rating models developed in-house or by specialised external providers. Specifically, CDP uses rating models for the following asset classes:

- public entities (shadow rating quantitative model);
- banks (shadow rating quantitative model);
- small and medium enterprises (internal quantitative model based on historical default data);
- large enterprises (shadow rating quantitative model);
- project finance (qualitative/quantitative scorecards calibrated on a shadow rating basis).

These models act as a benchmark for the internal rating assigned by the analyst; specific rules have been set up to reconcile and explain any discrepancies between the results obtained through the instrument used and the final internal rating. Specifically, CDP has developed internal scoring models for specific asset classes, that allow an ordering in terms of relative creditworthiness, by using specific indicators drawn from their financial statements. These models, duly calibrated with other relevant variables, represent the quantitative part of the internal rating models developed. Furthermore, the E-Rating Workflow (PER - Pratica Elettronica di Rating) system makes it possible to retrace and audit the process that led to the assignment of a certain value for each name, also accessing the archived documentation used in the assessment, based on the nature of the counterparty (Public Entities, Bank Counterparties, Corporate and Project Finance). The E-Monitoring Workflow (PEM – Pratica Elettronica Monitoraggio) system timely identifies, through an early warning engine, potential credit issues on the basis of which an exposure can be assigned to a Watch List class for a stricter monitoring and management of the relationship. Furthermore, some additional features have been developed regarding automatic proposals advanced by the systems for regulatory classification.[44].

These two systems (PER and PEM), which are integrated with CDP's IT and document systems, are based on business process management technologies already widely used in other areas, such as the E-Loan Workflow (PEF – Pratica Elettronica di Fido).

Internal ratings play an important role, not only in the credit-granting and credit-monitoring process, but also in the decision-making process as a whole. In particular, concentration limits are defined in terms of ratings and may lead to a specific strengthened process (possibly to submit the proposal also to the Board of Directors to require a specific exemption) and, in some cases, to the inadmissibility of the transaction. An internal rating is normally updated on a yearly basis, unless events or information cause the need for a prompt change to the assigned rating.

The process of assigning a Loss Given Default value to any single transaction, which is needed to compute the expected loss, follows a standardised procedure, also tracked in the IT systems. The Loss Given Default is assigned on the basis of an internal evaluation which takes into account the probable recovery time, the characteristics of the counterparty, the nature of the transaction and the relevant guarantees/security package.

Interest rate and inflation risk are measured using the AlgoOne suite by Algorithmics (now part of SS&C Technologies), mainly adopted to analyse the possible changes in financial statement items as a result of interest rate movements. The system can carry out sensitivity analyses and stress tests, in addition to calculating the VaR in the banking book. For Postal Funding products, CDP uses investor behavioural scenarios in its models.

To monitor liquidity risk, the Risk Management Area regularly analyses the volume of liquid assets in comparison with the volume of demand liabilities and liabilities exposed to the risk of early repayment, verifying compliance with the limits established under the Risk Policy. The AlgoOne suite is used to support this analysis, together with several proprietary tools that incorporate and process the inputs of the various front, middle and back office systems.

Counterparty risks related to transactions in derivatives and Securities Financing Transactions are continuously monitored through tools that show the current (taking into account the net mark-to-market and collateral guarantees) and potential credit exposure.

Regarding the various risk elements associated with derivatives, positions in securities and securities financing transactions, the Risk Management Area uses the Murex front office application. This system allows for the specific monitoring and the mark-to-mar-

[44] During 2022, developments were made to the Early Warning system, also in order to incorporate the indications of the EBA Guidelines on Granting and Monitoring loans, as well as the Business Crisis Code.

ket evaluation of positions (also for the exchange of collateral margins). Furthermore, the system provides several sensitivity and scenario analyses, which can be applied to interest rate risk, counterparty risk, the analysis of securities portfolios and hedge accounting.

With reference to operational risks, CDP has developed a proprietary application (LDC) for the collection of internal data relating to both operational losses already occurred and recorded in the income statement, as well as operational risk events that did not generate an actual loss (near miss events). This application enables the centralised and secure management of the following activities:

- collection of internal operational loss data;
- accounting reconciliation of collected data;
- data validation;
- preparation of record layout to be sent to the Database Italiano Perdite Operative (DIPO).

Apart from reducing the cost and the risk related to manual data management, this tool also guarantees the (i) integrity, confidentiality and availability of the information collected, as well as (ii) the traceability of the entire process, thanks to the user identification system, and (iii) a high level of control, thanks to a customisable system of automated messages and alerts.

Moreover, the application "OpRA" was also developed to perform Risk Self-Assessment and follow-ups on the mitigation actions implemented to address the operational risks identified.

With regard to money laundering and terrorist financing risks, throughout the year, CDP updated its internal AML/CFT framework to reflect the changes in the applicable legislative and regulatory framework, as well as to take into account the introduction of a new organisational structure, framed within the first line of defence, having the task of operationally supporting the business structures in the correct and effective fulfilment of specific anti-money laundering obligations. Specifically, to suitably address the increased complexity resulting from the changes in the context in which CDP operates, taking into account not only the development of CDP's operations but also the tightening of the international sanctions framework following the Russian-Ukrainian crisis and considering the greater risks connected to the current pandemic, several projects have been carried out or in any case launched in particular to strengthen the IT systems supporting the due diligence and monitoring processes, in order to enable the simplification and optimisation of the anti-money laundering operational processes, whilst ensuring adequate levels of effectiveness and efficiency. Coordination of anti-money laundering safeguards at CDP group level also continued.

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/01

In January 2006, CDP adopted an Organisation, Management and Control Model (hereinafter also "Model") drawn up pursuant to Italian Legislative Decree no. 231/2001 (hereinafter also "Decree 231 or "Decree"), which identifies the Company areas and operations that are most exposed to the risk of criminal activities as defined in the Decree as well as the principles, rules and regulations for the Internal Control System introduced to supervise significant operating activities. This document is the result of the assessment of the corporate structure and operations of CDP, with the primary purpose of providing the Company with a Model that constitutes a protection from administrative liability in case predicate offences are committed by senior managers, employees or individuals acting on behalf of CDP and in its name.

The document consists of:

- General Section which, based on principles of the Decree, illustrates the essential components of the Model with particular reference to: *i)* Governance Model and Organisational Structure of CDP; *ii)* Supervisory Body (referred to also below in short as "SB"); *iii)* Whistleblowing and Reporting; *iv)* measures to be taken in case of non-compliance with the provisions of the Model (disciplinary system); *v)* staff training and dissemination of the Model within and outside the Company; *vi)* dissemination of the Model and Contractual Clauses; and *vii*) updating and adaptation of the Model. The Model also consists of the following Annexes to this General Section:
  - List and description of the administrative crimes and offences set forth in Italian Legislative Decree no. 231/2001, which provides a brief description of the administrative crimes and offences whose commission determines, on the basis of the

conditions laid down by the Decree, the onset of the administrative liability of the Entity pursuant to and for the purposes of the aforementioned regulations;
– Information flows towards the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001, which provides, for each relevant activity of the CDP Model 231, the information that must be transmitted to the Supervisory Body, with a given frequency.
– 231 contractual clauses, which provide an indication of the standard protective measures and contractual clauses adopted by CDP in the contracts signed with third parties, whether relating to business relations or employment relationships or mandates for members of the corporate bodies.

- Special Section, which: (i) identifies the relevant and operating activities, for the different types of crimes, during whose performance there is a theoretically potential risk of the commission of crimes; (ii) describes, merely for educational purposes and by way of example and without limitation the methods of commission of the offences deemed relevant for CDP; and (iii) indicates the safeguards and principles of the Internal Control System aimed at preventing the commission of offences.

The Board of Directors, in the meeting held on 14 December 2022, approved the updated 231 Model in order to include:
- the new regulations introduced under Legislative Decree no. 231/01 by: *(i)* Legislative Decree no. 195/21, for the transposition of Directive (EU) 2018/1673 on combating money laundering by criminal law, which introduced important changes to the cases of handling and receipt of stolen goods (article 648 of the Criminal Code), money laundering (article 648 bis of the Criminal Code), use of money, goods or benefits of illicit origin (article 648 ter of the Criminal Code) and self-laundering (article 648 ter1 of the Criminal Code), which provided for the extension of the scope of application of the cases provided for by article 25-octies of Legislative Decree no. 231/01 "Handling of stolen goods, money laundering and use of money, goods or benefits of illicit origin as well as self-laundering" to money, goods or other benefits originating from unintentional offences and from misdemeanours punishable by arrest for a maximum of one year and a minimum of six months; *(ii)* Legislative Decree no. 184/21, which provided for the introduction within Legislative Decree no. 231/01 of the new article 25-*octies* 1. "Offences in the field of payment instruments other than cash", containing new types of predicate offences provided for in the Criminal Code (pursuant to articles 493-ter, 493-*quater* and 640-*ter* of the Italian Criminal Code); *(iii)* Law no. 22/22, which provided for the introduction of articles 25-*septiesdecies* and 25-duodevicies, respectively entitled "Offences against cultural heritage" and "Trafficking of cultural assets and the devastation and looting of cultural and landscape assets", into Legislative Decree no. 231/01, with the aim of strengthening the safeguard and protection of cultural heritage and combating the phenomenon of illicit trafficking in works of art.
- recent organisational and process changes in CDP and developments in the internal regulatory system (Group Policies, Regulations and Procedures);
- the case law and scholars' opinions concerning the administrative liability of entities;
- the suggestions for improving the Internal Control System made in the previous 231 Action Plans.

Moreover, CDP has adopted a Group Code of Ethics, which establishes a set of principles, inspiring values, models and rules of conduct that are acknowledged, accepted and shared throughout the entire organisation that explain how CDP conducts its business.

The Code of Ethics is structured following a value-oriented perspective and is composed of 5 inspiring values, namely:
- Integrity
- Inclusion
- Environmental Responsibility
- Impact
- Expertise.

The values of the Code of Ethics are binding for the directors, all the employees of CDP and all those who work for it, whatever the relationship – even temporary – that binds them to CDP.

The CDP Code of Ethics was approved by the Board of Directors at the meeting held on 31 March 2022 and is an integral part of the 231 Model.

Finally, in compliance with the provisions of Article 6, paragraph 4-bis, the functions of the Supervisory Body (SB) have been assigned to the Board of Statutory Auditors, a collegiate body composed of five standing members, and two alternates, appointed by the

Shareholders' Meeting. The Chairman of the Board of Statutory Auditors acts as Chairman of the SB.

The causes of ineligibility and forfeiture envisaged for statutory auditors by the applicable regulations and Articles of Association apply to the members of the Supervisory Body.

The Supervisory Body is tasked with overseeing the functioning and observance of the Model and with updating its content and assisting the competent corporate bodies in correctly and effectively implementing the Model. The functioning of the SB is established in the specific Regulation that it adopts.

For its secretarial and operational activities, the SB relies on the "Supervisory Body Support" structure, which reports to the Internal Audit Director.

The "Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01" of CDP and the "Code of Ethics of CDP and the Group companies subject to its management and coordination" are available for consultation on the company intranet, in the "Rules and Functioning" section, under Corporate Rules and Procedures.

KEY CHARACTERISTICS OF THE RISK AND INTERNAL CONTROL MANAGEMENT SYSTEMS WITH REGARD TO THE FINANCIAL REPORTING PROCESS

The CDP Group is aware that financial reporting plays a central role in establishing and maintaining positive relationships between the Company and its stakeholders. The internal control system, which oversees the company's reporting processes, is set up - including at Group level — in such a way as to ensure that reporting is reliable[45], accurate[46], dependable[47] and timely regarding Financial Reporting and the ability of relevant company processes on this point to produce this information in compliance with the applicable accounting standards.

The information in question consists of sets of data and information contained in the periodic accounting documents required by law — annual financial report and half-yearly financial report, also consolidated — as well as any other document or external communication having an accounting content, such as press releases and prospectuses prepared for specific transactions, which constitute the subject of the certification required by article 154 *bis* of the Consolidated Law on Finance (TUF).

The company's control system is structured to comply with the model adopted in the CoSO Report[48], an international reference model for the establishment, update, analysis and assessment of the internal control system. This model requires the achievement of the business objectives as a result of the integrated presence and correct operation of the following elements that, based on their characteristics, operate at organisational unit level and/or operating/administrative process level:

- a suitable control environment, meaning the set of standards of conduct, processes and structures underlying the execution of the organisation's internal control process;
- appropriate risk assessment, requiring that risks be suitably identified, documented and classified based on relevance;
- the planning and performance of suitable control activities, such as policies and procedures adopted to mitigate (i.e. reduce to an acceptable level) the identified risks which may compromise the achievement of the business objectives;
- the presence of a suitable information system and adequate communication flows that guarantee the exchange of relevant information between senior executives and the operational functions (and vice versa);
- the planning of suitable monitoring activities to verify the effectiveness and correct operation of the internal control system.

In line with the adopted model, the controls are monitored on a periodic basis in order to assess their operational effectiveness and efficiency over time.

45 Reliability (of reporting): correct reporting drafted in compliance with generally accepted accounting standards, which meets the requirements of applicable laws and regulations.
46 Accuracy (of reporting): reporting with no errors.
47 Dependability (of reporting): correct and complete reporting based on which investors may make informed investment decisions.
48 Committee of Sponsoring Organizations of the Treadway Commission.

The internal control system for financial reporting has been structured and applied according to a risk-based approach, selecting the administrative and accounting procedures considered relevant for financial reporting purposes. In the CDP Group, in addition to administrative and accounting procedures in the strict sense, business, management, control and support processes with a significant impact on the accounts are also taken into consideration.

At Group level, a Policy is in force that defines the methodological framework and operational instruments that the Parent Company, CDP, and the CDP Group companies are required to comply with for the application of Law 262/05, for the purposes of both individual and consolidated company reporting. The control model is based on an initial company-wide analysis of the control system in order to verify that the environment is, generally speaking, organised to reduce the risk of error or improper conduct with regard to the disclosure of accounting and financial information.

This analysis is undertaken by verifying the presence of elements, ranging from adequate governance systems to ethical and integrity-based standards of conduct, effective organisational structures, clear assignment of powers and responsibilities, an appropriate risk management policy, disciplinary systems for personnel, and effective codes of conduct.

At the process level, the approach consists of an assessment phase to identify specific potential risks which, if the risk event were to occur, could prevent the rapid and accurate identification, measurement, processing and representation of corporate events in the accounts. This process involves the development of risk and control association matrices that are used to analyse processes on the basis of their risk profiles and the associated control activities.

The process level analysis is structured as follows:

- an initial phase for the identification of the potential risks and the definition of the control objectives in order to mitigate those risks;
- the second phase involving the identification and assessment of the controls designed to mitigate potential risks (Test of Design – ToD);
- a third phase consisting of the identification of areas of improvement identified for the control.

Monitoring the effective operation of the control system is another key component of the **CoSO Report** framework. This activity is carried out on a regular basis, addressing the periods covered by the reporting.

The monitoring phase in CDP is structured as follows:

- sampling of the items to be tested;
- test execution (Test of Effectiveness – ToE);
- weighting of any anomalies detected and related assessment.

Based on the potential risk identified and taking into account the results of the overall assessment of the control (ToD+ToE), the "residual risk" is obtained, which represents the qualitative measurement of the risk that the company is exposed to in relation to the actual implementation of the controls identified.

The residual risk is measured based on the following formula:

RI – OA = RR

where:

RI = potential risk index given by the combination of weight and frequency of risk;
OA = overall assessment of the controls;
RR = residual risk index.

The assessment of the controls reduces the value of the potential risk index, based on predefined percentages.

If anomalies are found in the ToDs and ToEs, a plan of corrective actions is produced and the anomalies are reported to the process owners, providing:

- a detailed description of the anomaly detected;
- the corrective action proposals identified, specifying: the deadline for implementation, the priority and the offices responsible.

After the phase of consultation and agreement with the controls and process owners, the actual implementation of the measures established to resolve the anomaly is monitored.

Since the Internal Control System defined by Cassa Depositi e Prestiti to comply with L. 262/05 also places particular attention on managing information systems used to support the administrative-accounting processes, the Parent Company CDP maps and tests the IT General Controls by preparing a matrix of the ITGC controls based on the COBIT 5 framework. The control system envisaged by the matrix considers three levels of check: Entity, Application and Infrastructure.

Within the CDP Group, the Board of Directors and Board of Statutory Auditors are periodically informed of assessments of the internal control system and on the results of controls carried out, in addition to any shortfalls emerging and the initiatives taken for their resolution.

To enable the Manager in charge with preparing the Company's financial reports and the management bodies delegated by the Parent Company to issue the certification pursuant to Article 154-bis of the Consolidated Law on Finance, specific information flows to the Manager in charge with preparing the financial reports of the Parent Company have been established, which, in addition to the operational flows for Law 262/2005 cycle, also envisage the sending of (i) the final report on the internal control system for financial reporting from the managers in charge with preparing the Group companies' financial reports to their respective boards of directors; and (ii) the intercompany "chain" certification system, regarding the data and information provided for the preparation of the consolidated financial statements of the Parent Company.

INDEPENDENT AUDITORS

The 2022 financial statements of CDP are audited by the Independent Auditors Deloitte & Touche S.p.A., which are responsible for verifying, during the year, that the company accounts have been properly kept and that the accounting events have been recorded correctly in the accounting entries, and ascertaining that the financial statements for the year and the consolidated financial statements match the accounting books and the verifications made, and that said documents comply with supervisory provisions. The Independent Auditors issue an opinion on the parent company and consolidated financial statements, and on the half-yearly condensed consolidated financial statements.

The independent auditors are appointed by the Shareholders' Meeting in ordinary session, acting on a reasoned proposal put forward by the control body.

Pursuant to the resolution of the Shareholders' Meeting dated 19 March 2019, the independent auditing firm Deloitte & Touche S.p.A. was entrusted the auditing mandate for the 2020-2028 period.

MANAGER IN CHARGE WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

Cassa Depositi e Prestiti S.p.A. is obliged to envisage the appointment of a Manager in charge with preparing the Company's financial reports in accordance with the law as it is a listed issuer having Italy as its Member State of origin. The Manager in charge with preparing the Company's financial reports was introduced by the legislator with law no. 262 of 28 December 2005. In CDP this role is performed by the Chief Financial Officer.

With reference to the experience requirements and methods for appointing and substituting the Manager in charge with preparing the Company's financial reports, the provisions of Article 24 of CDP's Articles of Association are reported below.

Article 24 CDP's Articles of Association

1. Subject to the prior opinion of the Board of Statutory Auditors, the Board of Directors appoints the Manager in charge with preparing the Company's financial reports for a period of time not shorter than the term of office of the Board of Directors and not longer than six financial years, to perform the duties assigned to such manager under Article 154-bis of Legislative Decree no. 58 of 24 February 1998.
2. The Manager in charge with preparing the Company's financial reports must meet the integrity requirements established for the directors and cannot hold the offices indicated in Article 15, paragraph 4 quater, of the Articles of Association.
3. The Manager in charge with preparing the Company's financial reports shall be chosen in accordance with criteria of professional experience and competence from among the managers who have global experience of at least three years in the administrative area at consulting firms or companies or professional firms.
4. The Manager in charge with preparing the Company's financial reports can be replaced by the Board of Directors only for due cause, having obtained the prior opinion of the Board of Statutory Auditors.
5. The appointment of the Manager in charge with preparing the Company's financial reports shall lapse if that manager does not continue to meet the requirements for the office. The Board of Directors shall declare this disqualification within thirty days from the date on which the Board becomes aware of the failure to meet the requirements.

In order to ensure that the Manager in charge with preparing the Company's financial reports has resources and powers commensurate with the nature and complexity of the activities to be performed and with the size of the Company, and to ensure that such manager is able to perform the duties of the position, including in relations with other bodies and functions of the Company, the Board of Directors has approved the "Internal Rules for the Function of the Manager in charge with preparing the Company's financial reports", which were updated in October 2022.

In short, the Manager in charge with preparing the Company's financial reports is required to certify, jointly with the Chief Executive Officer and through a specific report attached to the financial statements for the year, the consolidated financial statements and the half-yearly report:

the adequacy and the actual application of the administrative and accounting procedures for the preparation of the condensed half-yearly report, the Parent Company's financial statements and the consolidated financial statements;

- the compliance of the documents with IAS/IFRS;
- the matching of the documents with the accounting books and records;
- that the documents are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer and the companies included in the scope of consolidation;
- the reliability of the content of the report on operations and the interim report on operations.

In addition to holding a senior management position reporting directly to top management, the Manager in charge with preparing the Company's financial reports may also:

- access without restriction all company information considered relevant to the performance of his duties;
- interact on a regular basis with the Company's administrative and control Bodies;
- audit any company process that impacts the reporting process;
- undertake, in the case of companies included in the scope of consolidation and subject to management and coordination by the Parent Company, specific initiatives necessary or useful to the performance of activities associated with the performance of the Manager's duties at the Parent Company;
- make use of other company units to design and amend processes (Organisation and Processes);
- have at his/her disposal dedicated personnel and independent powers of expenditure within an approved budget.

In order to guarantee an effective, systematic and prompt flow of information, the Manager in charge with preparing the Company's financial reports periodically reports to the Board of Directors with regard to: (i) any critical issues arisen while performing his/her tasks; (ii) any plans and actions defined to overcome any issues found; (iii) the appropriateness of the means and methods for using the resources made available to the Manager in charge with preparing the Company's financial reports; (iv) the use of the assigned budget, and (v) the suitability of the administration and accounting internal control system.

The Manager in charge with preparing the Company's financial reports informs without delay the Board of Statutory Auditors about possible anomalies, deficiencies and critical issues regarding the administrative/accounting system, when deemed to be particularly relevant. Moreover, upon request of the Board of Statutory Auditors, he/she provides information[49] and assistance by taking part in the meeting of the Board when invited.

Always upon request, he reports on the activity performed and on the relevant results to the Supervisory Body pursuant to Legislative Decree 231/01, in order to establish a fruitful exchange of information with said body and improve the control actions in the areas deemed to be under greater potential risk. The Manager in charge with preparing the Company's financial reports liaises with the Independent Auditors in order to establish constant communication and exchange the information regarding the assessment and effectiveness of the controls regarding the administrative and accounting processes.

INSIDER REGISTER

Cassa Depositi e Prestiti S.p.A. (CDP) has adopted the "Register of persons with access to CDP inside information" (hereinafter the "Register") in compliance with the requirements of European Regulation no. 596/2014 (and the related implementing regulations), which includes the reference regulatory framework concerning market abuse.

The Register - which has been established by CDP since 2009 as an issuer of debt securities traded on regulated markets - is divided into separate sections, one for each piece of inside information. A new section is added to the Register every time a new piece of inside information is identified. Each section of the Register only reports the details of the people with access to the inside information contemplated in the section. There is also an additional section in the Register which contains the details of people who always have access to all inside information ("Permanent Access Holders").

The Register is computerised and password protected, and the notes pertaining to each section are in chronological order. Each note is tracked and cannot be changed.

Management of the Register is governed by internal CDP rules also establishing the regulations and procedures for keeping and updating the Register.

The Register is kept by the Compliance function and the Keeper of the Register is the Head of the Compliance function, who may engage one or more substitutes.

CODE OF ETHICS

The new Code of Ethics of the CDP Group, approved by the Board of Directors in its meeting on 31 March 2022, establishes a set of principles, values, models and rules of conduct that are acknowledged, accepted and shared throughout the entire organisation that explain how CDP conducts its business.

The principles and provisions enshrined in the Code provide a cornerstone for all activities undertaken in pursuit of the company's mission. Accordingly, in-house and external relations must be conducted in accordance with the principles of integrity, inclusion, environmental responsibility, impact and expertise following a "value-oriented" perspective.

The values of the Code of Ethics are binding for the directors, all the employees of CDP and all those who work for it, whatever the relationship — even temporary — that binds them to CDP.

49 This information can be summarised as follows:
- main changes, occurred in the reference period, to the methods adopted to carry out the activity of management and control of the process of preparation of the accounting documents;
- any critical issues found and the results of the testing activity.

The principles and provisions of the new Code are disseminated primarily through publication on the corporate intranet and a copy of the Code is also given to all new employees during onboarding. In addition, the individual employment contracts contain a clause stating that compliance with the Code is an essential part of the contractual obligations and is also governed by a disciplinary code.

GOVERNANCE STRUCTURE

To ensure an efficient system of information and consultation and better assess the matters under its responsibility, the Board of Directors relies on 5 Statutory/Board Committees, or provided for by the Articles of Association, composed of one or more board directors.

The company's organisational structure also consists of 6 Managerial Committees of CDP and 2 Managerial Committees of the Group, tasked with providing advice on operational matters as support for the management of the company and/or the CDP Group companies subject to management and coordination.

1. STATUTORY/BOARD COMMITTEES OF CDP

SUPPORT COMMITTEE FOR NON-CONTROLLING SHAREHOLDERS

The Support Committee for non-controlling shareholders is a statutory committee established to provide support to the non-controlling shareholders.

COMPOSITION AND RESPONSIBILITIES

The Support Committee for the non-controlling shareholders has 9 members, appointed by the non-controlling shareholders. The Committee is appointed with the quorum and voting majorities required by the regulations applicable to the ordinary Shareholders' Meeting and its term ends on the date of the Shareholders' Meeting convened to appoint the Board of Directors.

The following information is provided to the Committee:

detailed analysis on the Company's liquidity level, financing, equity investments, planned investments and disinvestments and most significant corporate transactions;

updates on the forecast and actual accounting data, the independent auditors' reports and the internal auditing reports relating to the organisation and functioning of the Company;

the minutes of the Board of Statutory Auditors' meetings.

The Committee held 19 meetings in 2022.

RISK AND SUSTAINABILITY COMMITTEE

The Risk and Sustainability Committee is a statutory and board committee with the functions of control and providing guidance in relation to the management of risks, capital adequacy assessment and assessment of the adoption of new products as well as to the support regarding sustainability strategy, policies and reporting.

COMPOSITION AND RESPONSIBILITIES

The Risk and Sustainability Committee is composed of 4 members of the Board of Directors, in addition to the Risk Director, who participates as secretary, and the Internal Audit Director. The Chairman of the Board of Directors and the Chief Executive Officer of

CDP are invited to attend the meetings when the Committee examines matters to be brought to the attention of the Board of Directors. The Board of Statutory Auditors is invited to attend the Committee meetings.

The Committee held 24 meetings in 2022.

RELATED PARTIES COMMITTEE

The Related Parties Committee is a board committee that is required, where envisaged, to provide a preliminary reasoned opinion on CDP's interest in carrying out transactions with Related Parties, as well as on the convenience and on the substantive and procedural correctness of the relevant conditions.

COMPOSITION AND RESPONSIBILITIES

The Related Parties Committee is composed of three directors.

The preliminary, non-binding opinion of the Related Parties Committee must be provided to the body responsible for deciding on the transaction in good time for it to be able to adopt the decision.

The significant transactions for which the Related Parties Committee expressed a conditional or negative opinion or an opinion with reservations are specifically reported by the Board of Directors at the next Shareholders' Meeting.

The Committee held 7 meetings in 2022.

REMUNERATION COMMITTEE

The Remuneration Committee is a board committee responsible for drawing up proposals on remuneration.

COMPOSITION AND RESPONSIBILITIES

The Remuneration Committee is composed of three directors.

The Remuneration Committee prepares proposals on the determination of remuneration of corporate officers, based on the specific positions held, and - where certain conditions are met - on the remuneration of other bodies prescribed by law or by the Articles of Association or established by the Board (Committees).

The Committee's proposals are submitted to the Board of Directors for approval after obtaining the opinion of the Board of Statutory Auditors.

The Committee held 3 meetings in 2022.

NOMINATION COMMITTEE

The Nomination Committee is a board committee assigned the task of supporting the Board in the process of appointing members of the board of directors and the board of statutory auditors of companies in which CDP has a direct or indirect interest.

COMPOSITION AND RESPONSIBILITIES

The Nomination Committee is composed of the Chairman of the Board of Directors, the Chief Executive Officer and the Director General of the Treasury.

The Nomination Committee verifies the need for re-election of the members of the corporate bodies, as well as compliance with the principles and criteria of the process for their recruitment and selection, providing opinions on the nomination proposals made by the Chief Executive Officer.

The Committee held 15 meetings in 2022.

2. MANAGERIAL COMMITTEES OF CDP AND THE GROUP

The Managerial Committees of CDP and the Managerial Committees of the Group are collective consulting bodies composed of the management of Cassa Depositi e Prestiti S.p.A. and, where applicable, of managerial staff of the CDP Group companies subject to management and coordination.

There are 6 Managerial Committees at company level and 2 at Group level and they are called upon to discuss and examine Company and/or Group operational matters for their specific areas of responsibility (e.g. risks and financing).

6. RELATIONS OF THE PARENT COMPANY WITH THE MEF

RELATIONS WITH THE CENTRAL STATE TREASURY

CDP has an interest-bearing current account, no. 29814 denominated "Cassa CDP SPA - Gestione Separata", with the Central State Treasury on which it deposits most of its liquidity.

The Decree of the Ministry of the Economy and Finance dated 16 July 2021, which amended paragraph 2 of art. 6 of the Decree of the Ministry of the Economy and Finance dated 5 December 2003 and added paragraph 2-bis to the same article, established that for 2021 and 2022, interest would be paid to CDP on the amount held on current account no. 29814, at a rate equivalent to the lower of the cost of postal savings incurred by CDP and the average cost of the stock (balance) of national government securities.

The operating aspects relating to the methods of managing and reporting the cash flows concerning the Treasury current account no. 29814 are governed by the memorandum of understanding between the Ministry of the Economy and Finance – State General Accounting Department and Cassa Depositi e Prestiti S.p.A.

AGREEMENTS WITH THE MEF

In accordance with the Ministerial Decree of 5 December 2003, CDP continued to manage the administrative and accounting aspects of the relationships transferred to the MEF at the end of 2003. These activities are governed by two agreements with the MEF that set out the guidelines for the exercise of the functions performed by CDP and the fees due for such services.

The first agreement, renewed on 20 December 2021, with a four-year duration from 1 January 2021 until 31 December 2024, governs the methods by which CDP manages existing relations as at the transformation date, resulting from the Postal Savings Bonds transferred to the MEF (Article 3.4.c) under the abovementioned Ministerial Decree). Based on this agreement, in addition to settling cash flows and managing relations with Poste Italiane, CDP provides the following services to the MEF:

- financial reporting;
- periodic provision of information, both actual information and forecasts, on bond redemptions and stocks;
- monitoring and management of the Treasury accounts established for the purpose.

The second agreement, which was most recently renewed on 14 December 2020 until 31 December 2024, concerns the management of the loans and relations transferred to the MEF pursuant to Article 3.4, a), b), e), g), h) and i) of the abovementioned Ministerial Decree. Here, too, guidelines were provided to help with the management activities by monitoring such activities. In line with Article 4.2 of the aforementioned Ministerial Decree, CDP's role as defined by this agreement includes carrying out disbursement, payment, and credit collection transactions, representing the MEF in legal and other matters, also in court, fulfilling obligations, and exercising powers and rights in the management of relations connected with the transferred activities. CDP also provides the MEF with the following services:

- drafting of a detailed report on the activities performed;
- periodic provision of information on developments in the transferred loans and relationships, both actual and forecast;
- monitoring and management of the Treasury accounts established for this purpose.

The MEF paid CDP 2.3 million euro in 2022 for the performance of these services.

On 12 April 2013, an addendum to the above second agreement was signed in order to ensure the immediate implementation of the provisions of Decree Law no. 35 of 8 April 2013, regarding the release of payments for Public Administration trade payables. As a result of the regulatory provisions introduced in Article 13, paragraphs 1, 2 and 3 of decree law no. 102 of 31 August 2013, on 11 September 2013 a supplementary deed to the Addendum already entered into between CDP and the MEF needed to be signed to establish the criteria and methods of access to the payment of the cash advances for 2014, which was then followed by four additional deeds in relation to the provisions under Article 13, paragraphs 8 and 9, of decree law no. 102 of 31 August 2013, Articles 31 and 32 of decree law no. 66 of 24 April 2014 and Article 8, paragraphs 6, 7 and 8, of decree law no. 78 of 19 June 2015. On 24 January 2022, a fifth addendum was signed in relation to the provisions of Article 1, paragraphs 597 to 602, of Law no. 234 of 30 December 2021, which envisaged the possibility of renegotiating the repayment plans of cash advances provided in accordance with Articles 1, 2 and 3 of Decree-Law no. 35 of 8 April 2013 and Article 13 of Decree Law no. 102 of 31 August 2013.

On 28 May 2020, CDP and the MEF signed the agreement provided for in Article 115, paragraph 2, of Decree Law no. 34 of 19 May 2020 and, on 10 September 2020, signed the related addendum pursuant to Article 55, paragraph 3, of Decree Law no. 104 of 14 August 2020, governing the management of the "*Fund to ensure the liquidity needed to pay certain, liquid and collectable debts*", set up to tackle the Covid-19 emergency with a total provision of state resources of 12 billion euro for 2020, to be used to grant cash advances to local entities, with a maximum duration of 30 years, specifically for the payment of the entities' debts outstanding at 31 December 2019. This was followed by the signing of two other addenda, on 20 January 2021 and 11 June 2021, which were provided for, respectively, by Article 1, paragraph 834, of Law No. 178 of 30 December 2020 (healthcare debts) and by Article 21, paragraph 2, of Decree Law No. 73 of 25 May 2021, converted, with amendments, by Law No. 106 of 23 July 2021 (trade debts).

On 20 September 2022, the publication of eligible counterparties marked the introduction by the MEF of the new transaction methods for cash held in the "Available Account for the Treasury Service" and connected accounts (Money Market Transactions with the Treasury), as contemplated by Decree no. 1416 of 10 January 2022 of the Ministry of the Economy and Finance, published in the Official Gazette on 3 February 2022. The new programme marked the discontinuation of OPTES transactions. CDP duly applied for eligibility status and was recognised by the MEF as an eligible counterparty for Money Market Transactions with the Treasury from the start of the programme. As such, CDP can engage in unsecured bilateral trading with the MEF of cash deposits and investments, carried out over-the-counter on the multilateral trading facility for euro-denominated deposits through the MTS Depo platform.

CDP continued its management activity in 2022 for the Government Securities Amortisation Fund, whose transfer from the Bank of Italy to CDP is governed by Article 1, paragraph 387, of law no. 190 of 23 December 2014 (Stability Law 2015 – Provisions for the annual and multiannual state budget). The Fund's management methods are governed by the "Agreement for the management of the Government Securities Amortisation Fund" signed by CDP and the MEF on 30 December 2014, approved and made effective with decree of the Treasury Department no. 3513 of 19 January 2015. On 24 March 2016, CDP and the MEF signed the "Agreement amending the agreement for the management of the Government Securities Amortisation Fund" with which the mechanism for the calculation of the remuneration of the existing deposits on the Fund was reviewed. The Agreement signed on 30 December 2014 expired as of 31 December 2019, for which a new "Agreement for the management of the Government Securities Amortisation Fund" was signed, applicable as of 1 January 2020, valid for five years and tacitly renewing every year as of the sixth year. The Agreement was made effective by Decree no. 3897 of the Director General of the Treasury of 20 January 2020.

On 23 December 2015, CDP and the MEF signed an Agreement for the management of the Revolving Fund for Development Revolving Fund for Development Cooperation under Article 26 of Law 227/1977 ("Revolving Fund"). The five-year agreement, applicable as of 1 January 2016 (Revolving Fund Agreement) was later extended until 30 June 2021 and then renewed for another five years. Under the Revolving Fund Agreement, CDP is tasked with preliminary assessments and the financial, administrative and accounting management of the off-balance sheet Revolving Fund for Development Cooperation established under Article 26 of Law no. 227 of 24 May 1977, in relation to the provisions of Article 8 and 27 of Law no. 125 of 11 August 2014, of the Guarantee Fund pursuant to paragraph 3, point c) of Article 27 and of the Guarantee Fund pursuant to paragraph 1-bis of Article 8 of Law no. 125 of 11 August 2014. Pending the completion of the implementing regulations for the provisions pursuant to Article 27, paragraph 3, for the Guarantee Fund pursuant to paragraph 3, point c) of Article 27 and for the Guarantee Fund pursuant to paragraph 1-bis of Article 8, the agreement governs the provision of the service in relation to the concessional loans contemplated by Article 8, given the requirement that the service in relation to the forms of action envisaged by the aforementioned provisions is to be governed by specific addenda to the agreement, following the introduction of implementing regulations.

For the performance of the service in relation to concessional loans under Article 8, an annual fee totalling 0.95 million euro was set. The annual fee for the management of the forms of action contemplated by paragraph 3 of Article 27 for the Guarantee Fund pursuant to paragraph 3, point c) of Article 27 and for the Guarantee Fund pursuant to paragraph 1-bis of Article 8 will be set following the identification of the relative services, once the implementing regulations of reference are issued, and indicated in specific addenda.

In accordance with paragraphs 14–20 of Article 47 of Decree-Law no. 50 of 17 May 2022 ("Aiuti" Decree-Law), a fund of 200 million euro was set up for the year 2022 and earmarked for the provision of one or more loans to the Ukrainian Government to provide general budget support to the country. The measure allowed for the MEF to task CDP with the provision and management of the loans and for the loans to be provided to the Ukrainian Government under co-financing arrangements, in parallel with initiatives promoted by international or European multilateral financial institutions.

Accordingly, as part of the flagship project in support of Ukraine entitled "*Public Expenditure for Administrative Capacity Endurance*" (PEACE) promoted by the World Bank and announced on 7 June 2022, a loan agreement was entered into, with the support of CDP, between the MEF and the Ukrainian Government on 5 August 2022, as a form of financing in parallel with the World Bank, providing 200 million euro to support the payment of wages and salaries in the education system. The loan was fully disbursed by CDP on 12 August 2022. Specifically, the Italian loan enabled the payment of almost an entire month's wages/salary to around 511,000 education workers, bearing an impact of fundamental importance for the female population of the country, given that more than 80% of education workers in Ukraine are women.

MANAGEMENT ON BEHALF OF THE MEF

The main assets managed are the loans granted by CDP and transferred to the MEF, the residual debt of which came to 1,771 million euro at 31 December 2022, compared with 2,269 million euro at the end of 2021.

Assets managed on behalf of the MEF also include:

- the cash advances granted for the payment of Public Administration trade payables (decree law no. 35 of 8 April 2013, decree law no. 66 of 24 April 2014, and decree law no. 78 of 19 June 2015), the residual debt of which amounted to approximately 5,129 million euro at 31 December 2022, compared with approximately 5,321 million euro at the end of 2021;
- the cash advances granted to local authorities under:
  - i) the "Section to ensure the liquidity needed to pay certain, liquid and collectable debts of local authorities and regions and autonomous provinces, for debts other than financial and healthcare debts" of the "Fund to ensure the liquidity needed to pay certain, liquid and collectable debts", which was set up pursuant to Article 115, paragraph 1, of Decree Law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020 ("Decree Law 34/2020"), the residual debt of which came to approximately 1,938 million euro at 31 December 2022, compared to 2,030 million euro at the end of 2021;
  - ii) the "Section to ensure the liquidity needed by local authorities and regions and autonomous provinces to pay certain, liquid and collectable debts of National Health Service Entities" of the aforementioned Fund, the residual debt of which amounted to approximately 80 million euro at 31 December 2022.

The liabilities include the management of the Postal Savings Bonds transferred to the MEF following the transformation of CDP into a joint-stock company (S.p.A.), which at 31 December 2022 totalled 45,244 million euro, compared with 50,609 million euro at 31 December 2021.

In accordance with the abovementioned Ministerial Decree, CDP continues to manage a number of programmes established under specific legislative provisions, financed primarily with state funds. The funds allocated to these programmes are deposited in non-interest-bearing Treasury accounts held in the name of the MEF, and CDP is authorised to use them for the purposes envisaged in the laws establishing the programmes.

Major programmes include the following: residential building, which had available funds amounting to 2,393 million euro at 31 December 2022 on the dedicated current accounts; and the territorial agreements and area contracts, which had available funds amounting to 372 million euro.

7. INFORMATION ON THE CONSOLIDATED NON-FINANCIAL STATEMENT OF THE CDP GROUP

For information regarding the consolidated non-financial statement pursuant to Legislative Decree no. 254 of 30 December 2016, refer to the separate document "2022 Integrated Report", approved by the Board of Directors and published along with this annual report.

STRATEGY, METRICS AND OBJECTIVES AND TAXONOMY REGULATION

Given the important role played by climate-related matters in the current scenario, it has become necessary to reflect on the risks and opportunities arising from those matters in assessments and estimates and to reconsider the strategy, plans, objectives and current performance in a climate-related perspective, in terms of both financial reporting (for details reference is made to the specific disclosure in the "Other issues" section of the Notes to the consolidated financial statements) and non-financial information (for which reference is made to the "2022 Integrated Report").

With the new 2022-2024 Strategic Plan, the CDP Group has set itself to adopt sectoral policies based on selectivity and compliance with ESG criteria. To this end, with the ESG Plan (approved in June 2022 by the Board of Directors), CDP started integrating sustainability into its organisational and operational system, implementing a risk-return-impact model that enables it to identify the priority areas of operation.

This approach considers not only financial risks but also all relevant risk profiles associated with the activities of the beneficiaries of CDP actions, including through open sources, using specific databases and dedicated tools, as well as through requests to the customers themselves.

The methodology used within the risk control structures for the assessment of climate-related and environmental risks places particular emphasis on the aspects related to climate change and is structured on a numerical score, in turn based on a mix of quantitative and qualitative information.

In order to estimate the potential positive and negative ESG impacts of CDP-financed transactions, the qualitative-quantitative Sustainable Development Assessment (SDA) model is used. This model, introduced in 2020 and strengthened on an annual basis, is incorporated into the internal decision-making process from the origination phase to the approval phase, integrating the assessment of risk profiles with financial terms and conditions and with legal and compliance aspects.

In line with the evolution of international benchmarks, the SDA model has recently been updated to respond to the guidelines of the Plan by integrating, for the most complex projects, the evaluation of strategic consistency with the guidelines, the technical-economic assessment carried out by the dedicated Competence Centres and the guidelines laid down by the European Taxonomy.

The Climate Change and Ecosystem Protection issues contained in the Group's Strategic Guidelines are central to the 2022-2024 Strategic Plan, and are structured in three main areas of operation:
- energy transition;
- circular economy;
- safeguarding the territory.

The CDP Group is committed to allocating resources across all branches of its operations to support of both businesses and public administration. This approach led it to backing several projects addressing climate change and ecosystem protection in 2022.

2 2022 SEPARATE FINANCIAL STATEMENTS

1. Financial Statement at 31 December 2022

2. Notes to the Separate Financial Statements

3. Annexes

4. Report of the Statutory Auditors

5. Report of the Independent Auditors

6. Certification of the Separate Financial Statements pursuant to art. 154-bis of Legislative Decree no. 58/1998

FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2022

The separate financial statements at 31 December 2022 have been prepared in accordance with applicable regulations and consist of:

- Balance sheet;
- Income statement;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the separate financial statements.

The Notes to the separate financial statements consist of:

- Introduction
- Part A - Accounting policies
- Part B - Information on the balance sheet
- Part C - Information on the income statement
- Part D - Comprehensive income
- Part E - Information on risks and related hedging policies
- Part F - Capital
- Part G - Business combinations
- Part H - Transactions with related parties
- Part I - Share-based payments
- Part L - Operating segments
- Part M - Disclosure of leases

The following are also included:

- Annexes
- Report of the Board of Statutory Auditors
- Report of the Independent Auditors
- Certification pursuant to article 154-*bis* of Legislative Decree no. 58/98

In the section "Annexes", paragraph 1.1 "Accounting separation statements" (Annex 1.1), paragraph 1.2 "Disclosure pursuant to Law 124 of 4 August 2017, article 1, paragraphs 125-129" (Annex 1.2) and paragraph 1.3 "Reports of the sub-funds of the Patrimonio Rilancio Fund" (Annex 1.3) have been added.

CONTENTS OF THE SEPARATE FINANCIAL STATEMENTS

FINANCIAL STATEMENT AT 31 DECEMBER 2022

BALANCE SHEET

(euro)

Assets		31/12/2022	31/12/2021
10.	Cash and cash equivalents	2,630,401,853	263,478,003
20.	Financial assets measured at fair value through profit or loss:	3,918,651,643	3,708,759,781
	a) financial assets held for trading	354,937,131	232,358,795
	b) financial assets designated at fair value		
	c) other financial assets mandatorily measured at fair value	3,563,714,512	3,476,400,986
30.	Financial assets measured at fair value through other comprehensive income	10,914,119,245	14,244,059,928
40.	Financial assets measured at amortised cost:	346,085,421,500	358,102,654,371
	a) loans to banks	20,834,490,264	37,801,217,320
	b) loans to customers	325,250,931,236	320,301,437,051
50.	Hedging derivatives	4,343,993,853	276,053,250
60.	Fair value change of financial assets in hedged portfolios (+/-)	(2,986,650,463)	1,267,985,029
70.	Equity investments	33,721,181,345	28,981,649,274
80.	Property, plant and equipment	359,527,218	371,494,657
90.	Intangible assets	71,953,646	59,327,896
	– *of which: goodwill*		
100.	Tax assets:	1,148,326,922	653,835,762
	a) current tax assets	398,243,811	115,772,602
	b) deferred tax assets	750,083,111	538,063,160
110.	Non-current assets and disposal groups held for sale		4,251,174,320
120.	Other assets	483,385,478	778,954,611
	TOTAL ASSETS	**400,690,312,240**	**412,959,426,882**

(euro)

Liabilities and equity		31/12/2022	31/12/2021
10.	Financial liabilities measured at amortised cost:	371,336,095,285	382,558,801,228
	a) due to banks	36,815,282,530	34,913,216,675
	b) due to customers	317,370,012,071	325,974,035,731
	c) securities issued	17,150,800,684	21,671,548,822
20.	Financial liabilities held for trading	400,346,683	251,005,952
40.	Hedging derivatives	1,091,387,959	3,073,677,795
50.	Adjustment of financial liabilities in hedged portfolios (+/-)		2,067,089
60.	Tax liabilities:	297,099,385	177,059,232
	a) current tax liabilities	1,451,098	1,450,814
	b) deferred tax liabilities	295,648,287	175,608,418
80.	Other liabilities	1,018,147,110	994,215,254
90.	Staff severance pay	1,451,566	1,045,053
100.	Provisions for risks and charges:	796,709,865	592,480,846
	a) guarantees issued and commitments	662,182,695	450,819,483
	b) pensions and other post-retirement benefit obligations		
	c) other provisions	134,527,170	141,661,363
110.	Valuation reserves	(451,011,157)	315,148,441
140.	Reserves	17,602,162,543	16,519,104,447
150.	Share premium reserve	2,378,517,244	2,378,517,244
160.	Share capital	4,051,143,264	4,051,143,264
170.	Treasury shares (-)	(322,220,116)	(322,220,116)
180.	Net income (loss) for the year (+/-)	2,490,482,609	2,367,381,153
	TOTAL LIABILITIES AND EQUITY	**400,690,312,240**	**412,959,426,882**

INCOME STATEMENT

(euro)

Items		2022	2021
10.	Interest income and similar income	7,738,935,228	7,598,560,597
	– *of which: interest income calculated using the effective interest rate method*	*8,085,744,428*	*7,885,064,371*
20.	Interest expense and similar expense	(5,155,950,767)	(4,757,470,080)
30.	**Net interest income**	**2,582,984,461**	**2,841,090,517**
40.	Commission income	400,653,666	378,781,927
50.	Commission expense	(1,163,893,992)	(1,335,465,205)
60.	**Net commission income (expense)**	**(763,240,326)**	**(956,683,278)**
70.	Dividends and similar revenues	1,602,100,779	1,233,649,159
80.	Profits (losses) on trading activities	(74,962,284)	(23,440,561)
90.	Fair value adjustments in hedge accounting	102,267,580	160,905
100.	Gains (losses) on disposal or repurchase of:	66,499,579	481,842,195
	a) financial assets measured at amortised cost	31,886,788	355,072,776
	b) financial assets measured at fair value through other comprehensive income	34,612,791	126,769,419
	c) financial liabilities		
110.	Profits (losses) on financial assets and liabilities measured at fair value through profit or loss:	33,908,074	161,820,908
	a) financial assets and liabilities designated at fair value		
	b) other financial assets mandatorily measured at fair value	33,908,074	161,820,908
120.	**Gross income**	**3,549,557,863**	**3,738,439,845**
130.	Net adjustments/recoveries for credit risk relating to:	14,547,897	(33,540,895)
	a) financial assets measured at amortised cost	13,237,830	(34,958,153)
	b) financial assets at fair value through other comprehensive income	1,310,067	1,417,258
140.	Gains/losses from changes in contracts without derecognition	(39,092)	(377,214)
150.	**Financial income (expense), net**	**3,564,066,668**	**3,704,521,736**
160.	Administrative expenses:	(244,631,565)	(209,456,888)
	a) staff costs	(161,895,326)	(141,103,991)
	b) other administrative expenses	(82,736,239)	(68,352,897)
170.	Net accruals to the provisions for risks and charges:	52,590,858	16,044,305
	a) guarantees issued and commitments	52,346,658	16,106,525
	b) other net accruals	244,200	(62,220)
180.	Net adjustments to/recoveries on property, plant and equipment	(16,233,713)	(15,644,780)
190.	Net adjustments to/recoveries on intangible assets	(17,797,728)	(12,861,862)
200.	Other operating income (costs)	(115,769,946)	19,140,539
210.	**Operating costs**	**(341,842,094)**	**(202,778,686)**
220.	Gains (losses) on equity investments	(101,392,404)	(348,652,244)
250.	Gains (losses) on disposal of investments	(6,912)	(135,938)
260.	**Income (loss) before tax from continuing operations**	**3,120,825,258**	**3,152,954,868**
270.	Income tax for the year on continuing operations	(630,342,649)	(785,573,715)
280.	**Income (loss) after tax on continuing operations**	**2,490,482,609**	**2,367,381,153**
290.	Income (loss) after tax on discontinued operations		
300.	**NET INCOME (LOSS) FOR THE YEAR**	**2,490,482,609**	**2,367,381,153**

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items		2022	2021
10.	**Net income (loss) for the year**	**2,490,482,609**	**2,367,381,153**
	Other comprehensive income net of tax not transferred to income statement	**(308,723,668)**	**87,637,169**
20.	Equity securities designated at fair value through other comprehensive income	(308,723,668)	87,637,169
	Other comprehensive income net of taxes transferred to income statement	**(457,435,930)**	**(425,661,939)**
120.	Cash flow hedges	188,007,690	(270,029,299)
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(645,443,620)	(155,632,640)
170.	**Total other comprehensive income net of tax**	**(766,159,598)**	**(338,024,770)**
180.	**COMPREHENSIVE INCOME (ITEMS 10 + 170)**	**1,724,323,011**	**2,029,356,383**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

(euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations
Share capital:					
a) ordinary shares	4,051,143,264		4,051,143,264		
b) other shares					
Share premium reserve	2,378,517,244		2,378,517,244		
Reserves:					
a) income	16,519,104,447		16,519,104,447	1,083,058,095	
b) other					
Valuation reserves:					
a) financial assets measured at fair value through other comprehensive income	487,920,664		487,920,664		
b) cash flow hedge	(340,344,225)		(340,344,225)		
c) other reserves					
– revaluation of property	167,572,002		167,572,002		
Equity instruments					
Treasury shares	(322,220,116)		(322,220,116)		
Net income (loss)	2,367,381,153		2,367,381,153	(1,083,058,095)	(1,284,323,058)
EQUITY	**25,309,074,433**		**25,309,074,433**		**(1,284,323,058)**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

(euro)	Balance at 31/12/2020	Changes in opening balance	Balance at 01/01/2021	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations
Share capital:					
a) ordinary shares	4,051,143,264		4,051,143,264		
b) other shares					
Share premium reserve	2,378,517,244		2,378,517,244		
Reserves:					
a) income	15,962,320,645		15,962,320,645	553,995,514	
b) other					
Valuation reserves:					
a) financial assets measured at fair value through other comprehensive income	555,916,135		555,916,135		
b) cash flow hedge	(70,314,926)		(70,314,926)		
c) other reserves					
– revaluation of property	167,572,002		167,572,002		
Equity instruments					
Treasury shares	(322,220,116)		(322,220,116)		
Net income (loss)	2,774,522,485		2,774,522,485	(553,995,514)	(2,220,526,971)
EQUITY	**25,497,456,733**		**25,497,456,733**		**(2,220,526,971)**

Changes for the period								
	Equity transactions							
Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 31/12/2022	Equity at 31/12/2022
								4,051,143,264
								2,378,517,244
								17,602,162,543
							(954,167,288)	(466,246,624)
							188,007,690	(152,336,535)
								167,572,002
								(322,220,116)
							2,490,482,609	2,490,482,609
							1,724,323,011	**25,749,074,387**

Changes for the period								
	Equity transactions							
Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income at 31/12/2021	Equity at 31/12/2021
								4,051,143,264
								2,378,517,244
2,788,288								16,519,104,447
							(67,995,471)	487,920,664
							(270,029,299)	(340,344,225)
								167,572,002
								(322,220,116)
							2,367,381,153	2,367,381,153
2,788,288							**2,029,356,383**	**25,309,074,433**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(euro)	2022	2021
A. OPERATING ACTIVITIES		
1. Operations	**2,356,876,824**	**4,382,066,690**
Net income for the year (+/-)	2,490,482,609	2,367,381,153
Gains (losses) on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	(22,849,354)	(151,408,544)
Gains (losses) on hedging activities (-/+)	8,251,230	21,399,993
Net impairment adjustments (+/-)	(61,200,405)	20,183,116
Net value adjustments to property, plant and equipment and intangible assets (+/-)	34,031,441	28,506,642
Net provisions and other costs/revenues (+/-)	170,275,920	21,752,478
Unpaid charges, taxes and tax credits (+/-)	72,217,541	(125,238,726)
Income (loss) after tax on discontinued operations (+/-)		
Writedowns/writebacks of equity investments (+/-)	101,391,876	348,652,244
Other adjustments (+/-)	(435,724,034)	1,850,838,334
2. Cash generated by/used in financial assets	**16,078,031,929**	**(985,297,069)**
Financial assets held for trading	(175,811,068)	(20,549,502)
Financial assets designated at fair value		
Other financial assets mandatorily measured at fair value	(52,067,451)	(178,409,665)
Financial assets measured at fair value through other comprehensive income	1,987,697,107	(1,238,797,554)
Financial assets measured at amortised cost	14,871,443,876	854,373,343
Other assets	(553,230,535)	(401,913,691)
3. Cash generated by/used in financial liabilities	**(10,274,649,626)**	**2,742,543,581**
Financial liabilities measured at amortised cost	(10,030,297,637)	2,430,158,560
Financial liabilities held for trading	140,451,032	(46,499,573)
Financial liabilities designated at fair value		
Other liabilities	(384,803,021)	358,884,594
Cash generated by/used in operating activities	**8,160,259,127**	**6,139,313,202**
B. INVESTMENT ACTIVITIES		
1. Cash generated by		
Sale of equity investments		
Dividends from equity investments		
Sale of property plant and equipment		
Sale of intangibles		
Sales of subsidiaries and business units		
2. Cash used in	**(4,874,362,247)**	**(1,723,612,051)**
Purchase of equity investments	(4,840,923,947)	(1,689,261,500)
Purchase of property, plant and equipment	(3,160,801)	(3,483,822)
Purchase of intangible assets	(30,277,499)	(30,866,729)
Purchases of subsidiaries and business units		
Cash generated by/used in investing activities	**(4,874,362,247)**	**(1,723,612,051)**
C. FINANCING ACTIVITIES		
Issue/purchase of treasury shares		
Issue/purchase of equity instruments		
Dividend distribution and other allocations	(1,284,323,058)	(2,220,526,971)
Cash generated by/used in financing activities	**(1,284,323,058)**	**(2,220,526,971)**
CASH GENERATED/USED DURING THE YEAR	**2,001,573,822**	**2,195,174,180**

Key:
(+) generated
(-) used

RECONCILIATION

Items (*)	2022	2021
Cash and cash equivalents at beginning of the year	**157,517,265,448**	**155,310,086,485**
Total cash generated/used during the year	2,001,573,822	2,195,174,180
Cash and cash equivalents: effects of changes in exchange rates	(1,299,774)	12,004,783
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**159,517,539,496**	**157,517,265,448**

(*) The cash and cash equivalents reported in the statement of cash flows comprise the balance of cash, current accounts and demand deposits with banks and Central Banks recognised under item 10 “Cash and cash equivalents”, the balance on the current account held with the Central State Treasury and the positive balance on the current accounts reported under item 40 “Financial assets measured at amortised cost”, net of current accounts with a negative balance reported under item 10 of Liabilities “Financial liabilities measured at amortised cost”.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The separate financial statements of CDP have been prepared according to the provisions of the Bank of Italy, as applicable, specified in the "Credit and Financial Supervision" circular issued on 22 December 2005, in the 7th version updated on 29 October 2021, on the "Bank financial statements: presentation formats and rules", which regulates the preparation of the financial statements of banks according to the IAS/IFRS, supplemented by the provisions set out in the Bank of Italy Communication of 21 December 2021[50] on the impact of Covid-19 and measures to support the economy.

With Regulation (EC) 1606/2002 of 19 July 2002, the European Union made it compulsory, as of the 2006 financial year, to adopt the IAS/IFRS in preparing the financial statements of EU companies that issue equity or debt securities on a regulated market in the European Union.

Italian Legislative Decree 38 was then issued on 28 February 2005 in order to govern the application of:
- the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB);
- the International Accounting Standards (IAS) issued by the IASC (International Accounting Standards Committee), and the interpretation sources adopted by the International Financial Reporting Interpretations Committee (IFRIC, formerly SIC - Standing Interpretations Committee).

The financial statements are expressed in euros and include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes to the financial statements and related annexes, as well as the Board of Directors' report on operations.

The financial statements clearly present, and give a true and fair view of, the company's financial performance and results of operations for the year, correspond with the company's accounting records and fully reflect the transactions conducted during the year.

BASIS OF PRESENTATION

The balance sheet, the income statement and the other financial statements are expressed in units of euro, whereas the tables in the notes to the financial statements are stated in thousands of euro, unless otherwise specified.

Items with zero balances for both the current and prior financial year have been excluded. In the income statement, income is indicated as positive numbers, while expenses are shown in brackets.

The figures of the items, sub-items, and the "of which" specifications in the other financial statements and in the tables of the notes to the financial statements have been rounded as appropriate, while ignoring the fractions of amounts equal to or less than 500 euro and raising fractions greater than 500 euro to the next highest thousand.

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[50] The communication of 21 December 2021 repeals and replaces the previous communication of 15 December 2020 – *Additions to the provisions of Circular No. 262 "Bank financial statements: presentation formats and rules" on the impact of Covid-19 and measures to support the economy and amendments to the IAS/IFRS.*

The rounded amounts for the various items are the sum of the rounded balances of sub-items.

The cash and cash equivalents reported in the statement of cash flows comprise the balance of cash, current accounts and demand deposits with banks and Central Banks recognised under item 10 "Cash and cash equivalents", the balance on the current account held with the Central State Treasury and the positive balance on the current accounts reported under item 40 "Financial assets measured at amortised cost", net of current accounts with a negative balance reported under item 10 of Liabilities "Financial liabilities measured at amortised cost".

COMPARISON AND DISCLOSURE

As detailed below, the notes to the financial statements provide all of the information required by law, as applicable to CDP, as well as any supplemental information deemed necessary in order to give a true and fair view of the company's financial performance and standing.

The tables and other details required by the Bank of Italy, as applicable to CDP, have been numbered in accordance with the parts and sections specified in Annex "A" of the supervisory instructions issued by the Bank of Italy.

In regard to the requirements by the aforementioned Circular 262/2005 in the section F - Capital, we note that, in line with the Italian and EU regulatory framework, the CDP Group is not subject to prudential supervision.

Pursuant to Art. 5, Decree Law no. 269, 30 September 2003, on the transformation of CDP into a joint-stock company, the provisions of Title V, Legislative Decree no. 385, 1 September 1993 ("Consolidated Law on Banking") for intermediaries in the list referred to in Art. 106 of the same legislative decree, "taking into account the characteristics of the supervised entity and the special regulations applicable to the separate account [...]" shall apply to CDP.

On this point, it should be noted that since 2004 the Bank of Italy has been exercising mainly "informational" supervision over CDP, conducted by using management data based on sectorial legislation, geared to acquiring aspects of knowledge and assessment on the business and organisation of CDP.

The separate financial statements show data for the previous financial year for comparison purposes.

Tables with zero amounts both for the reporting period and for the comparison year were omitted.

AUDITING OF THE FINANCIAL STATEMENTS

The separate financial statements of CDP S.p.A. are subject to statutory audit pursuant to Legislative Decree 39/2010 by the independent auditing firm Deloitte & Touche S.p.A., following award of the audit engagement for the 2020-2028 period by the Shareholders' Meeting in ordinary session of 19 March 2019.

ANNEXES TO THE SEPARATE FINANCIAL STATEMENTS

The financial statements of CDP include annex 1.1 "Accounting separation statements" showing the contribution of the Separate Account and the Ordinary Account to CDP's results, annex 1.2 "Disclosure pursuant to Law 124 of 4 August 2017, Article 1, paragraphs 125-129" and Annex 1.3 "Reports of the sub-funds of the Patrimonio Rilancio Fund".

PART A - ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These separate financial statements as of and for the year ended 31 December 2022 have been prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, in force at 31 December 2022 and endorsed by the European Commission, as provided by Regulation (EC) 1606 of 19 July 2002, published in the Official Journal L 243 on 11 September 2002.

To the extent applicable, these financial statements have been prepared in accordance with Circular no. 262 of the Bank of Italy of 22 December 2005, as amended, which establishes the mandatory financial statement formats and compilation procedures, and also the contents of the notes to the financial statements.

Specifically, on 29 October 2021, with application starting from the financial statements ending or in progress as at 31 December 2021, the Bank of Italy published the 7th update of Circular No. 262/2005 ("Bank financial statements: presentation formats and rules"), with the aim of aligning the financial statement disclosure of certain categories of financial assets with the consolidated supervisory financial reporting, as well as incorporating the disclosure on financial instruments required by IFRS 7.

The IFRS applied for preparation of these financial statements are listed in "Section 4 – Other issues".

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The separate financial statements of CDP include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows (prepared according to the "indirect method"), and these notes to the separate financial statements, as well as the Directors' report on operations.

The financial statements and tables in the notes to the separate financial statements present not only amounts related to the current financial year, but also the corresponding comparative values.

The balance sheet, the income statement and the statement of comprehensive income do not contain items having a zero amount in the reporting and comparative period.

In the income statement, in the statement of comprehensive income, and in the tables of the notes to the separate financial statements, revenues are shown as positive, while costs are shown as negative in brackets.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:
- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC interpretations;
- Interpretative documents on the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC) and the Italian Banking Association (ABI);
- Documents issued by the EBA, ESMA and Consob concerning the application of specific IFRS rules;

- Documents issued by ESMA, IOSCO and Consob with regard to assessments and disclosures required in respect of the impacts arising from: (i) the Covid-19 outbreak, (ii) climate-related matters, (iii) Russia's invasion of Ukraine, (iv) issues related to the macroeconomic environment[51].

Where the information required by the IFRS and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the notes to the financial statements also provide supplemental information for such purpose.

These financial statements have been prepared in accordance with the provisions of IAS 1 - "Presentation of financial statements":
- Going concern basis: pursuant to the provisions of the joint document no. 2 of 6 February 2009 issued by Bank of Italy/Consob/Isvap concerning disclosures on the going concern basis, in compliance with the requirements on the same issue contained in IAS 1 Revised and in accordance with the recommendations provided by ESMA in the priorities for annual financial reports for 2020 (Public Statement of 28 October 2020), for 2021 (Public Statement of 29 October 2021) and for 2022 (Public Statement 32-63-1320 of 28 October 2022), CDP has performed an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous financial years, CDP deems appropriate to prepare its financial statements on a going concern basis;
- Accruals basis: operations are recognised in the accounting records and in the financial statements of CDP (except for the disclosure about cash flows) when they accrue, regardless of the payment or collection date. Costs and revenues are recognised in profit or loss in accordance with the matching principle;
- Materiality and aggregation: all items containing assets, liabilities, revenues and expenses of a similar nature and with similar characteristics are presented separately in the financial statements, unless they are immaterial;
- Offsetting: no assets have been offset with liabilities, nor income with expenses, unless expressly required or allowed by the instructions of the Bank of Italy or by an accounting standard or a related interpretation;
- Frequency of reporting: CDP prepares these financial statements and makes the related disclosures, on an annual basis. No changes occurred with respect to the reporting date, which remains at 31 December of each year;
- Comparative information: comparative information is disclosed in respect of the previous financial period. Comparative information, at the same reporting date, is provided for each document comprising the financial statements, including the notes thereto.

USE OF ESTIMATES

The application of International Financial Reporting Standards in preparing the separate financial statements requires CDP to make accounting estimates that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year.

Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the financial statement items and future earnings results.

[51] These references, for the 2022 financial statements, are represented by:
- Bank of Italy, CONSOB, IVASS and FIU Communication of 7 March 2022 "Reminder regarding compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine";
- CONSOB warning notice of 18 March 2022 "CONSOB draws the attention of supervised issuers to the impact of the war in Ukraine on inside information and financial reporting";
- ESMA Public Statement of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" relating to the effects of the invasion of Ukraine by Russia on 2022 half-yearly financial reports prepared in accordance with IAS 34 "Interim financial reporting";
- CONSOB warning notice no. 3/22 of 19 May 2022 on the conflict in Ukraine – Warning notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia;
- ESMA statement dated 28 October 2022 'European common enforcement priorities for 2022 annual financial reports';
- IOSCO Statement of 14 November 2022 'Financial Reporting and Disclosure during Economic Uncertainty'.

RELEVANT ACCOUNTING POLICIES AND UNCERTAINTIES ABOUT THE USE OF ESTIMATES IN THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 1 AND THE RECOMMENDATIONS CONTAINED IN BANK OF ITALY/CONSOB/ISVAP DOCUMENTS NO. 2 OF 6 FEBRUARY 2009 AND NO. 4 OF 3 MARCH 2010)

The application of certain accounting standards necessarily involves the use of estimates and assumptions that have an effect on the values of assets, liabilities, costs and revenues recognised in the financial statements and on the reporting on potential assets and liabilities.

The underlying assumptions of the estimates take into account all the information available at the date of preparation of the financial statements, as well as hypothesis considered reasonable, also in light of historical experience. Because of their nature, it cannot therefore be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios CDP will operate in. The results that will be achieved in the future may therefore differ from the estimates made for the purposes of preparing the financial statements and it may therefore be necessary to make adjustments that cannot be foreseen or estimated to date with respect to the carrying value of the assets and liabilities recognised in the financial statements. In this respect, it should be noted that adjustments to the estimates may be necessary as a result of changes in the circumstances on which the estimates were based, as a result of new information or increased experience.

The main areas in which management is required to make subjective assessments are:
- the calculation of impairment losses on loans, equity investments and, in general, other financial assets subject to impairment;
- the use of measurement techniques to determine the fair value of financial instruments not listed on an active market;
- the estimates and assumptions used in assessing the recoverability of deferred tax assets and interpretative issues concerning tax treatment;
- the statistical and financial assumptions used in estimating repayment flows on postal savings products;
- the assessment of the recoverability of goodwill and other intangible assets;
- the estimate of the liabilities arising from defined-benefit company pension and other post-retirement benefit obligations;
- the quantification of provisions for risks and charges.

The description of the accounting policies used for the main financial statement items provides details on the main assumptions and assessments used in preparing the financial statements.

The current market environment, characterised by uncertainty arising from the residual impacts of the Covid-19 pandemic, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates and the general deterioration of the macroeconomic environment, requires making in-depth forecasts on the timing and magnitude of the economic recovery that could occur in the coming years. For further information on the uncertainties of the current context, see also the Report on Operations as well as the 'Section 4 - Other issues' in the Notes to the Financial Statements.

SECTION 3 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date of these financial statements and their approval by the Board of Directors on 30 March 2023, no events occurred that would require an adjustment to the figures presented in the financial statements at 31 December 2022.

SECTION 4 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2022 AND IN FORCE SINCE 2022

As required by IAS 8 - Accounting policies, changes in accounting estimates and errors, details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2022, are provided below:

- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in Official Journal L 234/90 of 2 July 2021, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET IN FORCE (DATE OF ENTRY INTO EFFECT FOR FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2023)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2022:

- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 17;
- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) no. 1126/2008 as regards International Accounting Standard 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) no. 1126/2008 as regards International Financial Reporting Standard 17.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT THE REPORTING DATE OF 31 DECEMBER 2022

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of these consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

INTEREST RATE BENCHMARK REFORM

In 2013, the G20 tasked the Financial Stability Board (FSB) with carrying out a comprehensive review of the key benchmark rates of the money market and developing plans for their possible replacement in order to enhance their integrity and representativeness for all market participants. In July 2014, the FSB published its recommendations, which essentially set two basic objectives: (1) reform the IBORs (Interbank Offered Rates) benchmark rates, of which LIBOR is one of the most commonly used, in order to strengthen their existing methodologies and make them more consistent with real transactions; (2) develop more robust alternative benchmark rates.

More specifically, the European Union Benchmarks Regulation (Regulation (EU) 2016/1011), published in 2016 and in force since January 2018, set out the new regulatory framework for EURIBOR, LIBOR and EONIA benchmark rates, bringing market indices and the methodology by which they are calculated in line with international standards, aiming to ensure the integrity of benchmarks used in the Eurozone (including benchmark interest rates), thereby reducing the use of discretion, improving governance controls and tackling conflicts of interest. Furthermore, with regard to "critical benchmarks" that are widely used in markets, Article 28.2 of the Regulation required that supervised entities produce robust written plans setting out the actions that they would take in the event that a benchmark materially changes or ceases to be provided, or reflect them in the contractual relationship with the customer.

Regulation No. 34 "Interest Rate Benchmark Reform", endorsed by the European Commission on 15 January 2020, approved the amendments to IFRS 9, IAS 39 and IFRS 7 issued by the IASB on 26 September 2019 as part of the "Interest Rate Benchmark Reform" project.

This amendment completed the first phase of the IASB's project to find ways to reduce the effects of the interest rate reform on the financial statements, with particular reference to potential impacts before replacing the existing benchmarks. In particular, the IASB has provided for some exceptions to the accounting for hedging relationships, aimed at avoiding the discontinuing effects due to the mere uncertainty of the interest rate reform. Specifically, for the economic relationship to be assessed, the amendments introduced required the entity to assume that the interest rate benchmark for determining the interest rates of the hedged instrument and the hedging instrument had not changed following the rate reform.

With the publication of the "Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16" on 27 August 2020, the IASB anticipated the impacts of effectively replacing existing interest rate benchmarks with alternative benchmark rates.

These amendments, mandatory commencing as of January 2021, were approved by the European Commission with Regulation No. 25, endorsed on 13 January 2021, which provided for a specific accounting treatment to spread value changes of financial instruments or lease contracts due to the replacement of the interest rate benchmark over time, which prevents a sudden impact on net income for the period, and prevent unnecessary discontinuations of hedging relationships as a consequence of the replacement of the interest rate benchmark.

The CDP Group undertook all the initiatives necessary to ensure an orderly transition to the new benchmark rates, as required by the EU Benchmarks Regulation (BMR), by managing the prospective termination of IBORs (Interbank Offered Rates) and the EONIA rate, with regard to both customer relationships and its own organisational and operational structures, and by providing appropriate fallback[52] clauses in contracts.

The reform's impacts on CDP's operations were identified in relation to the following benchmarks:

- EONIA, discontinued and switched to the new risk-free euro short-term rate (€STR), affecting CDP in relation to the measurement of the fair value of derivatives, the remuneration of derivative collateral and Repos;
- EURIBOR, whose calculation methodology was already changed in 2019, with fallback clauses adjusted accordingly, with no impact found on contracts indexed to it;
- USD LIBOR, to be phased out from June 2023 onwards and switched to the compounding or Term Secured Overnight Financing Rate (SOFR), affecting CDP mainly in relation to Export Bank financing transactions and the related hedging derivatives (Cross Currency Swaps).

With regard to the accounting impacts of replacing EONIA, CDP does not have any derivatives indexed to this benchmark and therefore it has identified a small impact on the fair value of derivatives resulting from using the €STR rate instead of EONIA for discounting cash flows. This effect was offset by the monetary offsets exchanged during 2021 with derivative counterparties following the negotiation of the use of the €STR rate, in place of the EONIA, resulting in an overall impact of essentially zero on the income statement.

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52 In order to minimise the risk that one or more LIBOR rates may be discontinued despite the ongoing presence of exposures indexed to such rates in the portfolios of market participants, financial institutions and customers were encouraged to include fallback clauses in contracts indicating alternative reference rates (ARRs) to substitute the discontinued or previous LIBOR rate.

The notional value of derivative instruments indexed to USD LIBOR that will be affected by the interest rate reform amounts to around 2.3 billion USD, of which around 0.3 billion USD relates to derivative instruments designated in hedge accounting relationships.

As at 31 December 2022, there were also loans receivable indexed to USD LIBOR, with an outstanding debt of approximately 538 million US dollars.

DISCLOSURE ON THE IMPACTS OF CLIMATE-RELATED MATTERS

In preparing the annual financial report at 31 December 2022, in continuity with measures adopted for the 2021 financial report, companies were required to consider the recommendations set out by the ESMA in its Public Statement of October 2021 ("European common enforcement priorities for 2021 annual financial reports"), the priority of which was reiterated in its Public Statement of 2022, and focus attention on the risks related to climate change, to the extent that the effects of these risks may be significant.

The CDP Group, in line with its strategic priorities, recognises that energy transition plays a central role in combating climate change and contributing to the use clean energy in all areas. Therefore, leveraging on its role as a long-term lender and investor, it has supported – and will continue to support, in line with the objectives set out in the 2022–2024 Strategic Plan – enterprises and local areas with loans and investments in key areas for energy transition: energy efficiency, sustainable mobility and renewable energy. The operations have covered priority sectors in order to further energy transition, including energy & utilities, transport and logistics, aircraft and vehicles, raw materials and manufacturing.

The objective of the CDP Group's activities is to provide a tangible contribution to the revitalisation of the Italian economy through an increasingly selective investment and financing assessment model geared towards Environmental Social & Governance (ESG) criteria. To this end, CDP's operations are guided, according to a risk-return-impact model, by clear strategic guidelines that identify the priority areas of action to fill the country's gaps and by (general and sectoral) lending and investment policies that define the ways in which CDP integrates sustainability into its action. In particular, with reference to the energy sector, the Group has released "Sectoral Strategic Guidelines – Energy Transition" that identify the priority areas of focus for CDP's work, namely: (i) expansion and integration of renewable energy generation capacity; (ii) electrification of energy consumption; (iii) promotion of energy efficiency; (iv) development of new technologies and new energy vectors; and (v) promotion of energy security.

In addition, an "Energy Sector Policy" has been published to steer CDP's operations in the sector in accordance with new treatment, limitation and exclusion criteria and aspects to be promoted.

Based on this commitment, the Group has supported various initiatives such as, for example:
- Local area sustainable development projects to improve the energy efficiency of buildings and roads through investments in co-generation plants, which provide a better energy yield of electricity and heat, in lighting systems to reduce energy consumption and, finally, in repurposing projects for the use of alternative energy sources;
- Investment projects focusing on innovative renewable energy sources such as green hydrogen and agri-voltaics, as well as new technologies with a low impact on the landscape such as floating offshore plants. The wind energy sector is proving to be an increasingly strategic option in achieving emission reduction objectives while remaining competitive from an economic point of view;
- Public and private transport infrastructure projects, involving initiatives for improving the energy efficiency of vehicles in circulation in order to facilitate efficient, fast and environmentally-friendly means of travel;
- Local area protection projects, such as initiatives to mitigate hydro-geological risk and the promotion of more efficient and sustainable water management. The projects prioritise the modernisation and upgrading of infrastructure, encourage greater reuse of waste-water and support efficiency-boosting measures in the agricultural sector;

- Telecommunications sector projects (the use of innovative technologies and the progressive digitisation can strengthen efforts to reduce carbon emissions in favour of combating climate change);
- Projects for the renewal and expansion of the vehicle fleet (buses and underground trains), for the creation and maintenance of bicycle lanes, for the upgrading and modernisation of railway infrastructure and for the digitisation of local public transport;
- Circular economy projects, such as initiatives connected with energy distribution and generation and waste life-cycle management or the financing of projects for the conversion of production processes towards a circular model.

Such financing has targeted public entities and enterprises across the country operating in various sectors.

In 2022, CDP signed a partnership agreement with the European Investment Bank (EIB) to provide medium and long term loans for green initiatives mainly in the field of schools and public buildings, cycling, renewable energies, reforestation, waste treatment and public road transport.

The agreement will make it possible to reach a large number of public administration entities, including those that do not traditionally seek direct access to EIB financing, thus stimulating the local economy and helping to achieve the NRRP objectives linked to the European Green Deal.

Thanks to coordinated action at national, European and international level, CDP can make a substantial contribution to the fight against climate change and to the sustainable development of partner countries, broadening the scope of the Italian Cooperation System's intervention through the efficient management of public funds and the use of its resources for financing and investments.

One of the key initiatives promoted by the Ministry of the Environment and Energy Security (MASE) with 2022 Budget funding is the Italian Climate Fund. The fund is one of the most innovative instruments promoted in Europe in favour of developing countries, with the objective of furthering action in developing countries and emerging markets to fight climate change and adapt to its impacts.

As manager of the Revolving Fund for Development Cooperation (RFDC) and an investor in the Africa Renewable Energy Fund II ("AREF II"), CDP has backed a range of initiatives aimed at fighting climate change, in particular through the energy efficiency, renewable energy promotion and transport sectors.

Through the ESG Plan, approved in June 2022 by the Board of Directors, CDP reached the first milestone for the definitive integration of sustainability into the company's organisational and operational system.

The ESG Plan sets out CDP's sustainability objectives and commitments, confirming an operational strategy increasingly focused on the UN Sustainable Development Goals. Within the framework of the 4 strategic areas identified by the 2022–2024 Strategic Plan, CDP has undertaken 12 commitments in line with 7 of the 17 SDGs of the UN 2030 Agenda.

In particular, CDP has committed to reducing climate-altering consumption and emissions connected with the operation of its premises by 50% by 2024 and by 100% by 2030.

CDP is also a leading player in a number of significant initiatives at a European level, leveraging on a solid and well-established network which involves EU Institutions, the most important European associations in the sector and financial partners such as the EIB Group and the other National Promotional Institutions.

In this regard, of particular importance is the *InvestEU Programme*, which for the first time allows National Promotional Institutions, including CDP as an implementing partner, to benefit directly from the EU budget guarantee to support the investment projects of executive partners and enhance their capacity to take on risk. The objective is to mobilise funding in support of a sustainable economic turnaround.

On the basis of the requirements, in 2021 CDP strengthened the process for assessing the climate risks to which it may be exposed, taking into account a longer time horizon than is generally considered in assessing financial risks.

DISCLOSURE ON RISKS, UNCERTAINTIES AND OTHER POTENTIAL IMPACTS OF CLIMATE CHANGE

SIGNIFICANT RISKS AND UNCERTAINTIES

CDP pays particular attention to the risks arising from climate change, in terms of both the possible economic-financial impacts as well as the potential reputational risks, given that the consequences of climate change and the transition process towards a green economy could have a far from negligible impact on credit risk and equity risk.

As evidence of the desire to explore the potential risks and opportunities linked to climate change, CDP submits - for the second consecutive year - the voluntary disclosure in line with the eleven recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), i.e. Governance, Strategy, Risk Management, Metrics and Objectives.

With the new 2022–2024 Strategic Plan, the CDP Group has set itself the objective of adopting sectoral policies based on selectivity and compliance with ESG criteria. This approach considers not only financial risks, but also all the relevant risk profiles associated with the business of the recipients of CDP lending, gathered from open sources, using specific databases and dedicated tools, as well as through direct requests to the customers themselves.

Transactions are analysed *ex ante*, in terms of their potential positive and negative consequences according to the ESG criteria applied by the Sustainable Development Assessment (SDA) model. Introduced in 2020, the model is expanded annually and has been incorporated into the internal decision-making process from the origination stage up to the approval resolution.

The SDA assessment is applied to all financing transactions with private counterparties and to all international cooperation initiatives, adding to the assessment of risk profiles, financial terms and conditions and legal and compliance aspects.

The main risks associated with the activities of CDP and its Group Companies have been identified and organisational measures, controls and dedicated tools have been designed with the aim of reducing those risks, minimising any impacts.

The constant shifts in the international political scenario on climate change issues require the CDP Group to strengthen its monitoring of climate-related and environmental risks, focusing on the following categories:
- Physical risk, meaning the risk of direct or indirect financial loss caused by recurring or extreme climate and natural events;
- Transition risk, i.e. the business risk linked to global warming mitigation policies with a particular focus on the energy sector; and
- Environmental risk, meaning the risk of environmental damage during business activities and the litigation risk connected with infringements of environmental protection regulations, with potential consequences in terms of reputational risk.

The same assessment was carried out for the “material topics” (Innovation, Research and Digitisation; Data Security and Privacy Protection; Start-up, Growth and Consolidation of Enterprises; Value Creation and Support to Strategic Sectors; Social, Digital and Financial Inclusion).

The main risks associated with material topics can be broken down into:
- Compliance risk - Risk of incurring legal or administrative penalties, significant financial losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct, corporate governance rules);
- Reputational risk - Current or prospective risk of a fall in profits, loss of economic value or damage to the institutional role, resulting from a negative perception of the image of CDP or the Group by customers, counterparties, shareholders, investors, regulators or other stakeholders;
- Operational risk - Risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events (including environmental and social events);
- Business risk - Risk of the CDP Group’s business initiatives not being aligned with the Plan’s sustainability guidelines;

- Transition risk - Risk related to potential economic losses, direct or indirect, caused by the transition to a low-carbon and more environmentally sustainable economy;
- Corporate security risk - Cyber security risk of the potential loss of data and the physical risk of security incidents.

The monitoring of the above-mentioned risks also involves considering their possible impact on the estimates and, in particular, on the assumptions underlying the judgemental evaluations made by management.

As required by IAS 1, paragraph 7, the requirements for determining the materiality of financial information should also be taken into consideration when assessing the need to disclose information about climate risks.

In this context, the IASB Practice Statement "Making Materiality Judgements" envisages that, when assessing whether information is material, companies should consider both quantitative and qualitative factors and the interaction between them.

IMPAIRMENT OF ASSETS

Climate risks might potentially impact the useful life of non-current assets and the residual value of properties, and may constitute potential impairment indicators.

For this reason, when performing impairment testing, CDP takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis.

In this regard, the assumptions and the valuation parameters adopted to determine the recoverable amount included, where potentially relevant, climate change factors.

For more details about the impairment testing of CDP's equity investment portfolio, please refer to the information provided in "Section 7 – Equity investments – Item 70".

Expected credit losses

With regard to the measurement of the expected credit loss, climate risk is treated by assigning a rating to the creditworthiness of counterparties that considers all relevant information, including forward-looking information on climate risks and the transition process. This includes using the information from the impact assessment carried out using the Sustainable Development Assessment (SDA) tool, so as to formulate appropriately prudential assessments, also in light of CDP's specific role and mission.

For more details, please refer to the information provided in "Section 1 – Credit risk" of "Part E – Information on risks and related hedging policies".

CONTINGENT LIABILITIES AND ONEROUS CONTRACTS

In 2022, there were no events that required CDP to set aside provisions for risks and charges, i.e. no current obligations that are likely to result in future cash outflows, attributable to non-compliance with environmental requirements and/or failure to achieve the required climate targets. Moreover, due to the systematic monitoring of assets, and of the areas where they are located, CDP is concretely committed to identifying in advance possible situations that could potentially lead to contingent liabilities related to climate risks.

DISCLOSURE ON THE IMPACTS OF RUSSIA'S INVASION OF UKRAINE

With its recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the proper level of transparency in financial reporting.

For this reason, companies are asked to provide all the necessary information to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on their financial position, performance and cash flows, through a detailed disclosure of the process of identifying the main risks and uncertainties to which they are exposed[53].

Both qualitative and quantitative disclosure is therefore required on the information deemed relevant for representing in a clear, impartial and exhaustive way the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

ITEMS SUBJECT TO ESTIMATION, RISKS AND UNCERTAINTIES, GOING CONCERN

The gradual easing of the health and economic effects of the pandemic heralded 2022 as a year of transition and normalisation after the robust recovery of 2021. Rising inflation was perceived as transitory, linked to temporary imbalances resulting from the pandemic, which would be reabsorbed as the vigour of the latter decreased. The outbreak of the conflict in Ukraine at the end of February affected these expectations.

Russia's invasion of Ukraine represented an unexpected shock that exacerbated an already slowing economic environment, signalling the return of war to Europe's doorstep and triggering the most serious geopolitical crisis since the Cold War, with significant economic consequences.

Sweeping, coordinated sanctions have been imposed on Russia, Belarus, and the areas of the Ukrainian territory not under the Ukrainian government's control. Their aims include: (i) eroding the industrial base, (ii) preventing the wealth of the Russian elite from being hidden in safe havens in Europe, (iii) targeting the oil sector and preventing Russia from upgrading its oil refineries, and (iv) cutting off Russia's access to the world's most important financial markets.

The two heaviest measures are in the financial sector: the ban of some of Russia's most important banks from the SWIFT international payment system and the freezing of the Russian Central Bank's foreign currency reserves, held, for the most part, in China, France, Japan and Germany, while exposure to the USA is limited.

The sharp acceleration of commodity prices, already well above pre-pandemic levels, gave a strong boost to the overall trend in global prices.

At the outbreak of the conflict in Ukraine, the considerable energy dependence on Russia had raised fears of a significant deterioration in the national economic outlook, with possible downside risks due to the unavailability of gas. These risks have not materialised, thanks to the ability to diversify sources, the voluntary containment of gas consumption and the mild autumn temperatures.

With regard to the Parent Company's loan portfolio, CDP's direct exposure to counterparties in Russia, Belarus, Ukraine or other Eastern European countries potentially affected by the crisis is very small and, where present, largely guaranteed by SACE. Specifically, the proportion of loans granted to Russian or Ukrainian counterparties is less than 0.05% of CDP's assets.

[53] In this context, the companies are invited to also refer to the Warning Notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, published by CONSOB in May 2022.

In consideration of the fact that in the medium term the impact of the current crisis on growth and inflation is likely to have a significant negative fallout on various sectors of the economy, with an adverse impact on both the equity and the loan portfolios across all sectors, the scenario was incorporated into the estimation of items. Exposures that could be impacted by a deterioration in the macroeconomic environment are duly monitored for any signs that call for specific risk mitigation strategies to be adopted.

Considering the make up of the loan portfolio and the signs found to date, the direct impact on credit risk for CDP appears to be relatively contained, although more material impacts, including second-order impacts, cannot be excluded.

With regard to the potential impact of the evolution of the sanctions on CDP's operations, a review has been conducted of the risk profiles for CDP associated with the current restrictions, considering the sanctions introduced by both the EU and the US, which could have a significant impact and, in the most serious cases, could prohibit all relations with the sanctioned parties.

In view of the rapid changes in the situation, the analyses carried out have highlighted the need to monitor a small number of loan transactions. To date, following discussion and agreement with the pool of lenders, SACE and the external legal advisors, it has not proved necessary to terminate the related agreements, but all new disbursements have been stopped.

With regard to the above-mentioned exposures in the loan portfolio, in line with CDP's internal policies, the due diligence conducted for the approval of these exposures, with the support of specialist legal advisors, confirmed their general compliance with the sanctions framework in force at the time. In view of the above-mentioned rapid and progressive tightening of the sanctions framework, the legal advisors have been asked to continuously update the past due diligence conducted, in order to assess potential current or future risks for the financing agreements and to put in place the most appropriate contractual remedies where the implementation of those agreements ceases to comply with the current sanctions framework.

With regard to the lending operations mentioned above, the changes in the sanctions framework are being constantly monitored, in consideration of: (i) the possibility that the impact of sanctions may also worsen for entities financed directly by CDP; (ii) the involvement, including indirect, in parallel credit facilities separate from CDP's, of Russian financial institutions subject of the new sanctions; and (iii) the increasing restrictions on obtaining export authorisations and financial assistance.

In general, the agreements for the above transactions, which have been drafted and negotiated with the assistance of leading international legal advisors, include contractual protections that can be activated by CDP and/or the other lenders upon the occurrence of specific events.

IMPAIRMENT OF ASSETS

In consideration of the uncertainty generated by Russia's invasion of Ukraine, management continued to focus close attention on the effects of the geopolitical situation on the setting in which CDP operates, in testing for trigger events for non-financial assets.

At each reporting date, CDP conducts an assessment to detect the presence of impairment indicators under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments as well as the difficulties related to the long-term impacts linked to the evolution of the health crisis due to the spread of Covid-19 and international tensions fuelled by the recent Russian-Ukrainian conflict. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, cash flows from equity investments, also due to the increased uncertainty in the assumptions and parameters at the basis of the asset valuation analyses.

The lack of certainty arising from the difficulty of predicting the short- and medium-term impacts of the war significantly increases the complexity and uncertainty of the estimates made, given that the underlying assumptions and conditions might be subject to further review, to take into account developments outside management's control, thus resulting in unexpected and unforeseeable impacts.

The determination of the recoverable amount of an asset, in view of the current situation of uncertainty, thus requires a careful assessment of cash flow projections with the possibility of considering different scenarios, the weighting of which should be calibrated based on reasonable, sustainable and realistic estimates and assumptions.

For this reason, in order to measure the recoverable amount of non-financial assets, a careful assessment was made based of both external factors (e.g. industry reaction, magnitude of the impact on the sector, benchmark analysis) and internal factors (specific characteristics of the company, ability of the individual company to react within its sector on the basis of its economic-financial situation, etc.).

In addition, CDP has conducted sensitivity analyses, where deemed relevant, on the main variables that determine the value of the asset under assessment.

For more details about the impairment testing of CDP's equity investment portfolio, please refer to the information provided in "Section 7 – Equity investments – Item 70".

IMPAIRMENT OF FINANCIAL ASSETS

The assessment of any significant increase in credit risk (SICR) of CDP is based not only on the information relating to the classification of loans pursuant to banking regulations (e.g. "past due", "forborne") but also on the forward-looking information embedded in its own credit risk management systems, in particular in relation to:
- internal ratings, which reflect the forward-looking assessment by CDP analysts of the capacity of each debtor to meet its obligations over the entire life of the financial instruments. Internal ratings holistically incorporate, through an assignment and review process, all available quantitative and qualitative information that is relevant to the assessment, including, for example, up-to-date macroeconomic forecasts, sector dynamics assessments, public ratings issued by the primary agencies, market prices and regulatory measures;
- assigning specific debtors to the different "watchlists", which in some cases may indicate the presence of additional uncertainty factors, typically qualitative, other than the main drivers considered in the internal rating.

Consistent with the characteristics of its loan portfolio, mainly including exposures with public counterparties, banks operating in Italy, large corporations and special-purpose vehicles operating in the infrastructure sector, CDP has noted, as at 31 December 2022, that changes in ratings are overall limited, even including the impacts of the conflict on a forward-looking basis.

No changes were deemed necessary in the models for the valuation and measurement of financial instruments related to the pandemic crisis. In particular, CDP has not made changes to its methodology for assessing the significant increase in credit risk, as it considers this methodology to be adequate in the current context.

In measuring Expected Credit Losses, CDP applies the internally-developed methodology, which takes into account the following elements: (i) the estimate of Through-the-Cycle probability of default and (ii) an internal model for estimating the cyclical component of probability of default.

The model applied to estimate the cyclical component is based on the main macroeconomic drivers including GDP and employment rate forecasts, with reference to the European area and the USA. Since 31 December 2021, CDP has defined and maintained a management overlay in order to take account of the changing economic circumstances, in particular by incorporating in the quantification of Expected Credit Losses specific prudential criteria deriving from the IFRS 9 models in use, aimed at representing the high degree of uncertainty associated with (i) the timing and effects of the removal of the extraordinary support policies for the effects of the pandemic implemented by institutions (both fiscal and credit measures and monetary policy measures), (ii) the continuation of measures such as states of emergency and related restrictions, (iii) geopolitical developments and (iv) the dynamics of energy and commodity prices, the interest rate market and inflation, also in connection with the previous points.

No impacts were identified in hedge accounting relationships. The direct impacts on the risk factors to which CDP is exposed are extremely small and limited to the amount of credit exposures to companies in the geographical area concerned.

ADDITIONAL DISCLOSURE APPLICABLE TO THE ANNUAL FINANCIAL REPORT

No impacts were found to affect the company's ability to exercise its governance rights and its ability to participate in the decision-making processes of investee companies, including the decision to dispose of an asset or group of assets (with its consequent classification as available for sale).

With regard to the additional areas of focus indicated by the ESMA as potentially subject to impacts related to Russia's invasion of Ukraine, such as deferred tax assets (IAS 12), fair value measurement (IFRS 13), foreign currency transactions (IAS 21), and contingent liabilities (IAS 37), no critical issues or impacts were found for CDP.

DISCLOSURE OF IMPACTS OF THE MACROECONOMIC ENVIRONMENT

In the current context, financial markets and the global real economy are strongly affected by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments.

In this context, characterised by uncertainty, high inflation and deterioration in the confidence of households and companies, the growth trend in GDP lost momentum during the year, having been able to rely less and less on the expansionary impulse deriving from the scaling back of measures to combat the pandemic.

In the Eurozone, GDP has kept up a better pace than expected, returning to 2019 levels. Growth was supported by domestic demand and in particular by private consumption, the expansion of which benefited from the gradual recovery of activities affected by the pandemic. In the second half of the year, the grip of inflation and a weaker global environment led to a deterioration in the outlook of the area.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context – Macroeconomic scenario" section of the Report on Operations), CDP was required to assess and reflect the impacts that this context and the related uncertainties may have on its financial statements and its operations.

The main risks to which CDP is exposed in conducting its business can be summarised based on the following taxonomy:
- Credit risk: the risk that a debtor will not meet its commitments in relation to a loan or an issued bond;
- Counterparty risk: the risk that a counterparty will not meet its commitments in respect of one or more derivative or treasury transactions;
- Concentration risk: the risk arising from large exposures to individual counterparties, groups of connected counterparties or counterparties carrying out the same activity, belonging to the same economic sector or the same geographical area;
- Liquidity risk: the risk that a financial institution will be unable to meet its commitments due to difficulties in financing itself or in divesting assets, or that it will be unable to monetise assets held in the market without significantly adverse conditions affecting their market price;

- Market risks (interest rate and price risk, exchange rate risk): the risk that negative trends in interest and inflation rates and exchange rates will adversely affect the fair value, earnings or net assets value of a financial institution;
- Equity risk: the risk that negative trends of equity security prices will adversely affect the fair value, earnings or net assets value of a financial institution;
- Reputational risk: the current or prospective risk of a fall in profits, loss of economic value or damage to the institutional role, resulting from a negative perception of the image of CDP by customers, counterparties, shareholders, investors, regulators or other stakeholders;
- Operational risk: the risk that inadequate information systems, operational errors, failures in internal controls or procedures, fraud, lawsuits, judgments or invalid agreements or external events (e.g. earthquakes, epidemics, etc.) may result in losses for a financial institution;
- Country risk: the risk that events occurred in countries other than Italy may result in losses. This does not just refer to the credit risk associated with exposures to the public administration of the foreign country (sovereign risk), but to all exposures regardless of the type of counterparty.

The evolving macroeconomic environment has not generated risks other than those reported, as these types of events are considered within the risks already assessed and monitored. In particular, the following key risk areas have been identified:
- Equity risks due to a fall in the price of listed equity investments and a possible drop in the value of the overall portfolio;
- Credit risks due to a possible rise of debtors in financial distress, both on the loans and guarantees portfolio and on debt securities;
- Liquidity risks due to possibly more difficult conditions to raise funding and/or dispose assets when required.

For more details on the system to manage the risks assumed or that can be assumed by the Company in the different segments of activities (rules, procedures, human, technological and organisational resources and control activities), reference should be made to "Part E - Information on risks and related hedging policies".

The estimates also considered stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of the markets. The evaluations were made using forecast data. Such forecasts are, by their nature, random and uncertain in that they are sensitive to changes in macroeconomic variables and to events outside the company's control. They are also based on a set of assumptions linked to future events and actions of management, which may not necessarily happen.

In view of the uncertainty surrounding any future event - both as regards the actual occurrence of the event and in terms of when and to what extent it may happen - the differences between actual values and estimated values might be significant, even if the events at the basis of the forecast assumptions were to occur. This limit is even more pronounced in the current situation of uncertainty.

It is therefore necessary to reiterate the ongoing uncertainty arising from the instability of the current framework, which makes it difficult to predict the associated short-term and medium-term impacts. This significantly increases the complexity and uncertainty of the estimates made, whose results are described in the specific sections referred to, given that the underlying assumptions and conditions might be subject to further review, to take into account developments outside the management's control, thus resulting in unexpected and unforeseeable impacts. Thus, there is still a need to constantly monitor the evolution of these elements in the current context.

IMPAIRMENT OF ASSETS

Rising interest rates and the associated uncertainty can affect the discount rates used in impairment testing, potentially lowering recoverable amounts significantly and triggering, as a consequence, impairment indicators.

Therefore, there is still a need to constantly monitor the evolution of these elements in the current context.

Moreover, when performing impairment testing, CDP takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis. Where relevant, these factors are taken into account, mainly through considerations and/or sensitivity analyses on the variables determining recoverable amount.

The indicators of impairment (so-called triggers) and objective evidence of impairment are assessed on the basis of information taken from public sources or of any additional information received by the investees.

Specifically, at 31 December 2022, impairment triggers activated on all the equity investments in CDP's portfolio with the exception of CDP RETI, SIMEST and CDP Real Asset SGR.

With reference to the estimated recoverable amount of the equity investments, to be understood as the higher of their fair value less costs to sell and their value in use, CDP has adopted a range of key principles, taking also into account this unique moment in time, impacted by a combination of factors linked to the residual effects of the Covid-19 pandemic, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates, general deterioration of the economic climate, geopolitical risks and the uncertainties on future development, the guidance consequently issued by national and international regulators as well as the guidelines issued by industry bodies. In this regard, the assumptions and the valuation parameters adopted to determine the recoverable amount included, where potentially relevant, factors concerning the updated macroeconomic framework. The key general principles used are as follows:

- a period of analysis of the rates to estimate the risk-free rate in line with a time horizon that allows the relevant market developments to be appreciated in light of the monetary policy decisions made by the central banks (e.g. recent increase in rates)[54];
- use of an Equity Risk Premium "consensus" in line with the average of the latest values available and a period of analysis of the market parameters (e.g. beta) that is such to mitigate and normalise any contingent factors in view of the medium/long-term perspective of the underlying cash flows;
- use of the average of the latest Country Risk Premiums instead of the latest available, only where deemed to be more significant.

In addition, CDP conducted sensitivity analyses, where deemed relevant, on the main variables that determine the value of the asset under assessment, including for example:

- the price of oil (i.e. Brent) for companies operating mainly in the Oil & Gas sector, also in order to take into account any climate risks inherent in the business;
- the cost of capital, the margins and the long-term growth rate, if applicable, based on the value estimation method used.

For more details about the assessment of CDP's equity investment portfolio (impairment test), please refer to the information provided in "Section 7 - Equity investments - Item 70".

CDP'S EXPOSURE TO INTEREST RATE RISK, COMMODITY PRICE RISK AND RELATIVE LIQUIDITY RISKS

The profitability and economic value of CDP are exposed to interest rate and inflation risks. Interest rate risk can be sourced to the presence of large volumes of assets and liabilities that are not hedged as they existed prior to CDP's transformation into a joint-stock company, as well as to the company's asset and liability structure, given that a considerable portion of liabilities consists of ordinary fixed-rate bonds with an early redemption option, while the asset side mainly consists of fixed-rate loans.

CDP analyses its exposure and risk profile by assessing balance sheet items that are sensitive to interest rates and quantifying, in terms of economic value, their reaction to small changes (sensitivity analysis) and to major shocks (stress testing) in risk factors. CDP also assesses the impact of interest rate risk on earnings for shorter horizons by specifically quantifying the impact of parallel shifts in the yield curve on net interest income.

[54] This principle also applies if the country risk has been estimated directly through the yield of the government bond of the country of reference for the company.

In consideration of the rise in interest rates and the associated volatility over the course of 2022, CDP adopted a prudent approach by monitoring its exposures for any signs that call for specific risk mitigation strategies to be adopted, as part of customary Asset & Liability Management activities aimed at limiting the volume of hedging derivatives by taking advantage of the natural offsets of fixed-rate asset and liability.

As a result, the impact of the macroeconomic framework on the exposure to interest rate risk has so far been limited, although more active measures to manage CDP's exposure, through the hedging portfolio for instance, cannot be excluded, in the event of greater tensions on markets.

With reference to liquidity risk, CDP monitors the performance of funding operations, both on capital markets and through the postal savings channel. Despite the volatility shaping the year in 2022, CDP's access to capital markets remained unchanged, enabling the company to meet its funding targets. The performance of postal funding is carefully monitored and tied to specific provisions under the agreement in place with Poste Italiane.

While direct exposure to commodity price risk is very low, CDP is indirectly exposed through some of the assets in its equity portfolio – some of which may benefit, in the short term at least, from the rise in prices – or through its loan portfolio, which, in the event of prolonged or intensified pressures on commodity prices, could be adversely impacted indirectly.

For more details on the methodologies and findings of analyses as at 31 December 2022, see Section 2 "Market risks – Interest rate risk and price risk" of Part E "Information on risks and related hedging policies".

THE EXPECTED CREDIT LOSS ("ECL") ESTIMATION METHOD

In measuring Expected Credit Losses, CDP applies an internally-developed methodology, which considers:

- a reliable estimate of through-the-cycle probability of default, which incorporates not only historical data but also forward-looking information to ensure the reliability of the estimates even in situations of serious crisis, across the entire life of the financial instruments;
- an internal model for estimating the cyclical component of probability of default, to produce forward-looking estimates of point-in-time parameters.

The model applied to estimate the cyclical component is based on the main macroeconomic drivers including GDP and employment rate forecasts, with reference to the Eurozone and the USA. The quantitative model adopted internally has not changed and, in particular, no sector-based adjustments were made since it was deemed that alternative methods would not be more reliable in the current phase and might, at least potentially, introduce higher risks of arbitrariness. Although the effects of the changing economic framework have largely yet to be seen on counterparties in portfolio, CDP considered it necessary to continue applying the management overlay (introduced for the 2021 financial statements) for quantifying ECL, aimed at compensating for the effect of falling point-in-time default probabilities which would otherwise result from the trends in the macroeconomic and credit indicators observed in the model. The application of this overlay, which is consistent with the recommendations of the Banking Regulators aimed at limiting excessive volatility in the measurement of reserves, refers to the contingent situation. CDP will assess developments in the economic environment and remove it when there is a return to a situation with fewer anomalies.

EMPLOYEE BENEFITS

There were no changes in the variables underlying the valuation of employee benefits.

CDP did not identify any legal obligations towards employees arising in relation to the economic outlook, for which a liability could be recognised under IAS 19.

TAX CREDITS CONNECTED WITH THE "CURA ITALIA" AND "RILANCIO" DECREE LAWS ACQUIRED FOLLOWING THE SALE WITHOUT RECOURSE BY PREVIOUS BUYERS

Decree Laws no. 18/2020 ("Cura Italia Decree") and no. 34/2020 ("Rilancio Decree"), hereinafter also referred to as the "Decrees", introduced into Italian law tax incentives for investment expenditure (e.g. eco bonus and earthquake bonus) and current expenditure (e.g. rents for non-residential premises). These tax incentives are available to households or businesses, are proportionate to a percentage of the expenditure incurred (in some cases up to 110%) and are granted in the form of tax credits or tax deductions (optionally convertible into tax credits). For the eco bonus and earthquake bonus, as well as other building subsidies, the incentive can also take the form of a discount on the price to be paid to the supplier, who in exchange receives a tax credit. Most of the tax credits granted through these incentive schemes are transferable to third-party purchasers, subject to the legal conditions in force, who can use those credits in compliance with specific rules. Indeed, since these tax credits are a form of subsidy, for which, unlike tax credits resulting from overpaid tax, their use is defined by the legislation introducing them.

Specifically, the holders of these credits may use them to offset taxes and contributions, at the same time intervals applying to the original beneficiary, or they may transfer them on to third parties (in whole or in part, in compliance with the legal restrictions in force). None of these credits are reimbursable (in whole or in part) directly by the State. In addition, depending on the case, the tax credits can be used for offsetting purposes (e.g., in 5 or 10 annual instalments), with no possibility of carrying forward or claiming a refund for the portion not offset in the reference year due to insufficient taxable income.

From an operational point of view, two business lines were mainly developed:

1. Cash advance for medium-sized and large enterprises: short-term financing for SMEs – managed directly through CDP's relationship managers and with the support of internal units – to meet the financial needs for the start-up of projects qualifying for the tax benefits provided by the Rilancio Decree. This credit line, sized according to the contracts acquired and the beneficiary company's credit rating, can also be repaid by transferring tax credits.
2. Direct transfer of tax credits for enterprises (including SMEs): with particular reference to SMEs, the purchase of tax credits — managed indirectly through a digital platform and with the support of financial intermediaries (banks and supervised credit consortia (Confidi) pursuant to Article 106 of the Consolidated Law on Banking) and leading qualified technical advisors — to meet the need to sell tax credits accrued on building renovation works and energy efficiency measures and recover the related cash quickly compared to the terms provided by the relevant legislation. This is the main activity that has increased significantly more than expected.

Operations under the aforementioned two business lines were largely negligible in 2022, limited to around 120 applications for a total nominal value of 20 million euro, relating to the completion of assessments started in the past and closed by December 2021.

At 31 December 2022, aggregate total credits acquired amounted to a nominal value of approximately 401 million euro, in relation to 1,200 applications.

With regard to the direct transfer of tax credits for enterprises (including SMEs), in December 2021 and January 2022, CDP – together with other transferees – was subject to three emergency preventive seizures of certain tax credits acquired for a total nominal value of about 87.8 million euro. CDP promptly filed applications for review with the relevant courts, obtaining: (i) 2 orders for the release of tax credits for a total nominal value of about 83.1 million euro, and (ii) 1 order confirming seizure, later upheld by the Court of Cassation, for a nominal value of around 4.7 million euro.

With regard to the method of accounting for tax credits, CDP applies the provisions of the joint Bank of Italy/Consob/Ivass document no. 9[55] concerning the *"Accounting treatment of tax credits connected with the "Cura Italia" and "Rilancio" Decree Laws acquired following their transfer by the direct beneficiaries or previous buyers"*.

55 "Coordination task force between Bank of Italy, Consob and Ivass on the application of IAS/IFRS".

The specific characteristics of these tax credits are such that they do not fall within the scope of IAS/IFRS. Therefore, paragraph 10 of IAS 8 applies; this provision requires management to establish an accounting policy resulting in relevant and reliable information. In accordance with Document no. 9 published jointly by the Bank of Italy, Consob and Ivass on 5 January 2021, an accounting model based on IFRS 9 is deemed to be the most appropriate approach to provide a disclosure that meets these requirements.

Therefore, upon initial recognition, tax credits are recognised in the balance sheet under "Other assets" at a value equal to the purchase price assumed to represent a Level-3 fair value under the IFRS 13 fair value hierarchy. At the time of subsequent valuation, since the provisions of IFRS 9 relating to the HTC business model apply, the credits are measured at amortised cost with interest calculated on the basis of the internal rate of return under "Interest income and similar income".

These credits are measured considering the utilisation flows through the estimated future offsetting; however, the accounting framework provided by IFRS 9 for the calculation of expected losses is not applicable to this specific case, i.e. ECL is not calculated on these tax credits, as there is no counterparty credit risk, taking into account that the credit is realised through offsetting against payables and not through collection.

Adjustments relating merely to deferral or advance in the estimates of offsetting against tax liabilities are recognised under "Interest and similar income", while any value adjustments (up or down) relating to the total or partial non-use of tax credits are recognised under "Other operating income (costs)".

In consideration of the ongoing developments in the regulatory framework, concerning practices and legal references that are not unequivocal, specific due diligence was conducted in addition to the work carried out as part of assessment processes for the acquisition of tax credits.

As a result of due diligence activities, value adjustments totalling approximately 141 million euro were recorded for the write-off of: (i) credits subject to by seizure/release orders and (ii) credits for which evidence able to confirm their validity and existence were not found by due diligence, as at the reporting date of these financial statements.

At 31 December 2022, the carrying amount of tax credit acquired, net of drawings and write-downs, totalled 199 million euro.

THE NATIONAL FISCAL CONSOLIDATION MECHANISM

CDP and some of the Group's Italian companies joined the so-called "national fiscal consolidation" mechanism regulated by articles 117-129 of the Consolidated Income Tax Law ("TUIR"). It consists of an optional tax system, according to which aggregate net taxable income or loss of each subsidiary that has joined the national fiscal consolidation mechanism – inclusive of any tax withholding, deductions and tax credits – is transferred to the Parent Company, for which a single taxable income or a single tax loss is carried forward.

In 2022, the following companies were scoped into the fiscal consolidation area:
- Quadrifoglio Genova S.p.A. – in liquidation;
- Ansaldo Energia S.p.A.;
- Ansaldo Nucleare S.p.A.;
- Ansaldo Green Tech S.p.A.;
- Open Fiber Holdings S.p.A.;
- Open Fiber S.p.A.;
- Fincantieri Infrastrutture Sociali S.p.A.

In 2022, the following companies were scoped out of the fiscal consolidation area:
- SACE S.p.A.;
- SACE BT S.p.A.;
- SACE FCT S.p.A.;

- SACE SRV S.r.l.;
- Alfiere S.p.A.;
- Residenziale Immobiliare 2004 S.p.A.;
- FSIA Investimenti S.r.l.

As a consequence, at 31 December 2022 the scope of the fiscal consolidation pertaining to CDP consists of following companies, along with the consolidating company CDP itself: 1) CDP Equity S.p.A.; 2) Bonafous S.p.A.; 3) Cinque Cerchi S.p.A.; 4) CDP RETI S.p.A.; 5) CDP Real Asset SGR S.p.A.; 6) Fincantieri S.p.A.; 7) Fincantieri Oil & Gas S.p.A.; 8) Isotta Fraschini Motori S.p.A.; 9) SIMEST S.p.A.; 10) CDPE Investimenti S.p.A.; 11) Fintecna S.p.A.; 12) CDP Immobiliare S.r.l.; 13) CDP Industria S.p.A.[56]; 14) Pentagramma Romagna S.p.A.; 15) CDP Venture Capital SGR S.p.A.; 16) Pentagramma Piemonte S.p.A. in liquidation; 17) Quadrifoglio Genova S.p.A. in liquidation; 18) Ansaldo Energia S.p.A.; 19) Ansaldo Nucleare S.p.A.; 20) Ansaldo Green Tech S.p.A.; 21) Open Fiber Holdings S.p.A.; 22) Open Fiber S.p.A.; 23) Fincantieri Infrastrutture Sociali S.p.A.

OTHER INFORMATION

The Board of Directors' meeting on 30 March 2023 approved CDP's draft financial statements for 2022, authorising their publication and disclosure, in accordance with the timing and procedures established by the current regulations applicable to CDP.

Due to requirements relating to the preparation of the consolidated financial statements, in accordance with Article 2364 of the Italian Civil Code and the Articles of Association, approval of the financial statements of CDP and acknowledgement of the consolidated financial statements of the CDP Group by the Shareholders' Meeting will take place within 180 days after the end of the financial year.

[56] We report that with the closing of the merger by incorporation of CDP Industria into CDP Equity, with effect as of 11.59 PM of 31 December 2022, CDP Industria ceased to exist and CDP Equity took over the legal relationships of the target company, including therein outstanding fiscal consolidation receivables and payables between CDP Industria and the Parent Company CDP S.p.A.

A.2 - THE MAIN FINANCIAL STATEMENT ITEMS

The separate financial statements as of and for the year ended 31 December 2022 have been prepared by applying the same accounting policies as those used for preparation of the separate financial statements for the previous financial year, except for the amendments endorsed and in force with effect from the financial year 2022, as described in Section 4 – Other issues, A.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing these financial statements.

1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The item "Financial assets measured at fair value through profit or loss" includes:

- "Financial assets held for trading" including debt securities, equities, loans, units of UCIs included in an Other/Trading business model, and also derivatives not designated as hedging instruments;
- "Financial assets designated at fair value" including debt securities and loans, measured at profit and loss in accordance with IFRS 9 (i.e. the fair value option), which allows a financial asset to be irrevocably measured through profit or loss if, and only if, this will eliminate or significantly reduce an accounting mismatch;
- "Other financial assets mandatorily measured at fair value" including debt securities, equity securities, units of UCIs and loans, i.e. those assets other than those measured at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income or which are not held for trading. They are substantially represented by those financial assets whose contractual terms provide for periodic flows that are not represented by solely payments of principal and interests (thus characterised by the failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio measured at amortised cost or at fair value through other comprehensive income.

Financial assets held for trading, as indicated, include financial derivatives not designated as hedging instruments, operational hedging derivatives, as well as embedded derivatives in complex financial contracts, whose host contract is a financial liability, which were recognised separately because:

- the financial characteristics and risks are not closely related to the characteristics of the underlying contract;
- the embedded instruments, even when separated, meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

Operational hedging derivatives are those derivatives which are not part of effective hedge accounting but are held to meet operational hedging requirements where the company aims to align the measurement criterion with respect to the assets and/or liabilities associated with them.

As with all financial assets held for trading, the fair value of which can be both positive and negative, derivatives are classified among Financial assets held for trading if their fair value is positive and among Financial liabilities held for trading if their fair value is negative.

Other financial assets mandatorily measured at fair value also include units of UCIs subscribed by CDP with the aim of implementing initiatives geared to supporting the economy in the long term. Given the nature of these initiatives, these financial assets are held within a Held to Collect business model, but because of their structure and also in accordance with the clarifications provided by the IFRIC, their contractual terms do not enable them to pass the SPPI test.

Financial assets measured at fair value through profit or loss are initially recognised on the trade date for derivative contracts, at the settlement date for debt securities, equities, and units of UCIs, and at the disbursement date for loans. An exception is represented by those securities whose delivery is not governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which generally equals the transaction price, net of transaction costs or income that are immediately recognised through profit or loss.

Subsequent measurement is at fair value, with recognition of the measurement results: (i) in the item "Profits (losses) on trading activities" in the income statement in relation to financial assets held for trading, including those relating to derivatives associated with the fair value option and (ii) in the item "Profits (losses) on financial assets and liabilities measured at fair value through profit or loss" as regards other types. The fair value is determined based on the official prices as of the reporting date if the financial instruments are listed on active markets. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivative instruments not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the afore-mentioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

The interest arising from debt securities and loans classified as Financial assets measured at fair value through profit or loss are included in interest income and similar income, an item that also includes gains and losses and margins of operational hedging derivatives. The gains and losses and margins of trading derivatives are included in the "Profits (losses) on trading activities". Dividends and similar revenues of equity instruments classified among the "Financial assets measured at fair value through profit or loss" (including revenue from units of UCIs) are included in the item "Dividends and similar revenues".

Reclassifications to other categories of financial assets are not permitted, unless, as regards financial assets held for trading, the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through profit or loss are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

The item "Financial assets measured at fair value through other comprehensive income" includes financial assets represented by debt securities and loans that meet both of the following conditions:

- the financial asset is held within a Business Model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under this item are also recognised equity instruments, considered as such in compliance with the provisions of IAS 32, which are not held for trading and for which the option, granted by the standard, of recognising the subsequent changes in the fair value of the instrument through other comprehensive income (FVTOCI option[57]) has been irrevocably exercised.

[57] Fair value Through Other Comprehensive Income option.

Initial recognition of the item under examination occurs on the settlement date for debt securities and equities and on the disbursement date for loans.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which generally corresponds to the transaction price, including any expenses and income attributable to the transaction.

Subsequent to the initial recognition, financial instruments traded in active markets are measured at their fair value determined on the basis of official prices on the reporting date. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, and values recorded in recent similar transactions. For equity securities not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the afore-mentioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

The profits and losses resulting from changes in fair value of debt instruments and loans are recognised in the statement of comprehensive income and recorded in the item Valuation reserves, in equity, until the financial asset is derecognised.

If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Gains and losses on foreign exchange are included in the income statement among the Profits (losses) on trading activities.

Interest on the debt instruments and on receivables is recognised in the income statement according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset.

These instruments are also subject to tests on the significant increase in credit risk (impairment) under IFRS 9, with consequent recognition in profit or loss of an impairment loss to cover the expected losses. In particular, an expected loss for the 12 months following the reporting date is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures)[58].

For financial assets that are performing (stages 1 and 2) impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

Losses and recoveries arising from the impairment process are included under the item "Net adjustments/recoveries for credit risk".

No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

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58 The new rules under Article 178 of Regulation (EU) no. 575/2013 govern the definition of prudential default of an obligor. Specifically, a default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place: (i) objective condition (past-due criterion) — the obligor is past due more than 90 consecutive days on any material credit obligation (for the approach at obligor level, to determine whether the obligation is material, reference is made to all the obligations of the same obligor to the institution); and (ii) subjective condition (unlikeliness to pay) — the institution considers that the obligor is unlikely to pay its credit obligation (or obligations, in the approach at obligor level) without recourse by the institution to actions such as realising security.

With reference to equity instruments, their inclusion in the item Financial assets measured at fair value through other comprehensive income is linked to the irrevocable option adopted by the company holding the instrument. In particular, CDP includes in that item the investments that are made with strategic objectives over the long term.

The exercise of this option entails using different recognition rules from those described above for debt securities, because:

- the amounts recognised in the valuation reserve are never reclassified through profit or loss, even when they are derecognised;
- all exchange rate differences are recognised in the equity reserve and are therefore charged to other comprehensive income;
- IFRS 9 does not envisage impairment rules for these equity instruments.

Only dividends from these equity instruments are recognised in the income statement.

Financial assets measured at fair value through other comprehensive income are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

The item "Financial assets measured at amortised cost" includes debt securities and loans that meet both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, the following items are recognised:

- loans to banks (current accounts, deposits, security deposits, debt securities, repo transactions and other loans). This includes operating receivables associated with the provision of business and financial services. This also includes the amounts receivable from Central Banks (such as the reserve requirement), other than demand deposits included in "Cash and cash equivalents";
- loans to customers (current accounts, mortgage loans, factoring, debt securities, repo transactions and other loans). It also includes receivables due from Italian post offices and variation margins with clearing houses in respect of derivatives transactions, in addition to operating receivables associated with the provision of business and financial services. The item also includes cash and cash equivalents held with the Central State Treasury.

Loans disbursed using funds provided by the State or other government agencies and intended for particular uses and operations required and regulated by special laws ("loans with third-party funds in administration") are recognised under this item, provided that the loans and funds accrue interest respectively in favour of and at the expense of the providing agency. Conversely, loans disbursed using funds administered on behalf of the State or other entities are not included.

The loans granted to public entities and public-law bodies under CDP's Separate Account portfolio[59] have a number of features that distinguish them from loans granted by banks, which normally disburse the entire amount of the loan to its beneficiary at the time the loan is granted. Such loans are special-purpose loans generally granted to public entities for public works and are disbursed to the beneficiaries only in case of positively verified milestones of the above-mentioned works. Therefore, disbursements are intended to meet the debts actually accumulated by the entities in respect of suppliers as the work is performed.

Upon signing the loan agreement, the debtor assumes the obligation to repay the entire principal granted, and this amount is used to determine an amortisation schedule separately from the amount actually disbursed. Amounts still to be disbursed by CDP earn interest that can be treated as a reimbursement of the interest income earned by CDP on the non-disbursed portion.

The special-purpose loans issued by CDP normally have an initial grace period, during which, in the absence of disbursements on the loan granted, the loan does not bear interest. With certain exceptions, the loan repayment schedule begins on 1 July or 1 January following the execution of the loan agreement. CDP's accounting policy for special-purpose loans is to recognise a commitment to disburse the sums granted upon signing the loan agreement and to recognise a receivable (with a consequent reduction in the disbursement commitments) for the entire amount granted only when repayment begins, regardless of the amount actually disbursed.

Any disbursements requested by borrowers during the grace period effectively reduce the commitment and result in a "short-term" receivable for the amount actually disbursed, with this amount accruing interest at the contractually agreed lending rate. The short-term receivable for advances on loans in their grace period is measured at cost as permitted by IFRS.

When repayment begins on a loan that has not yet been disbursed, both a payable and a receivable are recognised for the same amount in respect of the party responsible for repaying the loan. The receivable is measured at amortised cost (which, given the lack of transaction costs on the loans granted by CDP and with certain exceptions, equals cost), and the payable is a demand liability that decreases as the amounts are actually disbursed.

Loans granted to borrowers other than public entities or public-law bodies are treated in a manner analogous to that for loans granted by banks.

"Financial assets measured at amortised cost" are initially recognised on the settlement date as regards debt securities or on the disbursement date as regards loans.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

In some cases, the financial asset is considered impaired at initial recognition as the credit risk is very high and, if it is purchased, this may be done with significant discounts (assets known as POCI i.e. "Purchased or Originated Credit Impaired"). In that case, for purchased or originated financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the financial flow estimates.

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59 CDP is subject to a system of organisational and accounting separation under article 5, paragraph 8, of decree law 269 of 30 September 2003, converted with amendments by law 326 of 24 November 2003. In order to create an accounting separation system, the organisational structure of the Company was therefore divided into three operating units called, respectively, Separate Account, Ordinary Account and Joint Services, within which CDP's existing organisational units have been re-grouped. The role of the Separate Account is to pursue the mission of general economic interest entrusted to CDP by law. For more information on the contribution of the Separate Account to the results posted by CDP, see Annex 1.1 "Accounting separation statements" of these financial statements.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance under IFRS 9 rules and the amount of such losses is recognised through profit or loss in the item "Net adjustments/recoveries for credit risk". In particular, an expected loss at one year is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures).

For financial assets that are performing (stages 1 and 2) impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

Non-performing assets include those financial instruments that have been attributed the status of bad debts, unlikely to pay or past due and/or overdrawn as defined by the current rules of the Bank of Italy for the purposes of supervisory reporting.

The expected cash flows take account of estimated recovery times and the expected realisable value of any guarantees.

The amount of the loss to be recognised through profit or loss is calculated based on an analytical assessment process or for categories of the same kind and thus attributed analytically to each position and takes account of forward-looking information and possible alternative recovery scenarios.

If the reasons for the impairment no longer apply following an event after initial recognition, then impairment reversals are charged through profit or loss.

Financial assets measured at amortised cost are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers to a third party all the risks and rewards connected with ownership of the transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

It is also possible, over the maturity of financial assets, and specifically for financial assets measured at amortised cost, that they are subject to renegotiation of the contract terms. In that case, it is necessary to determine whether the contractual amendments that cause a change in the amount and timing of future cash flows give rise to the derecognition of the original instrument, with consequent recognition of a new financial asset, or in the recognition through profit or loss of the difference between the gross carrying value of the pre-amended financial instrument and the restated financial asset (modification).

In the absence of specific guidance in IFRS 9, the analysis necessary to identify possible amendments that give rise to derecognition rather than modification may sometimes involve significant elements of valuation.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are of a substantial nature.

On this basis, a list has been identified, by way of non-limiting example, of the main changes that represent a substantial change to the terms of the existing financial asset, introducing a different nature of the risks and resulting in derecognition.

The list is as follows:

- change in the counterparty: this includes novation or the replacement of the counterparty by another obligor (succession), because these changes lead to a change in the credit risk;
- change in the reference currency (because it introduces a different risk profile than the original exposure);
- debt-to-equity swap: the lender and the obligor may, as an alternative to other types of renegotiation, agree to extinguish the original debt through a substantial change in the nature of the debt-to-equity swap;
- introduction of new contractual clauses that result in failure of the SPPI test (e.g. leverage, indexing to parameters not related to the time value of money and credit risk, inverse rates, and financial covenants that result in failure of the test or other similar clauses);
- acceptance in lieu, whose repayment depends on the fair value of an asset;
- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses that expose the obligor to new risk components, such as returns linked to equity or commodity components, leverage or other similar clauses;
- changes granted to performing customers, who do not show any economic and financial difficulties (not qualifying as forborne exposures) and which involve the use of market parameters for the restatement of the financial conditions of the loan agreement.

Specifically for CDP, the following changes also fall under the latter category:

- changes made to the contractual terms as part of renegotiations, including "bulk" renegotiations, to public entities carried out under the "financial equivalence" regime to entities other than defaulting entities and, for local entities, other than those in financial distress;
- changes made to contractual terms as part of renegotiations with performing customers that are not in financial difficulty (i.e., not qualifying as forborne exposures) on terms that would apply to new loans, which may also be for the purpose of retaining the customer.

Contractual changes to a financial asset for which the derecognition rules are applied will have the following accounting impacts:

- derecognition of the financial asset and recognition of a new financial asset;
- subjecting the new financial asset to a new assessment in terms of classification and measurement (business model and SPPI test);
- identification of the date of new recognition as the origination date;
- recognition of the new asset at its fair value; recognition of any gain or loss equal to the difference between the fair value of the new asset and its carrying value at the time of derecognition of the existing asset, except for level 3 fair value financial assets as required by IFRS 9;
- classification of the new asset in the reference stage, at the initial recognition date, and verification, in subsequent reporting periods, of any deterioration in credit risk, in accordance with CDP's impairment procedures.

In the event of changes not deemed significant, the gross value is redetermined by calculating the current value of the cash flows resulting from the renegotiation, at the original internal rate of return of the exposure (modification).

Below is a non-exhaustive list of the main changes to the previous contractual terms:

- reduction of the interest rate;
- extension of the maturity of the loan;
- reduction of part of the exposure;
- introduction of payment holidays (grace period/payment moratorium);
- payment of interest only;
- capitalisation of arrears/interest.

If there are contractual changes to a financial asset for which the rules of modification without derecognition apply, in accordance with IFRS 9:

- reassessment in terms of classification and measurement is not required: the SPPI test is only performed on initial recognition of the instrument and there is no subsequent reassessment of this initial assessment;
- the gains or losses resulting from the modification are calculated as the difference between the gross carrying value of the pre-modified financial asset and its restated gross carrying value (corresponding to the present value of the renegotiated or modified cash flows, discounted at the financial asset's original effective interest rate, i.e. before the modification), adjusted where applicable in the case of hedging transactions;
- any deterioration in the credit risk of the modified financial asset is analysed by comparing it with the credit risk at the asset's original recognition date, before the modification.

4 - HEDGING TRANSACTIONS

Hedging transactions are executed to hedge contingent losses that are attributable to a specific risk and which can be found in a specific element or group of elements, should that particular risk effectively materialise.

As permitted by paragraph 7.2.21 of IFRS 9, the Parent Company CDP has decided to apply the provisions on hedging from IAS 39 rather than those from Chapter 6 of IFRS 9, to be used for its separate financial statements, the consolidated financial statements of the CDP Group, as well as its own half-yearly financial statements.

In accordance with IAS 39, hedging instruments are derivatives or, limited to the hedging of foreign currency risk, non-derivative financial assets or liabilities whose fair value or cash flows are expected to offset the changes in fair value or cash flows of a designated hedged position [IAS 39, paragraphs 72-77 and Appendix A, paragraph AG94]. A hedged item is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that:

- exposes the company to the risk of a change in fair value or future cash flows;
- is designated as being hedged [IAS 39, paragraphs 78-84 and Appendix A, paragraphs AG98-AG101].

The effectiveness of the hedge is the extent to which the changes in fair value or cash flows of the hedged position that are attributable to a hedged risk are offset by the changes in fair value or cash flows of the hedging instrument [IAS 39, Appendix A, paragraphs AG105-AG113].

When a financial instrument is classified as a hedging instrument, the following are to be formally documented:

- the relationship between the hedging instrument and the hedged item, including the risk management objectives;
- the hedging strategy, which must be in line with established risk management policies;
- the methods to be used in order to verify the hedge effectiveness.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged item.

A hedge is deemed to be highly effective if the changes in fair value of the hedged item or in the expected cash flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative, with the relationship of these changes falling within a range of between 80% and 125%.

At each annual or interim reporting date, the effectiveness is assessed through specific prospective and retrospective tests capable, respectively, of demonstrating the expected effectiveness and the level of effectiveness achieved.

If the hedge is not effective as described above, the hedging instrument is reclassified under financial instruments held for trading, while the hedged item continues to be measured in accordance with the criteria defined for its category. Hedge accounting also ceases when the hedging instrument expires, is sold or exercised or when the hedged item expires, is sold or is repaid.

Hedging derivatives are initially recognised at their fair value on the contract date. In particular:

- for fair value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is accounted for by recognising the changes in value through profit or loss, in the item "Fair value adjustments in hedge accounting", relating both to the hedged item (for the changes generated by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently represents the net profit or loss effect. The recognition through profit or loss of the change in fair value of the hedged item, attributable to the risk hedged, is also applied if the hedged item is a financial asset measured at fair value through other comprehensive income; if there were no hedging, this change would be recognised in equity;
- for cash flow hedge, the changes in fair value of the derivative are recognised, net of the tax effect, in a specific "Valuation reserve" of equity, for the effective portion of the hedge, and are only recognised through profit or loss when there is a change in the cash flows to be offset for the hedged item. The amount of the gain or loss of the hedging instrument considered ineffective is recognised through profit or loss, in the item "Fair value adjustments in hedge accounting". This amount is equal to any excess of the accumulated fair value of the hedging instrument with respect to the related fair value of the instrument hedged; in any event, the fluctuation of the hedged item and the related hedge must be kept within the range of 80%-125%;
- hedges of a net investment in a foreign operation are accounted for in the same way as cash flow hedges.

If the hedge is not fully effective, the fair value change of the hedging instrument, to the extent of the ineffective portion, is immediately recognised through profit or loss, in the item "Fair value adjustments in hedge accounting".

If, during the life of a derivative, the expected hedged cash flows are no longer considered as highly probable, the portion of that instrument recognised in the "Valuation reserves" of equity is immediately recycled through profit or loss. Conversely, if the hedging instrument is transferred or no longer qualifies as an effective hedge, the portion of the item "Valuation reserves" representing the changes in the fair value of the instrument recognised up to that point are retained in equity and reversed to profit or loss in accordance with the classification criterion described above, in conjunction with the recognition of the financial effects of the transaction originally hedged.

Item 50 of the balance sheet assets and item 40 of the balance sheet liabilities report financial and credit hedging derivatives, which at the reporting date have, respectively, a positive and a negative fair value.

For macro hedge, IAS 39 allows the object of a fair value hedge against interest rate risk to be not only an individual financial asset or liability, but also a monetary amount, included in a group of financial assets and liabilities (or their portions), so that a set of derivatives may be used to reduce the fair value fluctuations of the hedged items in response to changes in market interest rates. Net amounts resulting from the mismatch of assets and liabilities cannot be designated as subject to macro hedging. In the same way as for micro fair value hedges, a macro hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the monetary amount hedged are offset by changes in the fair value of the hedge derivatives and if the actual results are within a range of 80% to 125%. The positive or negative amount of the fair value changes, respectively, of the assets or liabilities subject of fair value macro hedges measured with reference to the hedged risk is recognised in Items 60 of the balance sheet assets or 50 of the balance sheet liabilities, with a balancing entry under "Fair value adjustments in hedge accounting" in the income statement.

The hedge ineffectiveness consists of the difference between the change in fair value of the hedging instruments and the change in fair value of the monetary amount hedged. The hedge ineffective portion is in any case included under "Fair value adjustments in hedge accounting" in the income statement.

If the hedging relationship ends, for reasons other than the sale of the hedged items, the accumulated revaluation/write-down recognised in items 60 of the balance sheet assets or 50 of the balance sheet liabilities is recognised through profit or loss under interest income or expenses, over the residual maturity of the hedged financial asset or liability.

If these assets and liabilities are sold or redeemed, the amount of fair value not amortised is recognised immediately in "Gains (Losses) on disposal or repurchase" in the income statement.

5 - EQUITY INVESTMENTS

"Equity investments" includes investments in subsidiaries (according to IFRS 10), in associates (according to IAS 28) and in joint arrangements (according to IFRS 11).

Subsidiaries are companies in which CDP holds, either directly or indirectly, more than half of the voting rights in the Shareholders' meeting or, in any event, when CDP exercises the power to determine financial and operating policies (including de facto control).

Associates are companies in which CDP has, either directly or indirectly, at least 20% of the voting rights or, even with a lower voting interest, companies over which CDP has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control.

Joint arrangements involve companies where control, by means of a contractual arrangement, is shared between CDP and one or more parties, or when decisions about the relevant activities, which have a significant impact on returns, require the unanimous consent of the parties involved in the contractual arrangement that have control over the company.

Equity investments are initially recognised and subsequently carried at cost, as at the settlement date, including costs or revenues that are directly attributable to the transaction.

The equity investments are tested for impairment at every annual or interim reporting date.

Evidence of impairment, based on the existence of qualitative and quantitative indicators, as illustrated hereunder, and in accordance with the internal policies, differs where these involve investments in companies whose shares are or are not listed on active markets.

An impairment test is performed when the aforementioned indicators exist, in accordance with the provisions of IAS 36. This test is aimed at estimating the recoverable amount of the equity investment and comparing it with its carrying value to determine the recognition of any impairment losses.

At each annual or interim reporting date, the presence of specific qualitative and quantitative indicators is assessed.

In particular, and for CDP, taking into account the characteristics of its investment portfolio, as well as its role of long-term investor, at least the following are considered indicators of impairment/objective evidence of impairment:

- the recognition of losses[60] or significantly lower results than budgeted (or forecast in multi-year plans), if, after specific analyses, they are relevant due to their effects on the estimate of expected future cash flows in any impairment test preparation;
- significant financial difficulty of the investee;
- probability that the investee will declare bankruptcy or enter into other financial reorganisation procedures;
- a carrying value of the investment in the separate financial statements that exceeds the carrying value, in the consolidated financial statements, of the net assets of the investment (including any goodwill);
- the distribution of a higher dividend by the investee than the income in the comprehensive income (or statement of comprehensive income for financial companies)[61] in the year when it is declared.

With reference to listed equity investments, the following are also considered indicators of impairment:

- a reduction in the market price exceeding the carrying value by over 40% or for more than 24 months;
- a downgrade of the rating of at least four notches from the time when the investment was made, if assessed as relevant together

[60] The recognition of losses may not be considered relevant if in line with the budget and/or business plan objectives of the equity investment (e.g. investments recently made); on the contrary, losses attributable to cases provided for by the Italian Civil Code (e.g. Articles 2446, 2447) are always considered relevant.

[61] The indicator takes into consideration the distribution of a higher dividend than the income in the comprehensive income (or statement of comprehensive income for financial companies) for the year when the dividend is declared (i.e. dividends declared in 2017, representing the distribution of the net income for 2016, larger than the total comprehensive income for 2017). In order to conduct the impairment test for the reporting date of the half-yearly financial statements, in the absence of homogeneous comparison data, the indicator is verified by referring to the data relating to the previous year.

with other available information[62];

- a carrying value of the net assets in the consolidated financial statements higher than the market price of the equity investment.

If the recoverable amount is lower than the carrying amount, the difference is recognised through profit or loss. If the reasons causing the impairment cease to exist, the impairment losses are reversed. These reversals have to be recognised in the income statement up to the amount of the previous impairment. Consequently, the reduction in the previously recognised impairment loss upon write-back of the value of the equity investment may not exceed the carrying value that would have existed if no impairment had been previously recognised. Both the impairment and the reversals of impairment are recognised in the income statement under "Gains (losses) on equity investments".

The investor's interest in any losses of the investee that exceed the carrying value of the equity investment is recognised in a specific provision, to the extent that the investor is committed to meeting the legal or constructive obligations of the investee, or otherwise cover its losses.

Dividends are recognised in "Dividends and similar revenues" when the right to receive payment is established.

Equity investments are derecognised when the contractual rights to the cash flows deriving from ownership of the equity investments expire or when they are sold, substantially transferring all risks and rewards connected with them.

6 - PROPERTY, PLANT AND EQUIPMENT

This item includes both the operating assets governed by IAS 16 and the inventories of property, plant and equipment governed by IAS 2. Also included are rights of use acquired under a lease and relating to the use of property, plant and equipment (for the lessees[63]), assets granted under an operating lease (for the lessors), as well as leasehold improvements, provided they relate to identifiable and separable property, plant and equipment.

"Operating property, plant and equipment" consist of property, plant and equipment used for production purposes and to supply goods/services, which may be leased or held for administrative purposes.

In accordance with IAS 16, these assets are initially recognised at purchase cost, including expenses directly related to the purchase, non-deductible VAT and costs for bringing the asset to working condition, increased by revaluations carried out under the provisions of specific laws. Borrowing costs directly attributable to the acquisition, construction or production of an asset have to be added to the value of the asset itself and capitalised pursuant to IAS 23.

Special maintenance and repair costs, incurred after initial recognition, which result in an increase in the future economic benefits, are recognised as an addition to the value of the assets.

Ordinary maintenance costs that do not generate future economic benefits, on the other hand, are recognised in the income statement.

Subsequent measurement is at cost, net of depreciation and impairment (the latter in accordance with IAS 36).

These assets are systematically depreciated from the period they enter service in the production process and are, therefore, ready for use. They are depreciated on a straight-line basis over their residual life.

Therefore, the depreciation allowances for each year charged to the income statement are calculated by CDP at the rates considered adequate to represent the residual useful life of each asset, as listed below:

[62] The downgrade of the equity investment's credit rating is not, in itself, evidence of impairment, although it may be an indication to that effect; therefore, such a trigger is considered relevant only in the case of joint activation with at least another impairment trigger.

[63] Lease liabilities recognised as the lessee in lease transactions are recorded under financial liabilities measured at amortised cost.

	Minimum rate	Maximum rate
Buildings	3.0%	3.0%
Movables	12.0%	15.0%
Electrical plant	7.0%	30.0%
Other:		
Industrial and commercial equipment	15.0%	15.0%
Other assets	12.0%	25.0%
Other plant and equipment	7.0%	15.0%

Land and artwork are not depreciated as they have an indefinite useful life.

At every annual or interim reporting date, the recognised carrying amount of the operating assets is tested for impairment.

If impairment indicators are identified, the carrying amount of the asset is compared with its recoverable amount, with the latter being the greater of fair value less any costs of disposal, and the associated value in use of the asset (that is the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised in the income statement under "Net adjustments to/recoveries on property, plant and equipment". If the reasons for which impairment was recognised cease to exist, the impairment loss is reversed. The adjusted value may not exceed the value that the asset would have had, net of the depreciation calculated in the absence of previous impairment.

Newly acquired assets are depreciated as from the period in which they enter service and are, therefore, ready for use.

Land and buildings are considered to be separable assets; therefore, they are treated as separate assets for accounting purposes, even if purchased together.

Each item of property, plant and equipment that has a significant value compared to the overall value of the asset it belongs to is recognised and depreciated separately.

"Investment property" consists of real estate property held for investment purposes to be leased to external third parties. These assets are initially recognised in accordance with IAS 40 at purchase or construction cost, including directly attributable purchase/construction costs. However, maintenance costs relating to these assets cannot be capitalised, but are recognised in the income statement.

Subsequent measurement of said property investments in the financial statements is at cost, net of depreciation (3% depreciation rate) and impairment, as set out in IAS 16 in relation to operating property, plant and equipment.

"Assets under construction and advances" are composed of advances or expenses incurred in respect of items of property, plant and equipment that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, depreciation is suspended.

The "right-of-use assets" (RoU) under lease agreements are recognised by the lessee at the commencement date, namely on the date that the asset is made available to the lessee and is initially valued at cost. In order to match the asset consisting of the right of use, the lessee enters a liability corresponding to the current value of the payments due for the lease. The discount rate to be used is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. In the event of operating sublease agreements, the sub-lessor enters the right of use among the Investment property.

The right of use is amortised on a straight-line basis throughout the lease term which includes the non-cancellable period of a lease and the options for renewal, if the lessee has a reasonable certainty of exercising it.

During the lease term, the carrying value of the right of use is adjusted in the event of a change to the lease term or to the lease payments, and also for changes to the lease contract which increase or reduce the scope of the lease.

As regards property, plant and equipment recognised in accordance with IAS 2, these are measured at the lower of cost and net realisable value. The carrying amount of the asset is anyway compared with its recoverable amount, where there is some evidence that shows that the asset may have incurred an impairment loss. Any adjustments are recorded through profit or loss.

The carrying value of an operating item of property, plant and equipment is eliminated from the balance sheet upon disposal or when no future economic benefits are expected from its use or disposal.

7 - INTANGIBLE ASSETS

"Intangible assets" includes, pursuant to IAS 38, non-monetary assets that are identifiable and do not have physical substance. They are held to be used for a multi-year period or an indefinite period. They consist mainly of concessions, licenses and trademarks, contractual relationships with customers, research and development costs and industrial patent and intellectual property rights.

Intangible assets include goodwill, regulated by IFRS 3 and defined as the difference between the price paid for a transaction related to a business combination and the fair value of identifiable net assets acquired.

If this difference is negative (badwill) or if the goodwill is not justified by the future earnings capacity of the investee, the difference is recognised in the income statement.

An intangible asset is recognised if the following conditions are satisfied:
- the asset is identifiable, i.e. it is separable from the rest of the enterprise;
- the asset is controlled, i.e. it is subject to the control of the enterprise;
- the asset generates future economic benefits;
- the cost of the asset can be measured reliably.

If one of these elements is missing, the purchase or realisation cost is fully recognised as a cost in the income statement in the financial year in which it is incurred.

The non-current intangible assets are initially recognised at purchase or development cost, including directly attributable transaction costs.

After initial recognition, the non-current intangible assets with a finite useful life are measured at cost, net of amortisation and any impairment (the latter governed by IAS 36).

The amortisation is charged based on the estimated useful life of the asset. This estimate of its useful life is assessed, at the end of each financial year, to check the adequacy of the estimate.

Costs incurred for the purchase and development of software by third parties are amortised, usually on a straight-line basis, over the residual useful lives of the assets, which is no greater than 5 years.

Costs incurred for software development before the year in which the project is completed are capitalised when the development/implementation of the project is likely to be successful and the utility of the product extends over more than one year. In this case, the costs are amortised over a period of no more than 5 years. In the year in which the software is completed, the costs incurred and not yet amortised are allocated to the asset and the cost is amortised over 5 years.

In addition, on an annual basis, or when there is objective evidence that the intangible asset is impaired, a test is performed to determine the adequacy of the carrying amount of the asset. Consequently, the carrying amount of the intangible asset is compared with its recoverable amount, the higher of the fair value less costs to sell, and its value in use (construed as the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised in the income statement under "Net adjustments to/recoveries on intangible assets". If the reasons for which impairment was recognised cease to exist, the value of the asset is written back. The adjusted value may not exceed the value that the asset would have had, net of the amortisation calculated in the absence of previous impairment.

Intangible assets having an indefinite useful life are not amortised and are only tested periodically for the adequacy of their carrying amount, as described above.

"Assets under construction and advances" are composed of advances or expenses incurred in respect of intangible assets that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, amortisation is suspended.

Intangible assets are derecognised when sold or when future economic benefits are no longer expected.

8 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The balance sheet items "Non-current assets and disposal groups held for sale" and "Liabilities associated with disposal groups held for sale" include the assets or groups of assets/liabilities whose carrying value will be recovered mainly through a sales transaction rather than through their continuous use. Such assets must be available for sale in their current condition and CDP must be committed to a plan to dispose of the asset (or group of assets) and must have undertaken a programme to identify a potential buyer, such that a sale can be considered highly probable.

To be able to classify an asset (or group of assets) as available for sale, the following is also required:
- the asset can be readily exchanged in the market at a price considered reasonable in relation to its fair value at the current date;
- the sale is expected to be completed within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5;
- the actions required to complete the plan to dispose of the asset do not indicate that it is unlikely to be completed.

These non-current assets (or disposal groups) are presented separately from the balance sheet items "Other assets" and "Other liabilities". Initial recognition is done in compliance with the specific IFRS as applicable to each associated asset and liability while, subsequently, they are recognised at the lower of their carrying value and fair value (net of costs to sell), without any depreciation/amortisation being recognised.

The individual assets of the companies classified as held for sale are not amortised, whereas financial expense and other expenses attributable to liabilities held for sale continue to be recognised.

Any subsequent impairment losses are recognised directly as an adjustment to the carrying amount of the non-current assets (or disposal groups) held for sale through profit or loss. The corresponding balance sheet values for the previous financial year are not reclassified. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is an investment exclusively acquired with a view to resale.

The profits and losses net of tax that can be related to disposal groups of assets and liabilities are shown in the specific income statement item "Income (loss) after tax on disposal groups held for sale".

9 - CURRENT AND DEFERRED TAXES

Tax assets and liabilities are recognised in the balance sheet respectively under assets Item "Tax assets" and liabilities Item "Tax liabilities".

The accounting entries related to current and deferred taxes include: (i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; (ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; (iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of deductible temporary differences; and (iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences.

Current taxes, consisting of corporate income tax (IRES) and regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year. They are calculated on the basis of applicable tax rates.

Deferred tax assets and liabilities are recognised according to the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation.

The term "deferred" tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes.

Deferred taxes are recognised:

- under Tax assets, if they relate to "deductible temporary differences", which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered;
- under Tax liabilities, if they relate to "taxable temporary differences" representing liabilities because they are related to accounting entries that will become taxable in future tax periods.

If the deferred tax items regard transactions that directly affected equity, they are recognised in equity.

Some of the Group's Italian companies joined the "national fiscal consolidation" mechanism regulated by articles 117-129 of the Consolidated Income Tax Law ("TUIR"), introduced into tax law by Italian Legislative Decree no. 344/2003. It consists of an optional tax system, according to which aggregate net taxable income or loss of each subsidiary that has joined the national fiscal consolidation mechanism – inclusive of any tax withholding, deductions and tax credits – is transferred to the Parent Company, for which a single taxable income or a single tax loss is carried forward (resulting from the algebraic sum of its income/losses and those of the subsidiaries) and, as a result, a single tax payable/receivable.

10 - PROVISIONS FOR RISKS AND CHARGES

This item consists of the provision set aside to cover specific types of liabilities whose existence is certain or probable, but whose amount or accrual date were uncertain at the reporting date.

Therefore, the provisions are recognised only when:

- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

When the time value is significant and the dates of payment of the obligation can be estimated reliably, the allowance is measured as the present value (discounted at market rates as of the reporting date) of the charges that are expected to be incurred in order to settle the obligation.

Contingent — not probable — liabilities are not recognised to the balance sheet. However, they are disclosed in the notes, unless the probability of an outflow of resources is remote or the event is deemed insignificant.

The provisions are used only to cover the costs for which they were originally recognised, and they are reversed in the income statement when the obligation is settled or when it is no longer probable that an outflow of resources will be required to settle the present obligation.

This item also includes provisions for credit risk for commitments to disburse funds and on financial guarantees that are subject to the rules of impairment in IFRS 9.

This item also includes the company pension plans and other post-retirement benefit obligations, i.e. the provisions for long-term employment and post-employment benefits. However, no value has been recognised for the sub-account in question because there were no net amounts attributable to that item at the reporting date of these financial statements. For more information see the section "Staff severance pay" in paragraph 15 "Other information".

11 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This item includes all amounts due to banks and due to customers of any kind (deposits, current accounts, loans), other than those in the items "Financial liabilities held for trading" and "Financial liabilities designated at fair value". This includes operating debts associated with the provision of business and financial services and variation margins with clearing houses in respect of transactions on derivatives, in addition to operating debts associated with the provision of financial services.

In particular, CDP includes in these items the amounts still to be disbursed for loans being repaid, as well as liabilities in respect of postal funding products.

Postal savings bonds issued by CDP are reported under the item "Due to banks" and the item "Due to customers", including those that have matured but have not yet been redeemed at the reporting date. These instruments are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds can be redeemed upon request of the underwriter at any time prior to their contractual maturity, with principal and interest paid in accordance with the period for which the bond was held.

For Postal savings bonds, the adoption of the amortised cost method and of the effective interest rate used for calculating the amortised cost under examination must be equal to the internal rate of return from the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. CDP has therefore developed a statistical model for forecasting early redemption of postal savings bonds based on a time series of redemptions, which is used to price the new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of postal savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in the recalculation of the remaining amortisation schedule. In such cases, the IFRS state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of postal savings bonds as the discount rate. The effective rate for floating-rate interest-bearing postal savings bonds is updated every time the estimated cash flows are revised due to changes in the benchmark indices and the review of the flow of redemptions.

Financial liabilities measured at amortised cost also include the amount of funds provided by the State or other government agencies and intended for particular operations required and regulated by special laws ("third-party funds in administration"), provided that the loans and funds accrue interest respectively in favour of and at the expense of the providing agency. However, funds administered on behalf of the State or other government agencies are not included here if their management is exclusively remunerated by an all-in-one fee (commission) and that are, therefore, merely seen as a service.

In addition, this item also includes issued securities measured at amortised cost. The item is reported net of repurchased securities.

Financial liabilities measured at amortised cost are recognised for the first time on the date the raised funds are received or the debt instruments issued. These items are recognised at their fair value upon initial recognition. That value normally corresponds to the amount received or the issue price, inclusive of the costs directly attributable to the individual fund-raising operations or the costs incurred for the issue.

The financial liabilities are subsequently measured at amortised cost using the effective interest rate method, as defined in the preceding paragraphs. An exception is represented by short-term financial liabilities, which are recognised at the received value, given the negligible effect of the time factor.

In hybrid debt instruments (indexed to equity instruments, indices, foreign currencies, etc.) the embedded derivative is separated from the host contract, when the criteria for separation under IFRS 9 apply, and is recognised at its fair value under financial assets/liabilities held for trading (respectively positive or negative). The related changes in value are recognised through profit or loss. The host contract is instead allocated an initial value corresponding to the difference between the total amount of the proceeds received and the fair value allocated to the embedded derivative. The contract is recognised and measured according to the criteria envisaged by the classification portfolio.

The amounts under the item “Due to banks”, “Due to customers”, and “Securities issued” are derecognised when they mature or are extinguished. The derecognition also takes place when there is a repurchase of previously issued bonds, with simultaneous recalculation of the residual payable only for the securities issued. The difference between the carrying value of the liability and the amount paid to purchase it is recognised in the income statement.

12 - FINANCIAL LIABILITIES HELD FOR TRADING

This item includes all forms of financial liabilities (debt securities, loans, derivatives) designated as being held for trading purposes. It excludes any portion of the company’s own issued debt securities that have not yet been placed with third parties.

This category of liabilities includes, in particular, financial derivatives not designated under hedge accounting, operational hedging derivatives and derivatives embedded in complex financial contracts, whose host contract is a financial liability, which have been recognised separately if their fair value is negative.

The criteria for the initial recognition and measurement of these derivatives are described with reference to the same instruments with positive fair value within the scope of Financial assets held for trading.

Financial liabilities are initially recognised at fair value, which generally equals the amount received net of transaction costs or revenues. When the amount paid differs from fair value, a financial liability is nevertheless recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is made at the contract date for derivative contracts and at the settlement date for debt securities, with the exception of those for which delivery is not governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Measurement after initial recognition is made at fair value, with recognition of any changes in value through profit or loss. If the fair value of a financial liability becomes positive, it is recognised as a financial asset held for trading.

Financial liabilities held for trading are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the financial liability are retained, the liabilities remain on the balance sheet even if official title has been transferred.

The gains and losses on sale or redemption and unrealised gains and losses resulting from changes in the fair value of the trading portfolio are reported under “Profits (losses) on trading activities” in the income statement.

13 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

This item includes financial liabilities, regardless of their technical form (debt securities, loans etc.), for which the option of measurement at fair value through profit or loss has been exercised ("Fair Value Option") in accordance with the requirements established by IFRS 9 for classification in this item.

This classification is made when one of the following conditions applies:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch) that would otherwise arise from the measuring of assets or liabilities or from the recognition of gains or losses on different bases;
- a group of financial liabilities, or a group of financial assets and liabilities is managed and the performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- the liabilities consist of hybrid instruments containing embedded derivatives that would otherwise have been separated (however, this rule does not apply if the embedded derivative is insignificant or if the separation of the embedded derivative cannot be applied).

As regards issued debt securities, these financial liabilities are recognised for the first time on the date of issue.

Initial recognition is at fair value, which generally equals the amount collected, without considering the transaction expenses and income attributable to the instrument issued, which are instead recognised in the income statement.

Subsequent to initial recognition, these financial liabilities are measured at fair value and charged as follows:

- the change in fair value that is attributable to changes in its creditworthiness is recognised in the statement of comprehensive income and recorded in the item Valuation reserves;
- the residual amount of change in fair value is recognised through profit or loss.

Financial liabilities at fair value are derecognised from the balance sheet when the contractual rights to the related cash flows expire or when the financial liability is sold, transferring all risks and rewards connected with it to third parties.

14 - TRANSACTIONS IN A FOREIGN CURRENCY

Transactions in a foreign currency are initially recognised in euros by translating the amount in the foreign currency into euros at the spot exchange rate prevailing on the date of the transaction.

In preparing the annual or interim financial statements, assets denominated in a foreign currency are accounted for as follows:

- monetary instruments are translated at the spot rate quoted on the reporting date;
- non-monetary instruments, which are carried at cost, are translated at the exchange rate quoted on the date of the original transaction;
- non-monetary instruments, which are carried at fair value, are translated at the spot rate quoted on the reporting date.

Exchange rate differences in respect of non-monetary items are treated using the same rules for gains and losses on the original instruments.

The positive and negative exchange rate differences, relating to:

- financial assets and liabilities denominated in foreign currencies, other than those measured at fair value and those subject to fair value hedges (exchange rate or fair value risk) and cash flow hedges (exchange rate risk), as well as the related hedging derivatives are included in "Profits (losses) on trading". This item also includes the results of fair value measurement of any forward contracts associated with foreign currency transactions concluded for hedging purposes, net of the accrued contractual margins recognised in interest with the relevant + or - sign;
- financial assets and liabilities denominated in foreign currencies measured at fair value are included in the "Profits (losses) on financial assets and liabilities measured at fair value through profit or loss";

- financial assets and liabilities denominated in foreign currencies, subject to fair value hedge (exchange rate or fair value risk) and relating to hedging derivatives are included in the results of related measurements recognised in “Fair value adjustments in hedge accounting”.

15 - OTHER INFORMATION

STAFF SEVERANCE PAY

Staff severance pay (TFR) covers the entire entitlement accrued by employees at the end of the financial year, as provided by law (Article 2120 of the Italian Civil Code) and applicable employment agreements.

In accordance with IAS 19, staff severance pay is treated as a “Post-employment benefit” and is classified as:

- a “Defined benefit plan” for the portion of staff severance pay accrued by employees until 31 December 2006;
- a “Defined contribution plan” for the portion of staff severance pay accrued by employees beginning 1 January 2007.

The accounting standard envisages that these portions of staff severance pay be recognised at their actuarial value. The accruing and accrued obligations are considered for discounting purposes (these obligations are, respectively, the discounted value of the expected future payments related to benefits accrued during the current financial year and the discounted value of future payments resulting from amounts accrued in previous financial years).

It should be noted that CDP’s provision for staff severance pay is negligible given that employees on staff prior to the transformation of CDP into a joint-stock company maintained their participation in the INPDAP pension scheme after the transformation; therefore, severance pay contributions are paid to that institution. As such, the amount shown for staff severance pay is related solely to employees hired after the date of transformation (under the INPS pension scheme) for amounts accrued until 2006, given that the amounts accrued subsequently were not applied to this fund, but to the supplemental pension fund or to INPS in accordance with the applicable legislation.

Accordingly, in view of the insignificance of the effects of adopting IAS 19, the staff severance pay continues to be calculated on the basis of Italian statutory provisions (Article 2120 of the Italian Civil Code).

INTEREST INCOME AND EXPENSE

Interest income and expense is recognised in the income statement, on a pro-rata basis over time for all instruments, based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Default interest, where provided for by contract, is recognised in the income statement only when it is actually received.

The interest also includes the net balance, either positive or negative, of the differentials and margins relating to the financial derivative instruments hedging assets and liabilities that generate interest, and derivatives recognised in the balance sheet in the trading book but operationally related to assets and/or liabilities designated at fair value (fair value option).

COMMISSION INCOME AND EXPENSE

Commission income for revenues from services provided and commission expense for the costs of services received are recognised, based on the existence of contractual agreements, on an accrual basis, i.e. in the year when the services are provided.

This item also includes the commissions received from guarantees issued in favour of third parties, and commissions paid for guarantees received.

When the amortised cost method is used, the commissions considered in calculating the effective interest rate are classified as interests.

DIVIDENDS

The dividends of subsidiaries, associates or joint ventures, accounted for by using the cost method, are recognised in the income statement in the year in which the distribution is approved.

BUSINESS COMBINATIONS

A business combination involves the transfer of control over a business activity or, more generally, a company.

Business combinations are accounted for using the purchase method, which requires: (i) identification of the acquirer; (ii) measurement of the cost of the combination; (iii) Purchase Price Allocation.

Transactions involving two or more companies or business activities belonging to the Group that are carried out for reorganisation purposes are not considered business combinations. Such transactions ("Business Combinations Under Common Control") are excluded from the scope of application of IFRS 3 and, in the absence of a reference standard, are accounted for based on Assirevi's preliminary interpretations/guidelines, i.e. they are recognised according to the principle of continuity of values when they do not have a significant influence on future cash flows.

A.4 - DISCLOSURES ON FAIR VALUE MEASUREMENT

QUALITATIVE DISCLOSURES

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assumption is that this refers to an ordinary transaction between independent counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded.

In the definition of fair value, a key assumption is that an entity is fully operational and does not have the urgent need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.

The international accounting standards have established three levels of classification for a financial instrument (known as the "fair value hierarchy"); the level of fair value measurement assigned depends on the observability and significance of the inputs used in the valuation model.

For financial instruments listed on active markets, the fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1). An instrument is considered to be traded on an active market if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date. When there are no published prices on an active market or when, in reference to several indicators (e.g. the possibility of performing transactions at the quoted price and their number, the bid-ask spread, the effective trading volumes), it is not possible to affirm that the price represents an active and regularly functioning market, the fair value of the financial instruments is determined by using models and measurement techniques whose purpose is to establish the price at which the asset or liability would be exchanged between market operators in an ordinary transaction at the valuation date. The fair value of unlisted financial instruments is classified under Level 2 or 3 according to whether or not the inputs used in the valuation model are observable and their significance within that model.

The Level 2 inputs are prices available on active markets or inputs based on observable market data, such as interest rates, credit spreads, or yield curves. If they are used in the pricing of an instrument, they must be available for the entire residual life of the instrument. The fair value of a financial instrument measured with techniques that use Level 2 inputs is classified in the same level for the fair value hierarchy.

In certain cases, the level 2 inputs need to be adjusted to enable their use, also in view of the characteristics of the financial instrument being measured. If the adjustment is made based on parameters that cannot be observed in the market or is impacted to a greater or a lesser extent by the modelling choices needed to make it, for example through the use of statistical or "expert-based" techniques, the fair value measurement is classified under Level 3, if the inputs are not observable in the market or not directly inferable. This category also includes the parameters estimated on the basis of proprietary models or historical data and used for the fair value measurement of unlisted financial instruments, classified under the same level.

The valuation techniques used for Level 2 and Level 3 measurements are validated by the Risk Management Area of CDP. The development and validation of the techniques, and their application for accounting evaluations, are set out in specific process documentation.

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

The valuation techniques used for unlisted financial instruments may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

CDP takes the following into consideration when selecting the valuation models:
- all other conditions being equal, simpler valuation techniques are preferred to more complex techniques, as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and implemented in CDP's systems.

The market parameters used as inputs for Level 2 valuations are selected on the basis of non-arbitrage or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments listed on active markets.

Specifically, the financial statements of CDP use fair value measurements assigned to Level 2 for interest rate, currency and equity derivatives designated as accounting or operational hedges for assets or liabilities and for the items related to the exchanges of collateral referring to those derivatives. CDP has developed a reference framework consisting of the valuation criteria and models on which the valuation of each category of instruments is based.

The fair value of derivatives incorporates the counterparty credit risk and current and potential exposure using a simplified credit value adjustment (CVA) methodology. However, in view of the generalised use of netting arrangements that provide for the exchange of collateral, and considering the frequency of the exchange and the fact that it is established in the form of cash deposits, as well as the minimum ratings required from the counterparties, no adjustments of this kind have been made at 31 December 2022.

With regard to the assets and liabilities measured at fair value on a recurring basis, the following are classified as Level 3 in the financial statements of CDP:
- the valuations of options on equity indices embedded in "Risparmio Sostenibile" postal savings bonds, which are separated and measured at fair value through profit or loss and require the use of parameters concerning the redemption behaviour of investors;
- equity interests and other unlisted equity instruments that are measured using non-market parameters.

Portfolios measured at fair value on a recurring basis: details of the significant non-observable inputs for Level 3 assets and liabilities

Category of financial instruments	Fair value assets (thousands of euro)	Fair value liabilities (thousands of euro)	Measurement techniques	Non-observable parameters
Financial derivatives - Equity		(7,728)	Option pricing models	Redemption profiles (ratio of expected principal at maturity to remaining payable)
Equity securities	69,915		Equity multiple	Equity multiple
Units in collective investment undertakings	3,563,715		Adjusted NAV	NAV Adjustment

A.4.2 VALUATION PROCESSES AND SENSITIVITY

DESCRIPTION OF THE VALUATION PROCESS FOR THE FAIR VALUE MEASUREMENT OF INSTRUMENTS CLASSIFIED AT LEVEL 3 OF THE HIERARCHY OF FAIR VALUE INPUTS

Level 3 valuation techniques are also applied consistently over time to homogeneous categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

The methods and processes adopted by CDP aim to ensure that the value assigned to each position appropriately reflects their current fair value, with a level of detail for the checks proportional to the quantitative significance of the assets and liabilities measured.

The reference framework that comprises the valuation criteria and models on which the valuation of each category of instrument is based is contained in methodological documents updated on half-yearly basis from the Risk Management Area. The valuations are performed through internal systems used by CDP for the management of securities and derivatives and subject to standard controls. The valuation process and related controls are subject to third-level checks on a regular basis.

DESCRIPTION OF NON-OBSERVABLE INPUTS USED IN THE VALUATION PROCESS FOR THE FAIR VALUE MEASUREMENT ON A RECURRENT BASIS OF INSTRUMENTS CLASSIFIED AT LEVEL 3 AND THE SENSITIVITY OF THE FAIR VALUE TO CHANGES IN THOSE INPUTS

For fair value measurements for which significant non-observable inputs are used (Level 3), a sensitivity analysis is conducted to obtain a range of possible and reasonable alternative valuations. In general, the impact of unobservable inputs on the Level 3 fair value measurement depends on the interaction between the various inputs used in the valuation process.

REDEMPTION PROFILES

The redemption profile of postal savings bonds is an estimate of the nominal amount of the bonds that will be redeemed within a series of future dates, between the valuation date and the final maturity date. The estimate is made by CDP through statistical analyses and expert-based valuations. This non-observable figure is significant for the Level 3 measurement of the fair value of the options separated out from the postal savings bonds Risparmio Sostenibile, linked to the performance of the Stoxx Europe 600 ESG-X index. If the investors ask for early redemption of the bond, they lose the entitlement to receive any component of remuneration linked to the index and, as a result, the equity option sold by CDP lapses. For this category of financial instruments, higher redemptions therefore result in a lower value of liabilities for CDP. Although the redemption profiles are non-observable inputs on the market, the changes in those profiles over time are closely linked to the changes in actual redemptions observed.

The sensitivity analysis considers changes of 10% in the remaining principal, applied to the relevant expected percentage for the expiry of each option. In any case, if redemptions are lower than estimated, the current level of remaining principal cannot be exceeded.

Sensitivity analysis to the redemption profile

(millions of euro) Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded Options Buono Risparmio Sostenibile	0.77	(0.77)

NAV ADJUSTMENT

The Net Asset Value (NAV) is the difference between the total value of a fund's assets and liabilities. In this case, the fair value corresponds to the NAV of the fund, adjusted, if necessary, to take into account certain specific characteristics, purely for illustrative and non-exhaustive purposes, such as elements occurring between the reference date of the last available NAV and the valuation date, transactions on the shares of the fund being valued, any discounts relating to potential illiquidity of the shares held and any other information that may be disclosed by the manager with a significant impact on the fair value of the assets held by the fund.

A.4.3 HIERARCHY OF FAIR VALUE

IFRS 13 requires the provision of a description, with regard to the financial and non-financial assets and liabilities measured at fair value on a recurring basis, of the policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred separately for financial assets and liabilities and non-financial assets and liabilities (IFRS 13, paragraph 95). For all classes of assets and liabilities, the policies adopted by CDP require that the transfer from one level to another take place at the end of the reporting period.

The transfers are motivated by whether it becomes possible or impossible to reliably measure fair value, respectively, at Level 1, Level 2 or Level 3: for example, for the measurement of an instrument classified as "Level 3" due to the non-observability of a significant input, if that input becomes observable in the market or if it becomes common to use a model that requires only observable inputs, or its estimate is not necessary, then the measurement is transferred to Level 2, and the transfer occurs at the end of the reporting period.

QUANTITATIVE DISCLOSURES

A.4.5 HIERARCHY OF FAIR VALUE

A.4.5.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE

(thousands of euro)	31/12/2022			31/12/2021		
Financial assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss:		354,937	3,563,715		232,359	3,476,401
a) Financial assets held for trading		354,937			232,359	
b) Financial assets designated at fair value						
c) Other financial assets mandatorily at fair value			3,563,715			3,476,401
2. Financial assets measured at fair value through other comprehensive income	10,844,204		69,915	14,174,902		69,158
3. Hedging derivatives		4,343,994			276,053	
4. Property, plant and equipment						
5. Intangible assets						
TOTAL ASSETS	**10,844,204**	**4,698,931**	**3,633,630**	**14,174,902**	**508,412**	**3,545,559**
1. Financial liabilities held for trading		392,619	7,728		251,006	
2. Financial liabilities at fair value						
3. Hedging derivatives		1,091,388			3,073,678	
TOTAL LIABILITIES		**1,484,007**	**7,728**		**3,324,684**	

As a result of the counterparty risk mitigation techniques used and the credit rating of the counterparties and of CDP, the Credit Value Adjustments (CVAs) and Debt Value Adjustments (DVAs) are negligible for the determination of the fair value of derivative financial instruments.

A.4.5.2 CHANGE FOR THE YEAR IN FINANCIAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

	Financial assets designated at fair value through profit or loss							
(thousands of euro)	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	Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**3,476,401**			**3,476,401**	**69,158**			
2. Increases	**696,006**			**696,006**	**2,445**			
2.1 Purchases	579,300			579,300				
2.2 Profits taken to:	116,706			116,706	2,445			
2.2.1 Income statement	116,706			116,706				
– *of which: capital gains*	*116,655*			*116,655*				
2.2.2 Equity	X	X	X	X	2,445			
2.3 Transfers from other levels								
2.4 Other increases								
3. Decreases	**608,692**			**608,692**	**1,688**			
3.1 Sales	23,723			23,723				
3.2 Repayments	502,197			502,197				
3.3 Losses taken to:	82,772			82,772	1,688			
3.3.1 Income statement	82,772			82,772				
– *of which: capital losses*	*81,351*			*81,351*				
3.3.2 Equity	X	X	X	X	1,688			
3.4 Transfers to other levels								
3.5 Other decreases								
4. CLOSING BALANCE	**3,563,715**			**3,563,715**	**69,915**			

A.4.5.3 CHANGE FOR THE YEAR IN FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

(thousands of euro)	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance			
2. Increases	**11,707**		
2.1 Issues	11,707		
2.2 Losses taken to:			
2.2.1 Income statement			
– *of which: capital losses*			
2.2.2 Equity	X		
2.3 Transfers from other levels			
2.4 Other increases			
3. Decreases	**3,979**		
3.1 Repayments			
3.2 Buybacks			
3.3 Profits taken to:	3,979		
3.3.1 Income statement	3,979		
– *of which: capital gains*	*3,979*		
3.3.2 Equity	X		
3.4 Transfers to other levels			
3.5 Other decreases			
4. CLOSING BALANCE	**7,728**		

A.4.5.4 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS: BREAKDOWN BY LEVELS OF FAIR VALUE

(thousands of euro)	31/12/2022				31/12/2021			
Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	346,085,422	45,045,550	6,475,901	280,568,157	358,102,654	36,067,288	22,675,005	316,592,573
2. Investment property, plant and equipment	221,386			221,386	231,233			231,233
3. Non-current assets and disposal groups held for sale					4,251,174			4,251,174
TOTAL	**346,306,808**	**45,045,550**	**6,475,901**	**280,789,543**	**362,585,061**	**36,067,288**	**22,675,005**	**321,074,980**
1. Financial liabilities measured at amortised cost	371,336,095	7,573,325	9,216,730	352,992,256	382,558,801	8,562,815	14,320,179	360,479,603
2. Liabilities associated with non-current assets and disposal groups held for sale								
TOTAL	**371,336,095**	**7,573,325**	**9,216,730**	**352,992,256**	**382,558,801**	**8,562,815**	**14,320,179**	**360,479,603**

A.5 - DISCLOSURE OF DAY ONE PROFIT/LOSS

The carrying amount of financial instruments on recognition is equal to their fair value at the same date.

In the case of financial instruments other than those measured at fair value through profit or loss, the fair value at the recognition date is normally assumed to be equal to the amount received or paid.

In the case of financial instruments measured at fair value through profit or loss classified as Level 3, any difference with respect to the amount received, the so-called "day one profit/loss", cannot be recognised immediately through profit or loss.

Subsequently, such difference must be recognised through profit or loss if it is generated by a change in the factors on which market participants base their valuations in determining prices (including the time effect).

If the instrument has a specified maturity and a model that monitors changes in the factors on which operators base prices is not immediately available, the day one profit/loss can be recognised through profit or loss over the life of the financial instrument.

CDP has not recognised any "day one profit/loss" on financial instruments in accordance with the provisions of IFRS 7.28 and other related IFRS provisions.

PART B - INFORMATION ON THE BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

(thousands of euro)	31/12/2022	31/12/2021
a) Cash		
b) Current accounts and demand deposits with Central banks	2,450,136	
c) Bank current accounts and demand deposits	180,266	263,478
TOTAL	**2,630,402**	**263,478**

At 31 December 2022, the item included approximately 2,450 million euro of cash deposits held with the ECB in overnight deposit facilities and the positive balance of around 180 million euro in current accounts held with banks.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

The financial derivatives shown in the table include the positive fair value of interest rate derivatives (about 277million euro) and currency derivatives (about 68 million euro), and the positive fair value (about 10 million euro) of the options purchased as a hedge, for operational purposes, of the embedded option component of bonds indexed to baskets of equities. This option component was separated from the host instrument and was classified among financial liabilities held for trading.

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities						
3. Units in collective investment undertakings						
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
Total A						
B. Derivatives						
1. Financial derivatives		354,937			232,359	
1.1 Trading		354,937			232,359	
1.2 Associated with fair value option						
1.3 Other						
2. Credit derivatives						
2.1 Trading						
2.2 Associated with fair value option						
2.3 Other						
Total B		**354,937**			**232,359**	
TOTAL (A + B)		**354,937**			**232,359**	

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTOR/ISSUER/COUNTERPARTY

(thousands of euro)

Items/Values	31/12/2022	31/12/2021
A. On-balance-sheet assets		
1. Debt securities		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		
– *of which: insurance companies*		
e) Non-financial companies		
2. Equity securities		
a) Banks		
b) Other financial companies		
– *of which: insurance companies*		
c) Non-financial companies		
d) Other issuers		
3. Units in collective investment undertakings		
4. Loans		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		
– *of which: insurance companies*		
e) Non-financial companies		
f) Households		
Total A		
B. Derivatives		
a) Central counterparties		
b) Other	354,937	232,359
Total B	**354,937**	**232,359**
TOTAL (A + B)	**354,937**	**232,359**

2.3 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE

There were no financial assets designated at fair value.

2.4 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

There were no financial assets designated at fair value.

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities						23,737
1.1 Structured securities						
1.2 Other debt securities						23,737
2. Equity securities						
3. Units in collective investment undertakings			3,563,715			3,452,664
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
TOTAL			**3,563,715**			**3,476,401**

Investments in units of UCIs can be included in the following macro-categories: Enterprise Funds for 1,408 million euro, Real Estate Funds for 1,571 million euro, Infrastructure Funds for 465 million euro and International Cooperation Funds for 120 million euro

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

(thousands of euro) Items/Values	31/12/2022	31/12/2021
1. Equity securities		
of which:		
– *banks*		
– *other financial companies*		
– *non-financial companies*		
2. Debt securities		**23,737**
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		23,737
– *of which: insurance companies*		
e) Non-financial companies		
3. Units in collective investment undertakings	**3,563,715**	**3,452,664**
4. Loans		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		
– *of which: insurance companies*		
e) Non-financial companies		
f) Households		
TOTAL	**3,563,715**	**3,476,401**

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

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,518,943			13,521,974		
1.1 Structured securities						
1.2 Other debt securities	10,518,943			13,521,974		
2. Equity securities	325,261		69,915	652,928		69,158
3. Loans						
TOTAL	**10,844,204**		**69,915**	**14,174,902**		**69,158**

Investments in debt securities included in this item, equal to 10,519 million euro, decreased with respect to the end of 2021 (-3,003 million euro) and consisted for approximately 8,542 million euro of Italian government securities (-2,810 million with respect to the end of 2021).

Investments in equity securities amounted to approximately 395 million euro (-327 million euro compared to the end of 2021). The decrease is essentially attributable to the effect of the fair value measurement of the equity investment in TIM S.p.A.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ ISSUER

(thousands of euro) Items/Values	31/12/2022	31/12/2021
1. Debt securities	**10,518,943**	**13,521,974**
a) Central banks		
b) General governments	9,130,872	11,961,380
c) Banks	696,824	692,415
d) Other financial companies	270,667	541,361
– *of which: insurance companies*		
e) Non-financial companies	420,580	326,818
2. Equity securities	**395,176**	**722,086**
a) Banks	65,089	63,387
b) Other issuers:	330,087	658,699
– other financial companies		
– *of which: insurance companies*		
– non-financial companies	330,087	658,699
– other		
3. Loans		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		
– *of which: insurance companies*		
e) Non-financial companies		
f) Households		
TOTAL	**10,914,119**	**14,244,060**

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND ACCUMULATED IMPAIRMENT

	Gross value					Accumulated impairment				
(thousands of euro)	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Accumulated partial write off (*)
Debt securities	10,531,470					(12,527)				
Loans										
TOTAL 31/12/2022	**10,531,470**					**(12,527)**				
Total 31/12/2021	**13,528,067**		**7,745**			**(13,557)**	**(281)**			

(*) Value to be shown for information purposes.

3.3a LOANS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND ACCUMULATED IMPAIRMENT

There are no loans measured at fair value through other comprehensive income 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

(thousands of euro)	Total 31/12/2022						Total 31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
Type of transactions/Values	Stage 1 & 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3
A. Loans to Central banks	**2,997,709**					**2,993,972**	**21,670,403**					**21,669,122**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,983,028			X	X	X	21,656,136			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	14,681			X	X	X	14,267			X	X	X
B. Loans to banks	**17,836,781**			**303,932**		**15,927,441**	**16,130,814**			**226,376**		**16,709,966**
1. Loans	13,535,925					12,018,027	13,189,430					13,902,186
1.1 Current deposit				X	X	X				X	X	X
1.2 Time deposits				X	X	X				X	X	X
1.3 Other financing:	13,535,925			X	X	X				X	X	X
- repurchase agreements				X	X	X				X	X	X
- finance lease				X	X	X				X	X	X
- other	13,535,925			X	X	X	13,189,430			X	X	X
2. Debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
2.1 Structured												
2.2 Other debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
TOTAL	**20,834,490**			**303,932**		**18,921,413**	**37,801,217**			**226,376**		**38,379,088**

Loans to banks totalled 20,834 million euro (-16,967 million euro compared to the end of 2021) and consist mainly of:

- loans for approximately 12,057 million euro (+1,806 million euro compared to 2021);
- the balance on the management account of the Reserve Requirement, which amounted to around 2,983 million euro (-18,673 million euro on the figure recorded in 2021), the sharp decrease of which, compared to the end of 2021, is due to the ECB's decision in September 2022 to suspend the two-tier system for the remuneration of excess reserves;
- deposits for Credit Support Annexes (cash collateral) held with banks hedging counterparty risk on derivatives, for approximately 1,493 million euro (approximately -1,445 million euro compared to 2021);
- debt securities for approximately 4,301 million euro (+1,359 million euro approximately with respect to 2021).

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

(thousands of euro)	Total 31/12/2022						Total 31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
Type of transactions/Values	Stage 1 & 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3
1. Loans	**263,222,868**	**425,825**				**258,074,727**	**260,145,722**	**394,896**				**273,924,998**
1.1 Current accounts	2,850			X	X	X	4,675			X	X	X
1.1.1 Cash and cash equivalents held with Central State Treasury	156,842,624			X	X	X	157,207,313			X	X	X
1.2 Repurchase agreements	229,412			X	X	X	122,268			X	X	X
1.3 Loans	100,690,335	419,842		X	X	X	98,398,533	388,527		X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from wages				X	X	X				X	X	X
1.5 Finance lease	6,762			X	X	X	12,720			X	X	X
1.6 Factoring				X	X	X				X	X	X
1.7 Other	5,450,885	5,983		X	X	X	4,400,195	6,369		X	X	X
2. Debt securities	**61,582,341**	**19,897**		**44,741,618**	**6,475,901**	**3,572,017**	**59,760,819**			**35,840,912**	**22,675,005**	**4,288,487**
2.1 Structured securities												
2.2 Other debt securities	61,582,341	19,897		44,741,618	6,475,901	3,572,017	59,760,819			35,840,912	22,675,005	4,288,487
TOTAL	**324,805,209**	**445,722**		**44,741,618**	**6,475,901**	**261,646,744**	**319,906,541**	**394,896**		**35,840,912**	**22,675,005**	**278,213,485**

Loans to customers are mainly related to:

- lending operations under the Separate Account and Ordinary Account;
- cash and cash equivalents held with Central State Treasury;
- investments in debt securities under the Held to collect business model.

The table provides a breakdown of the positions by technical form.

With respect to the cash and cash equivalents held with the Central State Treasury, account no. 29814, called "Cassa DP S.p.A. - Gestione Separata", which comprises the liquidity generated by Separate Account transactions of CDP, the Ministry of the Economy and Finance pays CDP interest based on a rate equal to the lower between:

- the cost of Postal Savings incurred by CDP;
- the average cost of the stock (balance) of national government securities[64].

The volume of mortgage loans and other financing amounted to approximately 106,567 million euro (+3,373 million euro compared to the end of 2021). Reverse repurchase agreements amounted to approximately 229 million euro (+107 million euro compared to the end of 2021).

The volume of debt securities recognised in this item was approximately equal to 61,602 million euro (of which 56,111 million euro in Italian government securities), up by +1,841 million euro with respect to the end of 2021 (of which +2,361 in Italian government securities), due to purchases made during the year and securities received from the MEF in return for the transfer of the equity investment in SACE, in part offset by the significant maturities recorded during the year.

64 The average cost of the stock (balance) of government securities and the cost of Postal Savings are determined as a forecast for the first half of the year and definitively, possibly adjusted for any difference, for the whole of the year.

The item also includes finance leases, amounting to approximately 7 million euro, originating at the time of first application of IFRS 16 on leases and subsequently relating to sublease contracts with Group companies that can be classified as finance leases.

4.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

(thousands of euro) Type of transactions/Values	31/12/2022 Stage 1 and 2	31/12/2022 Stage 3	31/12/2022 Purchased or originated credit impaired	31/12/2021 Stage 1 and 2	31/12/2021 Stage 3	31/12/2021 Purchased or originated credit impaired
1. Debt securities	**61,582,341**	**19,897**		**59,760,819**		
a) General governments	56,734,143			54,605,467		
b) Other financial companies	1,160,806			1,148,835		
– *of which: insurance companies*						
c) Non-financial companies	3,687,392	19,897		4,006,517		
2. Loans:	**263,222,868**	**425,825**		**260,145,722**	**394,896**	
a) General governments	238,472,263	66,759		238,904,029	44,699	
b) Other financial companies	5,971,286			4,888,191		
– *of which: insurance companies*				*1,773*		
c) Non-financial companies	18,756,263	357,658		16,335,318	348,454	
d) Households	23,056	1,408		18,184	1,743	
TOTAL	**324,805,209**	**445,722**		**319,906,541**	**394,896**	

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: GROSS VALUE AND ACCUMULATED IMPAIRMENT

(thousands of euro)	Gross value Stage 1	Gross value of which: instruments with low credit risk	Gross value Stage 2	Gross value Stage 3	Gross value Purchased or originated credit impaired	Accumulated impairment Stage 1	Accumulated impairment Stage 2	Accumulated impairment Stage 3	Accumulated impairment Purchased or originated credit impaired	Accumulated partial write off (*)
Debt securities	65,395,576		714,683	28,424		(87,073)	(139,989)	(8,527)		
Loans	269,711,510		10,699,470	609,288		(279,321)	(375,157)	(183,463)		
TOTAL 31/12/2022	**335,107,086**		**11,414,153**	**637,712**		**(366,394)**	**(515,146)**	**(191,990)**		
Total 31/12/2021	**345,540,224**		**13,142,486**	**510,643**		**(333,881)**	**(641,071)**	**(115,747)**		

(*) Value to be shown for information purposes.

4.4a LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND ACCUMULATED IMPAIRMENT

	Gross value					Accumulated impairment				
(thousands of euro)	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Accumulated partial write off (*)
1. Loans subject to moratoria compliant with the GL										
2. Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne										
3. Loans subject to forbearance measures										
4. New loans	1,216,472			44,861		(4,158)		(6,650)		
TOTAL 31/12/2022	**1,216,472**			**44,861**		**(4,158)**		**(6,650)**		
Total 31/12/2021	**6,044,712**		**40,002**	**15,069**		**(9,568)**	**(173)**	**(1,025)**		

(*) Value to be shown for information purposes.

This table shows the loans, with details of gross amount and accumulated impairment, broken down by risk status, subject to Covid-19 support measures. The line "New loans" reports the loans which represent new liquidity backed by public guarantees.

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND LEVEL

	Fair value 31/12/2022			Notional value	Fair value 31/12/2021			Notional value
(thousands of euro)	Level 1	Level 2	Level 3	31/12/2022	Level 1	Level 2	Level 3	31/12/2021
A. Financial derivatives		**4,343,994**		**30,864,461**		**276,053**		**11,693,117**
1) Fair value		4,115,710		28,791,141		266,839		10,227,293
2) Cash flow		228,284		2,073,320		9,214		1,465,824
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**4,343,994**		**30,864,461**		**276,053**		**11,693,117**

Micro-hedging, fair value and cash flow derivatives that had a positive value as at 31 December 2022 amounted to approximately 1,371 million euro, while macro-hedging derivatives with a positive fair value amounted to approximately 2,973 million euro.

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

(thousands of euro) Operations/Type of hedging	Fair value							Cash flow		
	Micro-hedge									
	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Credit	Commo-dities	Other	Macro-hedge	Micro-hedge	Macro-hedge	Investment in foreign operation
1. Financial assets measured at fair value through other comprehensive income	66,157				X	X	X		X	X
2. Financial assets measured at amortised cost	1,076,672	X			X	X	X	10,264	X	X
3. Portfolio	X	X	X	X	X	X	2,972,881	X		X
4. Other							X		X	
TOTAL ASSETS	**1,142,829**						**2,972,881**	**10,264**		
1. Financial liabilities		X					X	218,020	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES								**218,020**		
1. Forecast transactions	X	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X		X		

SECTION 6 - FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS - ITEM 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS: BREAKDOWN BY HEDGED PORTFOLIO

(thousands of euro) Fair value change of financial assets in hedged portfolios/Values	31/12/2022	31/12/2021
1. Positive fair value change		**1,347,532**
1.1 Of specific portfolios:		1,347,532
a) financial assets measured at amortised cost		1,347,532
b) financial assets measured at fair value through other comprehensive income		
1.2 Overall		
2. Negative fair value change	**(2,986,650)**	**(79,547)**
2.1 Of specific portfolios	(2,986,650)	(79,547)
a) financial assets measured at amortised cost	(2,986,650)	(79,547)
b) financial assets measured at fair value through other comprehensive income		
2.2 Overall		
TOTAL	**(2,986,650)**	**1,267,985**

This item reports the net change in the value of the loans hedged generically (macrohedging) against interest rate risk.

The assets fair-value hedged generically against interest rate risk consisted of loans. The amounts shown in the table below are related to the residual principal due on maturity on the loans for which macro-hedging was adopted.

(thousands of euro) Hedged assets	31/12/2022	31/12/2021
1. Financial assets measured at amortised cost	15,256,506	14,692,442
2. Financial assets measured at fair value through other comprehensive income		
3. Portfolio		
TOTAL	**15,256,506**	**14,692,442**

SECTION 7 - EQUITY INVESTMENTS - ITEM 70

7.1 INFORMATION ON EQUITY INVESTMENTS

(thousands of euro) Company name	Registered office	Operational headquarters	% holding	% of votes	Carrying amount
A. Wholly-owned subsidiaries					
CDP Equity S.p.A.	Milan	Milan	100.00%	100.00%	11,788,072
CDP RETI S.p.A.	Rome	Rome	59.10%	59.10%	2,017,339
Fintecna S.p.A.	Rome	Rome	100.00%	100.00%	944,354
CDP Immobiliare S.r.l.	Rome	Rome	100.00%	100.00%	524,695
SIMEST S.p.A.	Rome	Rome	76.00%	76.00%	228,406
CDP Real Asset SGR S.p.A.	Rome	Rome	70.00%	70.00%	1,400
ITsART S.p.A. (*)	Milan	Milan	51.00%	75.74%	
C. Companies subject to significant influence					
Eni S.p.A.	Rome	Rome	26.21%	26.21%	15,281,632
Poste Italiane S.p.A.	Rome	Rome	35.00%	35.00%	2,930,258
Redo SGR S.p.A.	Milan	Milan	30.00%	30.00%	3,948
Elite S.p.A.	Milan	Milan	15.00%	15.00%	1,077
Europrogetti & Finanza S.p.A. in liquidazione	Rome	Rome	31.80%	31.80%	
TOTAL					**33,721,181**

(*) Company placed in voluntary liquidation by a resolution of the shareholders' meeting appointing the sole liquidator on 12/29/2022 entered in the Commercial Register on 01/10/2023.

At 31 December 2022, the item amounted to approximately 33,721 million euro, up on the 2021 year-end balance (about +4,740 million euro). For details of the changes compared to the previous year's figure, please see section 7.5 "Equity investments: changes for the year".

7.2 SIGNIFICANT EQUITY INVESTMENTS: CARRYING AMOUNT, FAIR VALUE AND DIVIDENDS RECEIVED

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

(thousands of euro)	31/12/2022	31/12/2021
A. Opening balance	**28,981,649**	**31,892,214**
B. Increases	**4,840,924**	**1,689,261**
B.1 Purchases	4,840,924	1,689,261
B.2 Writebacks		
B.3 Revaluations		
B.4 Other increases		
C. Decreases	**101,392**	**4,599,826**
C.1 Sales		
C.2 Writedowns	101,392	348,652
C.3 Impairment losses		
C.4 Other decreases		4,251,174
D. CLOSING BALANCE	**33,721,181**	**28,981,649**
E. Total revaluations		
F. Total writedowns	**575,602**	**871,289**

During 2022, CDP's main investments included:

- the increase in the investment held in CDP Equity (by approximately 4,314 million euro), for the purpose of supporting the company's investment plan, involving the acquisition of 88.06% of Autostrade per l'Italia S.p.A. through Holding Reti Autostradali S.p.A.[65];
- payments in favour of CDP Immobiliare (for approximately 40 million euro);
- payments in favour of CDP Industria (for approximately 258 million euro);
- the acquisition of 76.005% of the share capital of SIMEST on 21 March 2022, as a result of the corporate restructuring involving CDP and the SACE group.

Decreases include the following impairment losses recognised in 2022: CDP Industria for about 92.9 million euro, ITsART for about 7.3 million euro and Redo SGR for about 1.2 million euro.

Moreover, we report that with the closing of the merger by incorporation of CDP Industria into CDP Equity, with effect as of 11.59 p.m. of 31 December 2022, CDP Industria ceased to exist and CDP Equity took over the legal relationships of the target company. The transaction produced no effect on the total value of item 70 "Equity Investments" as it involved the reallocation of the value of the equity investment held in CDP Industria to the value of the acquiring company CDP Equity. For more information see Section G – "Business combinations".

7.6 COMMITMENTS RELATING TO JOINT OPERATIONS

As at 31 December 2022, there were no commitments relating to joint operations.

[65] Investment made through Holding Reti Autostradali S.p.A., an investment vehicle owned by CDP Equity (51%) together with Blackstone Infrastructure Partners (24.5%) and Macquarie Asset Management (24.5%).

7.7 COMMITMENTS RELATING TO COMPANIES UNDER SIGNIFICANT INFLUENCE

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

7.8 SIGNIFICANT RESTRICTIONS

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

7.9 OTHER INFORMATION

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

IMPAIRMENT TESTING OF EQUITY INVESTMENTS

CDP's equity investment portfolio includes listed and unlisted companies of major national interest, which are also pivotal in the promotional activity of supporting the growth and international expansion of businesses and the development of infrastructure. In its capacity as a National Promotional Institution, CDP invests in companies' share capital, mainly over a long-term horizon.

At each reporting date, CDP conducts an assessment to detect the presence of indicators of impairment under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments as well as the difficulties related to the current reference scenario, with a combination of factors linked to the residual impacts of the Covid-19 pandemic, the effects of the Russian-Ukrainian conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, cash flows from equity investments, also due to the increased uncertainty in the assumptions and parameters at the basis of the asset valuation analyses.

Specifically, in light of the above, note that:
- the estimates have been made also considering stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of the markets, linked to tensions in the international geo-political arena fuelled by the recent Russian-Ukrainian conflict and the general deterioration of the macroeconomic scenario (increased inflation and interest rates);
- the evaluations were also made using forecast data, which are, by their nature, random and uncertain in that they are sensitive to changes in macroeconomic variables and to events outside the company's control. They are also based on a set of assumptions linked to future events and actions of management, which may not necessarily happen. In view of the uncertainty surrounding any future event - both as regards the actual occurrence of the event and in terms of when and to what extent it may happen - the differences between actual values and estimated values might be significant, even if the events at the basis of the forecast assumptions were to occur. This limit is even more pronounced in the current situation of uncertainty linked to the tensions in the international geo-political arena fuelled by the recent Russian-Ukrainian conflict and the general deterioration of the macroeconomic scenario (increased inflation and interest rates).

Therefore, there is still a need to constantly monitor the evolution of these elements in the current context.

Moreover, when performing impairment testing, CDP takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis. Where relevant, factors relating to climate change, as well as to the reference scenario (plagued by the Russian-Ukrainian conflict and the general deterioration in the macroeconomic situation), have been taken into account, mainly through considerations and/or sensitivity analyses on the variables determining the recoverable amount.

For more details, please refer to part A1 of Section 4 - Other issues and A2 - The main financial statement items.

The indicators of impairment (so-called triggers) and objective evidence of impairment are assessed on the basis of information taken from public sources or of any additional information received by the investees.

Specifically, at 31 December 2022, impairment triggers activated on all the equity investments in CDP's portfolio with the exception of CDP RETI, SIMEST and CDP Real Asset SGR.

With reference to the estimated recoverable amount of the equity investments, to be understood as the higher of their fair value less costs to sell and their value in use, CDP has adopted a range of key principles, taking also into account this unique moment in time characterised, among others, by the war in Ukraine, the guidance issued by national and international regulators as well as the guidelines issued by industry bodies. In this regard, the assumptions and the valuation parameters adopted to determine the recoverable amount included, where potentially relevant, the factors described above. The key general principles used are as follows:
- a period of analysis of the rates to estimate the risk-free rate in line with a time horizon that allows the relevant market developments to be appreciated (e.g. recent increase in rates)[66];
- use of an Equity Risk Premium "consensus" in line with the average of the latest values available and a period of analysis of the market parameters (e.g. beta) that is such to mitigate and normalise any contingent factors in view of the medium/long-term perspective of the underlying cash flows;
- use of the average of the latest Country Risk Premiums instead of the latest available, only where deemed to be more significant.

In addition, CDP has conducted a sensitivity analysis, where deemed relevant, against the main variables that determine the subject asset's value, including for example:
- the price of oil (i.e. Brent) for companies operating mainly in the Oil & Gas sector, also in order to take into account any climate risks inherent in the business;
- the cost of capital, the margins and the long-term growth rate, if applicable, based on the value estimation method used.

The following summary table lists the equity investments recognised in the separate financial statements and accounted for using the cost approach, with indication of the carrying value and the methods used to calculate the recoverable amount for the purpose of the impairment test:

(thousands of euro)

Company name	Carrying amount	Recoverable amount	Methodology used
CDP Equity S.p.A.	11,788,072	Value in use	Adjusted equity
Fintecna S.p.A.	944,354	Value in use	Adjusted equity
CDP Immobiliare S.r.l.	524,695	Value in use	Adjusted equity
ITsART S.p.A. (*)		Company in liquidation	Company in liquidation
Redo SGR S.p.A.	3,948	Value in use	Dividend Discount model
Elite S.p.A.	1,077	Value in use	Adjusted equity
Poste Italiane S.p.A.	2,930,258	Fair value	Stock market prices
Eni S.p.A.	15,281,632	Value in use	Sum of the parts (DCF for the main business unit E&P)

(*) Company placed in voluntary liquidation by a resolution of the shareholders' meeting appointing the sole liquidator on 12/29/2022 entered in the Commercial Register on 01/10/2023.

[66] This principle also applies if the country risk has been estimated directly through the yield of the government bond of the country of reference for the company.

Eni

The recoverable amount of the equity investment in Eni was measured at value in use based on the discounted cash flow method for the main business unit (Exploration & Production - E&P) and taking into account the value of the other residual business units, so as to reflect the specificity of the different business segments it operates in. More specifically:

- for the Exploration & Production sector, the largest, the discounted cash flow (unlevered DCF) method was used, based on a closed portfolio model which develops and measures the entirety of the group's oil and natural gas reserves until stocks are exhausted over a specific multi-stage forecast period that extends until 2050 (without components of value in perpetuity):
  - production volumes were calculated starting from current proven reserves communicated by Eni and on the assumption that by 2035 about 80% of the proven and unproven reserves (i.e. possible and probable, adequately risked) will be produced, in line with what was declared by Eni. While production volumes after 2035 have been calculated on the assumption that proven and unproven reserves will be exhausted in 2050;
  - sales prices of oil and gas were calculated on the basis of the geographical macro-area the mineral reserves belong to, applying the spreads between the average historical prices and the average sales prices actually charged by Eni to the expected values of oil and gas. These values are in line with the current market estimates and aligned in the medium/long term to the forecasts contained in Eni's 2023-2026 Plan, which show a Brent price of 80 $/bbl and a VTP price of 402 €/kmc for 2026. In the short term, the values have been prudentially normalised to take into account the currently high volatility;
  - unit operating costs were also estimated by geographical macro-area of mineral reserves;
  - investments were estimated in a differentiated manner for proven reserves and possible/probable reserves by referring to the current expenditure per barrel produced – including development costs – that Eni incurs in areas where it has historically been present;
  - WACC was estimated: (i) applying the Capital Asset Pricing Model for the cost of equity, and (ii) by analysing the structure of sources of financing of a number of companies operating in the sector for the cost of indebtedness and the ratio of equity to debt.
- mainly considering the limited contribution to the overall value in use of the equity investment and the significant sensitivity of the results to long-term forecasts in the current context of uncertainty connected with the expected energy transition process, for sectors other than "Exploration & Production", net invested capital was used as the best estimate of recoverable amount, except for the Retail area of Plenitude, for which the multiples method of a panel of comparable listed companies (EV/EBITDA multiple) was used.

The impairment test found that the recoverable amount was much higher than the carrying value of the equity investment in CDP's separate financial statements, and consequently the carrying amount of the equity investment was confirmed. Sensitivity analyses were performed on the main assumptions and variables used in estimating the value in use, with particular reference to the oil prices as well as the WACC and EBITDA discount rate, which show that any non-marginal negative changes in the main assumptions at the basis of test could result in a recoverable amount lower than what was identified at the reporting date, but still higher than the carrying value of the equity investment.

In this regard, it should be noted that the expectations regarding the results of the ENI group are directly and indirectly linked to those regarding the trend of oil and gas prices at a global level: these are complex scenarios, which concern very dynamic and discontinuous markets, on whose future developments, especially in the medium/long term, the expectations of operators and analysts may also differ significantly. The growing tensions in the international geopolitical context fuelled by the conflict between Russia and Ukraine, which have also led to sanctions being applied by Western countries against Russia, with relevant impacts on the economy and the oil sector, have introduced further elements of complexity, widening, for many commodities, the divergence between current market prices and prices expected in the medium/long term.

Poste Italiane

The recoverable amount of the equity investment in Poste Italiane was measured at fair value.

The fair value of the equity investment was calculated on the basis of the volume-weighted average price ("VWAP" method) at which the stock traded starting from the measurement date.

The impairment test found that the fair value was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed.

CDP Equity

In accordance with IAS 36 and given CDP Equity's status as a holding company, the recoverable amount was determined by estimating the company's NAV at 31 December 2022, prepared with the support of an independent appraiser. The recoverable amount of the companies and vehicles invested in by CDP Equity was determined by adopting the methodologies used in valuation practice and based on the specific nature of the individual asset (e.g. DCF, DDM, Transactions).

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the book value of the equity investment was confirmed.

Fintecna

In accordance with IAS 36 the recoverable amount was calculated of the equity investment based on the equity at 31 December 2022, adjusted for the differences found between the recoverable amounts of the assets and liabilities and the corresponding carrying amounts, net of the related tax effects (adjusted equity). Specifically, given the nature of Fintecna's business, which is mainly engaged in managing litigation and liquidation activities, net equity was adjusted to take into account the cash flows connected with this activity. In particular, in order to determine the recoverable amount and the above-mentioned adjustments, alternative scenarios were envisaged for the main values, defined on the basis of management's forecasts and the application of prudential assumptions.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed.

CDP Immobiliare

In accordance with IAS 36, the recoverable amount of the equity investment was determined based on the company's equity at 31 December 2022. Specifically, given the nature of CDP Immobiliare's business, which is focused on increasing the value of its assets, the recoverable amount of the equity investment was estimated using a simple equity method that values direct and indirect real estate assets.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the carrying amount of the same was confirmed.

Redo SGR

In accordance with IAS 36, the recoverable amount was determined based on a Dividend Discount Model in the excess capital variant with (i) explicit provision for a distributable dividend for the years 2023-2025, and (ii) residual equity at the end of the explicit period. The discount rate was estimated to be the cost of equity calculated using the Capital Asset Pricing Model theory.

The impairment test showed that the recoverable amount was lower than the carrying value of the equity investment, and the carrying amount was therefore adjusted to the recoverable amount with a value adjustment of approximately 1 million euro due to a general slowdown in the activities of managed funds and new initiatives to be launched.

Elite

In accordance with IAS 36 the recoverable amount was calculated starting from the company's equity.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed.

ITsART S.p.A.

At 31 December 2022, the carrying value of the equity investment held in ITsART S.p.A.[67] was fully written down, with an impairment loss of around 7 million euro, in consideration of the company's performance and the start-up of liquidation procedures.

SECTION 8 - PROPERTY, PLANT AND EQUIPMENT - ITEM 80

8.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro)

Assets/Values	31/12/2022	31/12/2021
1. Owned	**107,963**	**107,923**
a) Land	62,276	62,276
b) Buildings	35,278	34,632
c) Movables	3,547	3,393
d) Electrical plant	4,592	3,556
e) Other	2,270	4,066
2. Right of use acquired under leases	**30,178**	**32,339**
a) Land		
b) Buildings	29,834	31,541
c) Movables		
d) Electrical plant	69	48
e) Other	275	750
TOTAL	**138,141**	**140,262**
– *of which: obtained via the enforcement of the guarantees received*		

The item "rights of use acquired under a lease" contains the values recorded as a result of applying the IFRS 16 on leases, in relation to operating leases for which CDP is the lessee.

[67] Company placed in voluntary liquidation by resolution of the shareholders' meeting appointing the sole liquidator on 12/29/2022 entered in the Commmercial Register on 01/10/2023.

8.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying	Fair value			Carrying	Fair value		
Assets/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Owned	**214,372**			**214,372**	**220,000**			**220,000**
a) Land	55,130			55,130	55,130			55,130
b) Buildings	159,242			159,242	164,870			164,870
2. Right of use acquired under leases	**7,014**			**7,014**	**11,233**			**11,233**
a) Land								
b) Buildings	7,014			7,014	11,233			11,233
TOTAL	**221,386**			**221,386**	**231,233**			**231,233**
– *of which: obtained via the enforcement of the guarantees received*								

Investment property consists of a property leased out.

The item "rights of use acquired under a lease" contains the values recorded as a result of applying the IFRS 16 on leases, in relation to property operating leases for which CDP is the lessee, for the portion subject to subsequent sublease to Group companies, classifiable as an operating lease.

8.3 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF REVALUED ASSETS

This item has a nil balance.

8.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT FAIR VALUE

This item has a nil balance.

8.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: BREAKDOWN

There was no property, plant and equipment governed by IAS 2.

8.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

(thousands of euro)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**62,276**	**96,300**	**10,153**	**18,130**	**30,626**	**217,485**
A.1 Total net writedowns		(30,127)	(6,760)	(14,526)	(25,810)	(77,223)
A.2 Opening net balance	**62,276**	**66,173**	**3,393**	**3,604**	**4,816**	**140,262**
B. Increases		**23,752**	**902**	**2,663**	**799**	**28,116**
B.1 Purchases		9,404	776	1,648	799	12,627
B.2 Capitalised improvement costs		1,672				1,672
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences						
B.6 Transfers from investment property		8,656	X	X	X	8,656
B.7 Other changes		4,020	126	1,015		5,161
C. Decreases		**24,813**	**748**	**1,606**	**3,070**	**30,237**
C.1 Sales						
C.2 Depreciation		4,942	746	1,601	1,033	8,322
C.3 Writedowns for impairment recognised in:						
a) equity						
b) income statement						
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences						
C.6 Transfers to:						
a) investment property						
b) non-current assets and disposal groups held for sale						
C.7 Other changes		19,871	2	5	2,037	21,915
D. Closing net balance	**62,276**	**65,112**	**3,547**	**4,661**	**2,545**	**138,141**
D.1 Total net writedowns		(35,727)	(7,422)	(16,091)	(26,842)	(86,082)
D.2 Closing gross balance	**62,276**	**100,839**	**10,969**	**20,752**	**29,387**	**224,223**
E. Measurement at cost						

The following items are recorded with reference to the rights of use acquired under a lease:

- rights of use originating during the period, reported under item "B.1 purchases" amounting to 9,467 thousand euro, of which 9,404 thousand euro relating to buildings and 63 thousand euro relating to electronic plant;
- transfers from rights of use relating to buildings for investment purposes, amounting to 8,656 thousand euro;
- other increases on buildings amounting to 3,270 thousand euro and reported in item B.7 related to the transfer from lease receivables recognised in financial assets measured at amortised cost, due to the reduction — with simultaneous reallocation to functional use — of the premises, and the related rent, under finance sublease contracts, as well as due to increases in the value of the right of use as a result of the revaluation of the fees of various contracts indexed to inflation;
- depreciation in the income statement amounting to 3,682 thousand euro, of which 3,167 thousand euro for buildings, 41 thousand euro for electronic plant and 474 thousand euro for other tangible assets;

- reductions in the value of the right of use for buildings due to contractual amendments, the early termination of contracts or the transfer of rights of use to financial assets measured at amortised cost as a result of the finance subleasing of premises, recorded under item "C.7 Other changes", equal to 19,871 thousand euro.

8.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

(thousands of euro)	Total	
	Land	Buildings
A. Opening gross balance	**55,130**	**212,416**
A.1 Total net writedowns		(36,313)
A.2 Opening net balance	**55,130**	**176,103**
B. Increases		**6,721**
B.1 Purchases		
B.2 Capitalised improvement costs		280
B.3 Fair value gains		
B.4 Writebacks		
B.5 Positive exchange rate differences		
B.6 Transfers from operating property		
B.7 Other changes		6,441
C. Decreases		**16,568**
C.1 Sales		
C.2 Depreciation		7,912
C.3 Fair value losses		
C.4 Writedowns for impairment		
C.5 Negative exchange rate differences		
C.6 Transfers to:		8,656
a) operating property		8,656
b) non-current assets and disposal groups held for sale		
C.7 Other changes		
D. Closing net balance	**55,130**	**166,256**
D.1 Total net writedowns		(41,868)
D.2 Closing gross balance	**55,130**	**208,124**
E. Measurement at fair value	**55,130**	**166,256**

Investment property is measured at cost.

The following items are recorded with reference to the rights of use acquired under a lease:
- other increases amounting to 6,441 thousand euro due to transfers from lease receivables under financial assets measured at amortised cost and to the increase in fees for the application of inflation indexation clauses;
- depreciation in the income statement amounting to 2,004 thousand euro;
- transfers to rights of use of a functional nature, equal to 8,656 thousand euro.

8.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: CHANGES FOR THE YEAR

There was no property, plant and equipment governed by IAS 2 at 31 December 2022 and at the end of the previous year and no movements occurred during the year.

SECTION 9 - INTANGIBLE ASSETS - ITEM 90

9.1 INTANGIBLE ASSETS: BREAKDOWN BY CATEGORY

(thousands of euro)	31/12/2022		31/12/2021	
Assets/Values	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**X**		**X**	
A.2 Other intangible assets	**71,954**		**59,328**	
– *of which: software*	*71,954*		*59,328*	
A.2.1 Assets carried at cost:	71,954		59,328	
a) internally-generated intangible assets				
b) other assets	71,954		59,328	
A.2.2 Assets carried at fair value:				
a) internally-generated intangible assets				
b) other assets				
TOTAL	**71,954**		**59,328**	

9.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

(thousands of euro)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite life	Indefinite life	Definite life	Indefinite life	
A. Opening gross balance				**116,036**		**116,036**
A.1 Total net writedowns				(56,708)		(56,708)
A.2 Opening net balance				**59,328**		**59,328**
B. Increases				**30,424**		**30,424**
B.1 Purchases				30,278		30,278
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences						
B.6 Other changes				146		146
C. Decreases				**17,798**		**17,798**
C.1 Sales						
C.2 Writedowns:				17,798		17,798
– amortisation	X			17,798		17,798
– impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
– equity	X					
– income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences						
C.6 Other changes						
D. CLOSING NET BALANCE				**71,954**		**71,954**
D.1 Total net writedowns				(74,505)		(74,505)
E. Closing gross balance				**146,459**		**146,459**
F. Measurement at cost						

SECTION 10 - TAX ASSETS AND LIABILITIES - ITEM 100 OF ASSETS AND ITEM 60 OF LIABILITIES

10.1 DEFERRED TAX ASSETS: BREAKDOWN

(thousands of euro)	31/12/2022	31/12/2021
Deferred tax assets recognised in income statement	**304,866**	**353,559**
Provisions for risks and charges	62,940	82,708
Writedowns on loans	139,461	160,556
Property, plant and equipment/intangible assets	3,127	3,109
Exchange rate differences	25,067	21,071
Realignment of values pursuant to Decree Law 98/2011	73,538	85,304
Other temporary differences	733	811
Deferred tax assets recognised in equity	**445,217**	**184,504**
Financial assets measured at fair value through other comprehensive income	295,512	12,287
Cash flow hedge	149,705	172,217
TOTAL	**750,083**	**538,063**

Deferred tax assets are calculated on temporary differences between accounting and tax values that will become deductible in years following that in which they are recognised.

These mainly consist of: (i) adjustments to receivables and commitments; (ii) realignment of the higher values — allocated to goodwill and other intangible assets in the consolidated financial statements — of majority investments pursuant to Law Decree no. 98/2011; (iii) accruals to the provision for risks and the provision for future personnel costs; (iv) measurement of foreign currency receivables and payables and (v) measurement of financial assets through other comprehensive income and cash flow hedging derivatives. Deferred tax assets include the tax effects of the First Time Adoption of IFRS 9 and, in particular, the future benefit related to the deductibility in subsequent years of the reserve for the first adoption of this standard, related to the expected losses recognised on loans to customers. On this issue, we note that, pursuant to Law no. 145 of 30 December 2018, this reserve becomes deductible for IRES and IRAP purposes in ten years.

10.2 DEFERRED TAX LIABILITIES: BREAKDOWN

(thousands of euro)	31/12/2022	31/12/2021
Deferred tax liabilities recognised in income statement	**159,039**	**73,718**
Capital gains on financial assets measured at fair value through profit or loss – units in collective investment undertakings	8,191	8,191
Gains/losses on exchange rates	150,819	64,546
Other temporary differences	29	981
Deferred tax liabilities recognised in equity	**136,609**	**101,890**
Financial assets measured at fair value through other comprehensive income	62,173	97,837
Other	74,436	4,053
TOTAL	**295,648**	**175,608**

Deferred tax liabilities are calculated on temporary differences between accounting and tax values that will become taxable in years following that in which they are recognised.

They mainly represent: (i) the measurement at fair value of financial assets through profit or loss; (ii) the measurement of foreign currency receivables and payables; (iii) the measurement at fair value of financial assets through other comprehensive income; (iv) the measurement of cash flow hedging derivatives.

10.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	31/12/2022	31/12/2021
1. Opening balance	**353,559**	**399,834**
2. Increases	**33,088**	**33,385**
2.1 Deferred tax assets recognised during the year:	33,088	33,385
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other	33,088	33,385
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**81,781**	**79,660**
3.1 Deferred tax assets derecognised during the year:	81,781	79,660
a) reversals	81,781	79,660
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases:		
a) transformation into tax credits under Law 214/2011		
b) other		
4. CLOSING BALANCE	**304,866**	**353,559**

10.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	31/12/2022	31/12/2021
1. Opening balance	**73,718**	**22,769**
2. Increases	**90,871**	**55,692**
2.1 Deferred tax liabilities recognised during the year:	90,871	55,692
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	90,871	55,692
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**5,550**	**4,743**
3.1 Deferred tax liabilities derecognised during the year:	5,550	4,743
a) reversals	5,522	4,743
b) due to change in accounting policies		
c) other	28	
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**159,039**	**73,718**

10.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

(thousands of euro)	31/12/2022	31/12/2021
1. Opening balance	**184,504**	**37,985**
2. Increases	**432,924**	**147,432**
2.1 Deferred tax assets recognised during the year:	432,924	147,432
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	432,924	147,432
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**172,211**	**913**
3.1 Deferred tax assets derecognised during the year:	172,211	913
a) reversals	172,211	913
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**445,217**	**184,504**

10.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN EQUITY)

(thousands of euro)	31/12/2022	31/12/2021
1. Opening balance	**101,890**	**165,584**
2. Increases	**73,523**	**2,970**
2.1 Deferred tax assets recognised during the year:	73,523	2,970
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	73,523	2,970
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**38,804**	**66,664**
3.1 Deferred tax assets derecognised during the year:	38,804	66,664
a) reversals	38,804	66,664
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**136,609**	**101,890**

SECTION 11 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 110 OF THE ASSETS AND ITEM 70 OF THE LIABILITIES

11.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: BREAKDOWN BY CATEGORY

(thousands of euro)	31/12/2022	31/12/2021
A. Assets held for sale		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, plant and equipment		
– *of which: obtained via the enforcement of the guarantees received*		
A.4 Intangible assets		
A.5 Other non-current assets		
Total (A)		
of which:		
– *carried at cost*		
– *designated at fair value - level 1*		
– *designated at fair value - level 2*		
– *designated at fair value - level 3*		
B. Groups of assets (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		
B.4 Equity investments		4.251,174
B.5 Property, plant and equipment		
– *of which: obtained via the enforcement of the guarantees received*		
B.6 Intangible assets		
B.7 Other assets		
Total (B)		**4,251,174**
of which:		
– *carried at cost*		
– *designated at fair value - level 1*		
– *designated at fair value - level 2*		
– *designated at fair value - level 3*		*4,251,174*
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities		
Total (C)		
of which:		
– *carried at cost*		
– *designated at fair value - level 1*		
– *designated at fair value - level 2*		
– *designated at fair value - level 3*		
D. Liabilities associated with disposal groups held for sale		
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		
D.5 Other liabilities		
Total (D)		
of which:		
– *carried at cost*		
– *designated at fair value - level 1*		
– *designated at fair value - level 2*		
– *designated at fair value - level 3*		

With reference to the previous year, the item included the transfer of the equity investment held in SACE from item 70 "Equity investments" of the assets, in application of IFRS 5, by virtue of the hypothesis of the agreement signed with SACE and the MEF on 2 March 2021, resulting from Law Decree no. 104 of 14 August 2020 ("August Decree") which established, among other things, the transfer of the above equity investment to the Ministry of Economy and Finance for a value of 4,251,174 thousand euro, defined as fair by a leading independent advisor, confirming the carrying value of the equity investment. The MEF-MAECI Implementation Decree, published on 17 March 2022, defined the actual transfer of the equity investment that took place on 21 March 2022 against government bonds issued by the Treasury Department for a similar value, including accrued unpaid interest, recognised in the Held to Collect portfolio.

SECTION 12 - OTHER ASSETS - ITEM 120

12.1 OTHER ASSETS: BREAKDOWN

(thousands of euro)

Type of operations/Values	31/12/2022	31/12/2021
Ecobonus tax credits	198,869	347,548
Trade receivables and advances to public entities	153,266	267,628
Payments on account for withholding tax on postal passbooks	59,394	65,525
Receivables due from subsidiaries on consolidated taxation mechanism	8,070	55,706
Other receivables due from subsidiaries	19,457	10,981
Accrued income and prepaid expenses	16,168	12,861
Advances to suppliers	622	378
Leasehold improvements and expenses	1,951	2,259
Other tax receivables	2,487	1,423
Advances to personnel	252	296
Other items	22,849	14,350
TOTAL	**483,385**	**778,955**

This item includes assets that cannot be classified under the previous items.

More specifically:

- "Ecobonus tax credits": the balance shows the present value of the tax credits acquired from CDP that have accrued on building renovation and energy efficiency projects, for the amount considered recoverable. The lower figure compared to the previous year was in part due to impairment losses totalling around 140.7 million euro recognised in the income statement under item 200 "Other operating income (costs)". For further details, see Part A – Accounting Policies – A.1 General information – Section 4 – Other issues;
- "Trade receivables and advances to public entities": they refer to fees accrued or expenses paid in advance as part of agreements signed with the Ministries;
- "Payments on account for withholding tax on passbook savings accounts": the balance refers to the payments on account net of the withholding tax on interest accrued on passbook savings accounts;
- "Receivables from Group companies for tax consolidation" and "Other receivables from Group companies": the balance refers to receivables from Group companies for services provided, expense refunds and receivables deriving from the adoption of what is known as "national fiscal consolidation" mechanism;
- "Other" mainly refers to items being processed, which were mostly completed after the reporting date.

LIABILITIES

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

Financial liabilities measured at amortised cost mainly include the Postal funding stock carried out by issuing Passbook savings accounts and Postal savings bonds. At 31 December 2022 the Postal funding stock amounted to 281,017,670,565 euro (-441,969,996 euro compared to the end of 2021).

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO BANKS

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying amount	Fair value			Carrying amount	Fair value		
Type of transactions/Values		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	**5,099,136**	**X**	**X**	**X**	**5,095,654**	**X**	**X**	**X**
2. Due to banks	**31,716,147**	**X**	**X**	**X**	**29,817,563**	**X**	**X**	**X**
2.1 Current accounts and demand deposits		X	X	X		X	X	X
2.2 Time deposits	1,377,896	X	X	X	3,380,784	X	X	X
2.3 Loans	27,457,658	X	X	X	26,399,530	X	X	X
2.3.1 Repurchase agreements	22,132,534	X	X	X	21,332,226	X	X	X
2.3.2 Other	5,325,124	X	X	X	5,067,304	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
2.5 Lease liabilities		X	X	X		X	X	X
2.6 Other payables	2,880,593	X	X	X	37,249	X	X	X
TOTAL	**36,815,283**		**393,012**	**35,622,244**	**34,913,217**		**432,696**	**34,505,567**

The item "Due to central banks", amounting to 5.1 billion euro, essentially relates to the TLTRO-III credit facilities granted by the ECB and showed no change compared to the end of 2021.

Repurchase agreements with banks were equal to 22,133 million euro (+800 million euro compared to 2021).

Other loans, equal to 5,325 million euro (+258 million euro on 2021), relate to credit lines received from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

Term deposits, of 1,378 million euro (-2,003 million euro on 2021) refer to the balance of passbook savings accounts and postal savings bonds held by banks.

The item "Other payables" mainly refers to Credit Support Annex contracts to hedge counterparty risk on derivatives of around 2,881 million euro (+2,843 million euro on 2021).

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO CUSTOMERS

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying	Fair value			Carrying	Fair value		
Type of transactions/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Current accounts and demand deposits	707,822	X	X	X	6,179,374	X	X	X
2. Time deposits	283,138,046	X	X	X	284,434,838	X	X	X
3. Loans	28,853,269	X	X	X	30,965,016	X	X	X
3.1 Repurchase agreements	28,853,269	X	X	X	30,965,016	X	X	X
3.2 Other		X	X	X		X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
5. Lease liabilities	44,894	X	X	X	55,835	X	X	X
6. Other payables	4,625,981	X	X	X	4,338,973	X	X	X
TOTAL	**317,370,012**			**317,370,012**	**325,974,036**			**325,974,036**

The item includes mainly:

- postal savings bonds at amortised cost of 189,005 million euro (+8,270 million euro on 2021), net of those held by banks;
- the balance of passbook savings accounts of 90,635 million euro (-6,709 million euro on 2021), net of those held by banks;
- the balance of Money Market transactions with the Treasury (formerly OPTES), equal to approximately 2,002 million euro (-2,997 million euro on 2021);
- repurchase agreements with customers (Cassa di Compensazione e Garanzia), equal to 28,853 million euro (-2,112 million euro compared to 2021);
- the amounts not yet disbursed at year end on loans granted to beneficiaries, whose disbursement is subject to progress with the investments financed, of 3,893 million euro (+47 million euro on 2021);
- deposits of investees, of 1,959 million euro, in relation to the cash pooling system with the Parent Company CDP, as part of management and coordination activities (-5,271 million euro on 2021), showing a marked drop on the figure recorded at the end of 2021 due to the restructuring of the SACE group, which led to the closure of the irregular deposit account held by SACE S.p.A. and the transfer of the relative funds;
- deposits for Credit Support Annexes to hedge counterparty risk on derivatives, for approximately 622 million euro (+457 million euro on 2021);
- the funds received on deposit from Ministries and local authorities to be managed as part of specific agreements, equal to 90 million euro (-11 million euro compared to 2021);
- the balance of the Government Securities Amortisation Fund of 254 million euro (-69 million euro compared to 2021);
- lease liabilities for 45 million euro (-11 million euro compared to 2021), whose value is determined by the values of first application of the IFRS 16 and the value of contracts originated subsequently, in which CDP act as a lessee.

For the part relating to postal savings bonds issued by the Parent Company, the fair value reported above is equal to the carrying amount. In theory, for postal savings bonds it would be possible, using statistical models of redemptions, to apply valuation techniques that incorporate a credit risk premium (spread) in line with that on medium/long-term government securities. In view of the redemption on demand characteristic of postal savings bonds and the particular uncertainty on redemption forecasts in a volatile rates market, which could also lead to fair value estimates lower than the amortised cost value, the best estimate of the fair value of postal savings bonds is believed to be the carrying amount.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF SECURITIES ISSUED

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying	Fair value			Carrying	Fair value		
Type of securities/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	15,804,565	7,573,325	7,476,881		18,026,681	8,562,815	10,243,673	
1.1 structured	45,145		43,811		48,081		42,532	
1.2 other	15,759,420	7,573,325	7,433,070		17,978,600	8,562,815	10,201,141	
2. Other securities:	1,346,236		1,346,837		3,644,868		3,643,810	
2.1 structured								
2.2 other	1,346,236		1,346,837		3,644,868		3,643,810	
TOTAL	**17,150,801**	**7,573,325**	**8,823,718**		**21,671,549**	**8,562,815**	**13,887,483**	

Securities issued at 31 December 2022 were equal to 17,151 million euro (-4,521 million euro compared to 2021). This item also comprises:

- bonds issued under the "Euro Medium Term Notes" (EMTN) and "Debt Issuance Programme" (DIP) programmes, with a stock of 11,332 million euro (-551 million euro compared to the end of 2021). In 2022 issues were completed totalling 970 million euro. The new issues included the public placement of a Sustainability Bond for a total of 750 million euro, which will go to finance green and social initiatives, including renewable energy projects, energy and water efficiency, social infrastructure and the international expansion of Italian businesses;
- 1 bond loan reserved for individuals, for a total of 1,480 million euro, a reduction in value (-1,492 million euro) from the stock of 2021, following the repayment of 1 bond loan with a nominal value of 1,500 million euro;
- 4 bonds guaranteed by the Italian government, entirely subscribed by Poste Italiane, for a total carrying amount of 2,993 million euro, essentially stable compared to the end of 2021. At the end of 2022 there are: 2 bonds issued in December 2017 for a nominal value of 1,000 million euro, and 2 bonds issued in March 2018 for a total nominal value of 2,000 million euro;
- the stock of commercial paper with a carrying amount of 1,346 million euro (-2,299 million euro on the 2021 year-end balance), related to the "Multi-Currency Commercial Paper Programme".

1.4 BREAKDOWN OF SUBORDINATED DEBTS/SECURITIES

This item has a nil balance.

1.5 BREAKDOWN OF STRUCTURED DEBTS

At 31 December 2022, structured debts amount to approximately 221,951 thousand euro and refer to the Risparmio Sostenibile postal savings bonds (Postal saving bonds), subscribed by customers, linked to the Stoxx Europe 600 ESG-X, an index that considers the European companies with the highest capitalisation compliant with the Sustainable Development Goals of the UN 2030 agenda, for which the embedded derivative has been separated.

1.6 LEASE LIABILITIES

The following table shows the information required by IFRS 16, paragraphs 58 and 53(g).

(thousands of euro) Time bands	31/12/2022 Payments due for leasing	31/12/2021 Payments due for leasing
Up to 1 year	8,219	7,481
More than 1 and 2 years	6,539	7,438
More than 2 and 3 years	6,301	7,135
More than 3 and 4 years	6,155	6,959
More than 4 and 5 years	5,987	6,864
More than 5 years	15,407	23,895
Total payments due for leasing	**48,608**	**59,772**
Reconciliation with lease liabilities		
Unpaid interest expense (-)	(3,714)	(3,937)
LEASE LIABILITIES	**44,894**	**55,835**

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2022					31/12/2021				
	Nominal or notional value	Fair value				Nominal or notional value	Fair value			
Type of transactions/Values		Level 1	Level 2	Level 3	Fair value (*)		Level 1	Level 2	Level 3	Fair value (*)
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					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A										
B. Derivatives										
1. Financial derivatives			392,619	7,728				251,006		
1.1 Trading	X		392,619	7,728	X	X		251,006		X
1.2 Associated with 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 Associated with fair value option	X				X	X				X
2.3 Other	X				X	X				X
Total B	**X**		**392,619**	**7,728**	**X**	**X**		**251,006**		**X**
TOTAL (A + B)	**X**		**392,619**	**7,728**	**X**	**X**		**251,006**		**X**

(*) Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date.

The financial derivatives shown in the table include the negative fair value of interest rate derivatives (approximately 274 million euro) and currency derivatives (approximately 118 million euro) and the negative value of the optional component of Risparmio Sostenibile postal saving bonds, indexed to the Stoxx Europe 600 ESG-X, which was separated from the host instrument (approximately 8 million euro).

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

This item has a nil balance.

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED DEBTS

This item has a nil balance.

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

3.1 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE

This item has a nil balance.

3.2 BREAKDOWN OF FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: SUBORDINATED LIABILITIES

This item has a nil balance.

SECTION 4 - HEDGING DERIVATIVES - ITEM 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND HIERARCHY LEVEL

	Fair value 31/12/2022			Notional value	Fair value 31/12/2021			Notional value
(thousands of euro)	Level 1	Level 2	Level 3	31/12/2022	Level 1	Level 2	Level 3	31/12/2021
A. Financial derivatives		**1,091,388**		**9,355,742**		**3,073,678**		**30,403,204**
1) Fair value		324,435		7,081,537		2,349,979		27,091,992
2) Cash flow		766,953		2,274,205		723,699		3,311,212
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**1,091,388**		**9,355,742**		**3,073,678**		**30,403,204**

Micro-hedging, fair value and cash flow derivatives, with a negative fair value as at 31 December 2022, were approximately equal to 1,088 million euro, while macro-hedging derivatives with a negative fair value, related to loan portfolios, were approximately equal to 3 million euro.

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flow		
	Micro-hedge									
(thousands of euro) Transactions/Type of hedging	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Credit	Commo-dities	Other	Macro-hedge	Micro-hedge	Macro-hedge	Investment in foreign operation
1. Financial assets measured at fair value through other comprehensive income					X	X	X	53,920	X	X
2. Financial assets measured at amortised cost	93,351	X			X	X	X	713,033	X	X
3. Portfolio	X	X	X	X	X	X	2,932	X		X
4. Other							X		X	
TOTAL ASSETS	**93,351**						**2,932**	**766,953**		
1. Financial liabilities	228,152	X					X		X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES	**228,152**									
1. Forecast transactions	X	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X		X		

SECTION 5 - FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS - ITEM 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES: BREAKDOWN BY HEDGED PORTFOLIO

(thousands of euro) Value adjustment of hedged financial liabilities/Values	31/12/2022	31/12/2021
1. Positive adjustments of financial liabilities		2,067
2. Negative adjustment of financial liabilities		
TOTAL		**2,067**

During 2022, recognition in the income statement of amortisation of the net change in the value of the Postal savings bonds portfolio, subject to macro-hedging against interest rate risk, ended. The hedging relationship had been interrupted in 2009 in view of the termination of the derivative hedging instruments. The change in the fair value of the hedged bonds, determined up to the date of validity of the hedging relationship, was subsequently transferred to profit or loss on the basis of the amortised cost of the originally hedged Postal savings bonds.

SECTION 6 - TAX LIABILITIES - ITEM 60

For more information concerning this item, see Section 10 of "Assets".

SECTION 7 - LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE - ITEM 70

This item has a nil balance.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 OTHER LIABILITIES: BREAKDOWN

(thousands of euro)

Type of transactions/Values	31/12/2022	31/12/2021
Charges for postal funding service		387,237
Tax payables	652,013	415,874
Amounts due to subsidiaries on consolidated taxation mechanism	200,678	54,065
Other amounts due to subsidiaries	951	2,017
Trade payables	50,219	35,480
Items being processed	85,256	68,739
Due to social security institutions	6,717	6,250
Amounts due to employees	5,699	5,941
Other	16,614	18,612
TOTAL	**1,018,147**	**994,215**

This item shows liabilities that cannot be classified under the previous items. It is analysed as follows:

- tax payables, totalling around 652 million euro, mainly regarding the substitute tax levied on interest paid on postal savings products;
- the payables to other Group companies as part of the national fiscal consolidation mechanism, amounting to approximately 201 million euro;
- trade payables, amounting to approximately 50 million euro;
- other items being processed, equal to about 85 million euro, which were mostly completed after the reporting date.

SECTION 9 - STAFF SEVERANCE PAY - ITEM 90

9.1 STAFF SEVERANCE PAY: CHANGES FOR THE YEAR

(thousands of euro)	31/12/2022	31/12/2021
A. Opening balance	**1,045**	**1,017**
B. Increases	**505**	**44**
B.1 Provision for the year	134	41
B.2 Other increases	371	3
C. Decreases	**98**	**16**
C.1 Severance payments	73	9
C.2 Other decreases	25	7
D. CLOSING BALANCE	**1,452**	**1,045**

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

(thousands of euro) Items/Values	31/12/2022	31/12/2021
1. Provisions for credit risk relating to commitments and financial guarantees issued	662,183	450,819
2. Provisions on other guarantees issued and other commitments		
3. Company pensions and other post-retirement benefit obligations		
4. Other provisions:	134,527	141,662
4.1 fiscal and legal disputes	73,382	80,141
4.2 staff costs	60,433	60,809
4.3 other	712	712
TOTAL	**796,710**	**592,481**

As at 31 December 2022, provisions for risks and charges were 797 million euro, increased by 204 million euro compared to the previous year.

Provisions for credit risk from commitments and financial guarantees issued were 662 million euro, up by 211 million euro compared to the end of 2021 (of which approximately +263 million euro for the increase in the amount of financial guarantees issued and -52 million euro due to the reallocation of excess impairment provisions to the income statement).

Other provisions for risks and charges stand at 135 million euro (-7 million euro compared to 2021).

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

(thousands of euro)	Provisions on other guarantees issued and other commitments	Pensions and other post-retirement benefit obligations	Other provisions	Total
A. Opening balance			**141,662**	**141,662**
B. Increases			**39,071**	**39,071**
B.1 Provision for the year			39,071	39,071
B.2 Changes due to passage of time				
B.3 Changes due to changes in discount rate				
B.4 Other increases				
C. Decreases			**46,206**	**46,206**
C.1 Use during the year			36,581	36,581
C.2 Changes due to changes in discount rate				
C.3 Other decreases			9,625	9,625
D. CLOSING BALANCE			**134,527**	**134,527**

10.3 PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

(thousands of euro)	Provisions for credit risk relating to commitments and financial guarantees issued				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total
1. Commitments to disburse funds	271,944	1,259	176		273,379
2. Financial guarantees issued	388,804				388,804
TOTAL	**660,748**	**1,259**	**176**		**662,183**

10.4 PROVISIONS ON OTHER GUARANTEES ISSUED AND OTHER COMMITMENTS

This item has a nil balance.

10.5 DEFINED BENEFIT PENSION FUNDS

This item has a nil balance.

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

Other provisions for risks and charges refer to (i) litigation, (ii) losses incurred by the investees, (iii) employees' leaving incentives, (iv) variable remuneration charges, (v) directors' and employees' bonuses and (vi) probable tax charges. For additional information, reference should be made to Part E – Section 5 – Operational risks of these notes.

SECTION 11 - REDEEMABLE SHARES- ITEM 120

There were no redeemable shares.

SECTION 12 - EQUITY - ITEMS 110, 130, 140, 150, 160, 170 AND 180

12.1 "SHARE CAPITAL" AND "TREASURY SHARES": BREAKDOWN

At 31 December 2022, the fully paid-up share capital amounts to 4,051,143,264 euro and is composed of 342,430,912 ordinary shares, without par value.

At 31 December 2022, the Company held treasury shares with a value of about 322 million euro (unchanged compared to the previous year).

12.2 SHARE CAPITAL - NUMBER OF SHARES: CHANGES FOR THE YEAR

Items/Type	Ordinary	Other
A. Shares at start of the year	**342,430,912**	
– fully paid	342,430,912	
– partly paid		
A.1 Treasury shares (-)	(4,451,160)	
A.2 Shares in circulation: opening balance	**337,979,752**	
B. Increases		
B.1 New issues		
– for consideration:		
– business combinations		
– conversion of bonds		
– exercise of warrants		
– other		
– bonus issues:		
– to employees		
– to directors		
– other		
B.2 Sale of own shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of own shares		
C.3 Disposal of companies		
C.4 Other changes		
D. SHARES IN CIRCULATION: CLOSING BALANCE	**337,979,752**	
D.1 Treasury shares (+)	4,451,160	
D.2 Shares at end of the year	342,430,912	
– fully paid	342,430,912	
– partly paid		

12.4 INCOME RESERVES: ADDITIONAL INFORMATION

(thousands of euro)

Items/Type	31/12/2022	31/12/2021
Income reserves	**17,602,163**	**16,519,104**
Legal reserve	810,229	810,229
Other	16,791,934	15,708,875

The following information is provided in accordance with article 2427.7-*bis* of the Italian Civil Code.

(thousands of euro) Items/Values	Balance at 31/12/2022	Possible uses (*)	Amount available
Share capital	4,051,143		
Share premium reserve	2,378,517	A. B. C (**)	2,378,517
Reserves:			
– Legal reserve	810,229	B	810,229
– Reserve for unavailable profits (Legislative Decree 38/2005 art. 6)	196,142	B (***)	196,142
– Other income reserves (net of treasury shares)	16,273,572	A. B. C	16,273,572
Valuation reserves:			
– Reserve on financial assets measured at fair value through other comprehensive income	(466,247)		
– Property revaluation reserve	167,572	A. B	167,572
– CFH reserve	(152,336)		
TOTAL	**23,258,592**		**19,826,032**

(*) A = capital increase; B = loss coverage; C = distribution to shareholders.
(**) Pursuant to article 2431 of the Italian Civil Code, the share premium reserve can be distributed in its entirety only when the legal reserve has reached one fifth of share capital (as set out in article 2430 of the Italian Civil Code).
(***) If the reserve is used to cover losses, profits cannot be distributed until such time as the reserve is replenished by allocating profits from subsequent years.

The share premium reserve of around 2,378,517 thousand euro refers to the share premium of around 2,379,115 thousand euro resulting from the capital increase completed on 20 October 2016, net of the transaction costs incurred and directly attributable to the transaction, pursuant to IAS 32, paragraph 37 (net of related tax effects).

12.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

There were no equity instruments.

OTHER INFORMATION

1. COMMITMENTS AND FINANCIAL GUARANTEES ISSUED (OTHER THAN THOSE DESIGNATED AT FAIR VALUE)

	Nominal value on commitments and financial guarantees issued					
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated impaired	31/12/2022	31/12/2021
1. Commitments to disburse funds	**26,189,360**	**41,275**	**4,701**		**26,235,336**	**26,777,919**
a) Central banks	56,998				56,998	
b) General governments	8,215,020	28,767	3,953		8,247,740	9,110,765
c) Banks	765,520				765,520	538,491
d) Other financial companies	862,940				862,940	1,969,827
e) Non-financial companies	16,270,506	12,508	748		16,283,762	15,146,690
f) Households	18,376				18,376	12,146
2. Financial guarantees issued	**1,501,118**				**1,501,118**	**841,691**
a) Central banks						
b) General governments	1,167,524				1,167,524	427,717
c) Banks						
d) Other financial companies	4,146				4,146	4,172
e) Non-financial companies	329,448				329,448	409,802
f) Households						

This table shows the commitments to disburse funds and the financial guarantees that are subject to the rules of impairment in IFRS 9.

2. OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

	Nominal value	
(thousands of euro)	31/12/2022	31/12/2021
1. Other guarantees issued	**1,174,595**	**1,312,107**
– *of which: non-performing exposures*		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies	1,923	1,923
e) Non-financial companies	1,172,672	1,310,184
f) Households		
2. Other commitments	**3,900,851**	**8,462,140**
– *of which: non-performing exposures*		
a) Central banks		
b) General governments		28,387
c) Banks	88,266	88,651
d) Other financial companies	3,531,736	8,062,953
e) Non-financial companies	280,849	282,149
f) Households		

The table above shows commercial guarantees issued, commitments to subscribe units in collective investment undertakings, and commitments to capitalise investee companies that are not subject to the rules of impairment in IFRS 9.

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

(thousands of euro)

Portfolios	31/12/2022	31/12/2021
1. Financial assets designated at fair value through profit or loss		
2. Financial assets at fair value through other comprehensive income	3,826,131	3,821,890
3. Financial assets measured at amortised cost	101,125,138	95,537,547
4. Property, plant and equipment		
– *of which: property, plant and equipment classified as inventory*		

The assets pledged as collateral for debts consist of loans and securities pledged as collateral in refinancing operations with the ECB, securities in repurchase agreements and receivables pledged as security for loans from the EIB and CEB.

4. MANAGEMENT AND INTERMEDIATION SERVICES ON BEHALF OF THIRD PARTIES

(thousands of euro)

Type of service	31/12/2022
1. Order execution on behalf of customers	
a) Purchases:	
1. settled	
2. not yet settled	
b) Sales:	
1. settled	
2. not yet settled	
2) Asset management	
3) Custody and administration of securities	
a) Third-party securities held as part of depository bank services (excluding asset management)	
1. securities issued by the reporting bank	
2. other securities	
b) Other third-party securities on deposit (excluding asset management) - other:	2,837,344
1. securities issued by the reporting bank	
2. other securities	2,837,344
c) Third-party securities deposited with third parties	2,837,344
d) Own securities portfolio deposited with third parties	78,126,903
4) Other transactions	
Management on behalf of third parties in separate accounts on the basis of specific agreements:	
– Postal savings bonds managed on behalf of the MEF (1)	45,243,574
– Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	1,770,688
– Payment of public administration debts (Legislative Decree 35 of 8 April 2013; Legislative Decree 66 of 24 April 2014; Legislative Decree 78 of 19 June 2015) (3)	5,155,872
– Cash advances - Public administration payables (Decree Law 30 of 19 May 2020) (3)	2,125,015
– Revolving Fund for development cooperation (3)	4,740,622
– Funds for Social and Public Residential Building (4)	2,392,770
– Funds of Public Entities and Other Entities deposited pursuant to D.Lgt. 1058/1919 and Law 1041/1971 (4)	1,196,056
– Kyoto Fund (3)	625,032
– Funds for Territorial Agreements and Area Contracts - Law 662/1996, Article 2 (207) (4)	372,348
– Funds for the natural gas infrastructure programme for the South Law 784/1980, Law 266/1977 and Law 73/1998 (4)	84,018
– Ministry of Universities and Research - Student Housing - Law 388/2000 (4)	126,106
– Minimal Environmental Impact Fund (4)	26,988
– MASE Fund - Ministry of the Environment and Energy Security - International cooperation and Italian platform for climate and sustainable development (4)	40,387
– MASAF Fund - Ministry of Agriculture, Food Sovereignty and Forestry - Guarantee platform to support olive oil producers (4)	7,990
– EURECA Fund – guarantee platform to support SMEs in the Emilia-Romagna Region (4)	4,649
– Funds for international cooperation - EGRE project (4)	1,661
– Funds for international cooperation - Archipelagos project (4)	1,849
– Funds for international cooperation - InclusiFI project (4)	564
– Funds for international cooperation - Blending EU - PASPED project (4)	150
– Financing Ukraine - Legislative Decree "Aiuti" n. 50/2022 (4)	200,000
– InvestEU Fund - advisory (4)	1,667
– Green Finance Fund (4)	8,446
– Venture Capital Fund - Ministry of Enterprises and Made in Italy (4)	429,705

(1) The figure shown represents the amount at the reporting date.
(2) The figure shown represents the outstanding principal, at the reporting date, of the loans managed on behalf of the MEF.
(3) The figure shown represents the sum of outstanding principal of the loans disbursed and the remaining funds available on the current accounts at the reporting date.
(4) The figure shown represents the remaining funds available on the current accounts at the reporting date.

5. FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS

(thousands of euro) Technical forms	Gross amount of financial assets (A)	Amount of financial liabilities offset in financial statement (B)	Net amount of financial assets reported in financial statement (C = A - B)	Correlated amounts not offset in financial statement		Net amount 31/12/2022 (F = C - D - E)	Net amount 31/12/2021
				Financial instruments (D)	Cash deposits received as guarantee (E)		
1. Derivatives	4,697,103		4,697,103	1,200,324	3,435,447	61,332	8,071
2. Repurchase agreements	229,412		229,412	229,412			
3. Securities lending							
4. Other							
TOTAL 31/12/2022	**4,926,515**		**4,926,515**	**1,429,736**	**3,435,447**	**61,332**	**X**
Total 31/12/2021	**618,031**		**618,031**	**417,067**	**192,893**	**X**	**8,071**

The table below shows the allocation of the amounts shown in column c) of the table above to the relevant items of the balance sheet.

(thousands of euro) Technical forms	Balance sheet items	Net amount of financial assets reported in financial statement
1. Derivatives		4,697,103
	20. Financial assets measured at fair value through profit or loss	*353,109*
	50. Hedging derivatives	*4,343,994*
2. Repurchase agreements		229,412
	40. Financial assets measured at amortised cost	*229,412*
3. Securities landing		
4. Other		

For details of the valuation criteria used for the financial assets shown in the table above, see Section A of the Accounting Policies.

6. FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS

(thousands of euro) Technical forms	Gross amount of financial liabilities (A)	Amount of financial assets offset in financial statement (B)	Net amount of financial liabilities reported in financial statement (C = A - B)	Correlated amounts not offset in financial statement		Net amount 31/12/2022 (F = C - D - E)	Net amount 31/12/2021
				Financial instruments (D)	Cash deposits pledged as guarantee (E)		
1. Derivatives	1,484,006		1,484,006	1,200,324	281,380	2,302	15,487
2. Repurchase agreements	50,985,803		50,985,803	49,089,549	1,893,566	2,688	14,890
3. Securities lending							
4. Other							
TOTAL 31/12/2022	**52,469,809**		**52,469,809**	**50,289,873**	**2,174,946**	**4,990**	**X**
Total 31/12/2021	**55,621,927**		**55,621,927**	**51,982,947**	**3,608,603**	**X**	**30,377**

The table below shows the allocation of the amounts shown in column c) of the table above to the relevant items of the balance sheet.

(thousands of euro) Technical forms	Balance sheet items	Net amount of financial liabilities reported in financial statement
1. Derivatives		1,484,006
	20. Financial liabilities held for trading	*392,618*
	40. Hedging derivatives	*1,091,388*
2. Repurchase agreements		50,985,803
	10. Financial liabilities measured at amortised cost	*50,985,803*
3. Securities landing		
4. Other		

For details of the valuation criteria used for the financial liabilities shown in the table above, see Section A of the Accounting Policies.

7. SECURITIES LENDING TRANSACTIONS

The securities lending business sees CDP acting as a lender in unsecured lending transactions and is aimed at generating yield enhancements. The instruments underlying the transactions are normally Government bonds and the reference counterparties are Italian and European banks, with which Global Master Securities Lending Agreements (GMSLA) have been signed.

The duration of loans can vary from a single day to a few months. The parties may have the right to partially or totally repay the loans, with a simple notification within the time limits set by the agreement.

In 2022, a single securities lending transaction was carried out, concerning a German government debt security, with a nominal amount of 5 million euro (value 4.8 million euro) and a duration of 4 days (19 December–23 December 2022).

8. DISCLOSURE ON JOINT OPERATIONS

At 31 December 2022, this item has a nil balance.

PART C - INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 INTEREST INCOME AND SIMILAR INCOME: BREAKDOWN

(thousands of euro)

Items/Technical forms	Debt securities	Loans	Other	2022	2021
1. Financial assets measured at fair value through profit or loss	26			26	363
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value	26			26	363
2. Financial assets measured at fair value through other comprehensive income	95,512		X	95,512	67,716
3. Financial assets measured at amortised cost	1,433,362	6,405,721		7,839,083	7,559,148
3.1 Loans to banks	48,514	253,272	X	301,786	235,204
3.2 Loans to customers	1,384,848	6,152,449	X	7,537,297	7,323,944
4. Hedging derivatives	X	X	(346,835)	(346,835)	(286,874)
5. Other assets	X	X	8,160	8,160	2,457
6. Financial liabilities	X	X	X	142,989	255,751
TOTAL	**1,528,900**	**6,405,721**	**(338,675)**	**7,738,935**	**7,598,561**
– *of which: interest income on non-performing assets*	*661*	*15,175*		*15,836*	*9,895*
– *of which: interest income on finance leases*	*X*	*180*	*X*	*180*	*348*

Interest income accrued in 2022 was approximately 7,739 million euro. It mainly included:
- interest income on loans and bank accounts amounting to about 6,406 million euro;
- interest income on debt securities amounting to about 1,529 million euro;
- interest income on financial liabilities that, due to negative remuneration, have resulted in a component with opposite sign (interest income), amounting to about 143 million euro.

Sub-item "4. Hedging derivatives" includes the (positive or negative) amount of the differentials or margins accrued on interest rate risk hedging derivatives, which adjust the interest income recognised on the hedged financial instruments. As at 31 December 2022, this amount is negative for around 347 million euro.

The item includes interest income on non-performing assets of approximately 16 million euro.

Interest income accrued on finance leases, relating to sublease contracts to Group companies, amounted to approximately 0.2 million euro.

Interest income accrued on loans on demand, in the form of current accounts and deposits held with banks and central banks, recorded under asset item 10 "Cash and cash equivalents", is conventionally shown in loans to banks.

1.2 INTEREST INCOME AND SIMILAR INCOME: ADDITIONAL INFORMATION

1.2.1 INTEREST INCOME ON FINANCIAL ASSETS IN FOREIGN CURRENCY

The item includes interest income accrued on financial assets in foreign currency for about 173,567 thousand euro.

1.3 INTEREST EXPENSE AND SIMILAR EXPENSE: BREAKDOWN

(thousands of euro)

Items/Technical forms	Debts	Securities	Other	2022	2021
1. Financial liabilities measured at amortised cost	(4,834,800)	(330,461)		(5,165,261)	(4,810,354)
1.1 Due to Central Bank	(6,595)	X	X	(6,595)	
1.2 Due to banks	(181,898)	X	X	(181,898)	(113,809)
1.3 Due to customers	(4,646,307)	X	X	(4,646,307)	(4,368,657)
1.4 Securities issued	X	(330,461)	X	(330,461)	(327,888)
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and provisions	X	X	(16)	(16)	(39)
5. Hedging derivatives	X	X	36,371	36,371	83,090
6. Financial assets	X	X	X	(27,045)	(30,167)
TOTAL	**(4,834,800)**	**(330,461)**	**36,355**	**(5,155,951)**	**(4,757,470)**
– of which: interest expense on lease liabilities	*(954)*	*X*	*X*	*(954)*	*(1,012)*

The item mainly comprises interest expense and similar expense on Postal savings bonds and Passbook savings accounts for 4,607,329,071 euro. Residually interest expense includes:

- securities issued, amounting to around 330 million euro;
- repurchase agreements, amounting to around 116 million euro;
- credit facilities granted by the EIB and the CEB amounting to around 38 million euro;
- deposits of investee companies of around 23 million euro;
- Money Market transactions with the Treasury (formerly OPTES), amounting to around 16 million euro;
- ECB refinancing facilities, amounting to around 7 million euro;
- financial assets that, due to negative remuneration, have resulted in a component with opposite sign (interest expense), amounting to about 27 million euro.

Sub-item "5. Hedging derivatives" includes the (positive or negative) amount of differentials or margins accrued on interest rate risk hedging derivatives that adjusts the interest expense recognised on the hedged financial instruments. As at 31 December 2022, this amount is positive for around 36 million euro.

The item includes financial expenses accrued on lease liabilities recognised as a consequence of applying the IFRS 16, equal to about 1 million euro, relating to contracts in which CDP act as a lessee.

1.4 INTEREST EXPENSE AND SIMILAR EXPENSE: ADDITIONAL INFORMATION

1.4.1 INTEREST EXPENSE ON LIABILITIES IN FOREIGN CURRENCIES

The item includes interest expense on liabilities in foreign currency of about 35,711 thousand euro.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

(thousands of euro)

Items	2022	2021
A. Positive differences on hedging transactions	48,216	127,518
B. Negative differences on hedging transactions	(358,680)	(331,302)
C. BALANCE (A - B)	**(310,464)**	**(203,784)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 COMMISSION INCOME: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2022	2021
a) Financial instruments		31
1. Placement of securities		
1.1 Assumed based on a firm commitment		
1.2 Without a firm commitment		
2. Activity of receiving and sending orders and executing orders on behalf of customers		
2.1 Receiving and sending orders of one or more financial instruments		
2.2 Order execution on behalf of customers		
3. Others commissions connected with assets linked to financial instruments		31
– *of which: trading on own behalf*		
– *of which: management of individual portfolios*		
b) Corporate finance		
1. Advice on mergers and acquisitions		
2. Treasury services		
3. Other commissions connected to corporate finance services		
c) Advice on investments		
d) Offsetting and settlement	346	31
e) Custody and administration		
1. Custodian bank		
2. Other commissions connected to the custody and administration activities		
f) Central administrative services to manage collective portfolios		
g) Fiduciary activities		
h) Payment services		
1. Current accounts		
2. Credit cards		
3. Debit cards and other payment cards		
4. Bank transfers and other payment orders		
5. Other commissions connected to payment services		
i) Distribution of third party services		
1. Management of collective portfolios		
2. Insurance products		
3. Other products		
– *of which: management of individual portfolios*		
j) Structured finance	30	1,877
k) Servicing activities for securitisations		
l) Commitments to disburse funds	54,344	47,727
m) Financial guarantees issued	29,585	22,035
– *of which: credit derivatives*		
n) Financing transactions	42,876	34,975
– *of which: factoring*		
o) Trading of currencies		
p) Commodities		
q) Other commission income	273,473	272,106
– *of which: management of multilateral trading systems*		
– *of which: management of organised trading systems*		
TOTAL	**400,654**	**378,782**

The commission income earned by CDP during the year amounted to around 401 million euro (+22 million euro on 2021).

This item mainly includes commission income from:

- agreements signed with the Italian Ministry of the Economy and Finance for the management of the assets and liabilities of the MEF for approximately 261 million euro (of which 258 million euro relating to the management of the MEF Bonds);
- commitments to disburse funds amounting to around 54 million euro;
- structuring and disbursement of loans for around 43 million euro;
- financial guarantees issued of around 30 million euro;
- commercial guarantees issued of around 11 million euro.

The residual contribution includes, among others, commissions earned for the management of the Revolving Fund for Development Cooperation, the Kyoto Fund, the Revolving Fund supporting enterprises and investment in research (FRI), and other services rendered.

2.3 COMMISSION EXPENSE: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2022	2021
a) Financial instruments	1,147,750	1,321,967
– *of which: trading of financial instruments*	*176*	*234*
– *of which: placement of financial instruments*	*1,147,574*	*1,321,733*
– *of which: management of individual portfolios*		
- *own*		
- *delegated to third parties*		
b) Offsetting and settlement	761	490
c) Custody and administration	1,181	1,236
d) Collection and payment services	324	596
– *of which: credit cards, debit cards and other payment cards*	*4*	*4*
e) Servicing activities for securitisations		
f) Commitments to receive funds	471	632
g) Financial guarantees received	12,118	9,741
– *of which: credit derivatives*		
h) Door-to-door selling of financial instruments, products and services		
i) Trading of currencies		
l) Other commission expense	1,289	803
TOTAL	**1,163,894**	**1,335,465**

Commission expense is mainly attributable to the current portion of the remuneration paid to Poste Italiane S.p.A. for the service of management of postal savings funding amounting to 1,147,574,060 euro, other than the expense classified as transaction costs and consequently included in the carrying amount of postal savings products.

The commission expense for the postal savings service recognised during the year accrued under the agreement signed between CDP and Poste Italiane S.p.A., for the four-year period 2021-2024.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: BREAKDOWN

(thousands of euro) Items/Revenues	2022 Dividends	2022 Similar revenues	2021 Dividends	2021 Similar revenues
A. Financial assets held for trading				
B. Other financial assets mandatorily measured at fair value		35,737		23,391
C. Financial assets measured at fair value through other comprehensive income	275		15,319	
D. Equity investments	1,566,089		1,194,939	
TOTAL	**1,566,364**	**35,737**	**1,210,258**	**23,391**

This item comprises dividends and similar revenues whose distribution was approved in 2022. They mainly arise from the equity investments and interests held in ENI (around 814 million euro), CDP RETI (around 291 million euro), Poste Italiane (around 281 million euro), CDP Equity (150 million euro), and Fintecna (around 29 million euro). Revenue from units of UCIs amounted to approximately 36 million euro.

SECTION 4 - PROFITS (LOSSES) ON TRADING ACTIVITIES - ITEM 80

4.1 PROFITS (LOSSES) ON TRADING ACTIVITIES: BREAKDOWN

(thousands of euro) Type of operation / P&L items	Gains (A)	Profits on trading (B)	Losses (C)	Losses on trading (D)	Net gain (loss) [(A + B) - (C + D)]
1. Financial assets held for trading					
1.1 Debt securities					
1.2 Equity securities					
1.3 Units in collective investment undertakings					
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**146,056**
4. Derivatives	**178,569**	**23,687**	**187,407**	**22,742**	**(221,018)**
4.1 Financial derivatives:	178,569	23,687	187,407	22,742	(221,018)
– on debt securities and interest rates	174,590	23,687	184,910	22,742	(9,375)
– on equity securities and equity indices	3,979		2,497		1,482
– on currencies and gold	X	X	X	X	(213,125)
– other					
4.2 Credit derivatives					
TOTAL	**178,569**	**23,687**	**187,407**	**22,742**	**(74,962)**

SECTION 5 - FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - ITEM 90

5.1 FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING: BREAKDOWN

(thousands of euro)

P&L items/Values	2022	2021
A. Income on:		
A.1 Fair value hedges	6,676,916	1,804,438
A.2 Hedged financial assets (fair value)	6,949	35,013
A.3 Hedged financial liabilities (fair value)	338,288	132,306
A.4 Cash flow hedges		
A.5 Assets and liabilities in foreign currencies	15,088	60,598
Total income on hedging activities (A)	**7,037,241**	**2,032,355**
B. Expense on:		
B.1 Fair value hedges	367,397	179,821
B.2 Hedged financial assets (fair value)	6,552,477	1,788,355
B.3 Hedged financial liabilities (fair value)		3,190
B.4 Cash flow hedges		231
B.5 Assets and liabilities in foreign currencies	15,099	60,597
Total expense on hedging activities (B)	**6,934,973**	**2,032,194**
C. NET GAIN (LOSS) ON HEDGING ACTIVITIES (A - B)	**102,268**	**161**

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

6.1 GAINS (LOSSES) ON DISPOSAL OR REPURCHASE: BREAKDOWN

(thousands of euro)

Items/P&L items	2022			2021		
	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	42,086	(10,199)	31,887	355,140	(67)	355,073
1.1 Loans to banks	130		130			
1.2 Loans to customers	41,956	(10,199)	31,757	355,140	(67)	355,073
2. Financial assets measured at fair value through other comprehensive income	44,939	(10,326)	34,613	132,681	(5,912)	126,769
2.1 Debt securities	44,939	(10,326)	34,613	132,681	(5,912)	126,769
2.2 Loans						
TOTAL ASSETS (A)	**87,025**	**(20,525)**	**66,500**	**487,821**	**(5,979)**	**481,842**
B. Financial liabilities measured at amortised cost						
1. Due to banks						
2. Due to customers						
3. Securities issued						
TOTAL LIABILITIES (B)						

At 31 December 2022, the balance of the item was positive for 66.5 million euro. It mainly refers to the net profit on the sale of debt securities recorded among the Loans to customers (+31 million euro) and of debt securities in the portfolio of financial assets measured at fair value through other comprehensive income (+35 million euro).

SECTION 7 - PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.1 NET CHANGE IN VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

No net changes to the value of financial assets and liabilities designated at fair value were recognised.

7.2 NET CHANGE IN VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

(thousands of euro) Type of operation/P&L items	Gains (A)	Realised profits (B)	Losses (C)	Realised losses (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**116,655**	**26**	**81,352**	**1,364**	**33,965**
1.1 Debt securities		26			26
1.2 Equity securities					
1.3 Units in collective investment undertakings	116,655		81,352	1,364	33,939
1.4 Loans					
2. Foreign currency financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**(57)**
TOTAL	**116,655**	**26**	**81,352**	**1,364**	**33,908**

The balance of the item, positive by approximately 34 million euro, mainly includes the overall positive result deriving from the fair value valuation of the UCI units included in the financial assets mandatorily measured at fair value.

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

This item, positive for approximately 14.5 million euro, represents the net balance between adjustments and recoveries for credit risk on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, calculated on an individual and collective basis.

8.1 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN

	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
(thousands of euro) Type of operation/ P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2022	2021
A. Loans to banks	**(10,618)**						**4,644**	**524**			**(5,450)**	**872**
Loans	(5,125)						4,363	524			(238)	4,067
Debt securities	(5,493)						281				(5,212)	(3,195)
B. Loans to customers	**(63,561)**	**(8,949)**		**(88,213)**			**31,524**	**134,350**	**13,537**		**18,688**	**(35,830)**
Loans	(45,418)	(3,590)		(79,783)			20,201	130,143	13,537		35,090	(25,359)
Debt securities	(18,143)	(5,359)		(8,430)			11,323	4,207			(16,402)	(10,471)
TOTAL	**(74,179)**	**(8,949)**		**(88,213)**			**36,168**	**134,874**	**13,537**		**13,238**	**(34,958)**

8.1a NET ADJUSTMENTS FOR CREDIT RISK RELATING TO LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN

(thousands of euro)	Net adjustment							
			Stage 3		Purchased or originated credit impaired			
Type of operation/P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	2022	2021
1. Loans subject to moratoria compliant with the GL								(415)
2. Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne								
3. Loans subject to forbearance measures								
4. New loans	283	173		(5,587)			(5,131)	(2,961)
TOTAL 31/12/2022	**283**	**173**		**(5,587)**			**(5,131)**	**X**
Total 31/12/2021	**(2,171)**	**(170)**		**(1,035)**			**X**	**(3,376)**

The table shows the net adjustments for credit risk recognised on loans subject to Covid-19 support measures. The line "New loans" reports the net adjustments recognised on loans which represent new liquidity backed by public guarantees.

8.2 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

(thousands of euro)	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
Type of operation/ P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2022	2021
A. Debt securities	(3,633)						4,663	280			1,310	1,417
B. Loans												
– To customers												
– To banks												
TOTAL	**(3,633)**						**4,663**	**280**			**1,310**	**1,417**

8.2a NET ADJUSTMENTS FOR CREDIT RISK RELATING TO LOANS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN

There are no loans measured at fair value through other comprehensive income subject to Covid-19 support measures.

SECTION 9 - GAINS/LOSSES FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION - ITEM 140

9.1 GAINS/LOSSES FROM CHANGES IN CONTRACTS: BREAKDOWN

(thousands of euro)	Gains	Losses	Net gain (loss)
Financial assets measured at amortised cost		**(39)**	**(39)**
Loans		**(39)**	**(39)**
– to banks			
– to customers		(39)	(39)
Debt securities			
– to banks			
– to customers			
TOTAL		**(39)**	**(39)**

The balance of the item was negative for approximately 39 thousand euro. It represents the loss recognised on renegotiation of the contractual terms with a counterparty, classified among loans to customers in the portfolio of the financial assets measured at amortised cost. The loss is recognised as the difference between the gross carrying value of the asset before the modification and the discounted value of the future renegotiated cash flows, discounted at the original effective interest rate of the financial asset.

SECTION 10 - ADMINISTRATIVE EXPENSES - ITEM 160

10.1 STAFF COSTS: BREAKDOWN

(thousands of euro) Type of expense/Values	2022	2021
1) Employees	**168,738**	**147,435**
a) Wages and salaries	118,377	104,111
b) Social security costs	211	365
c) Staff severance pay	730	696
d) Pension costs	24,095	21,805
e) Allocation to staff severance pay	134	41
f) Provision for retirement and similar provisions		
– defined contribution		
– defined benefit		
g) Payments to external supplementary pensions funds	9,958	8,516
– defined contribution	9,958	8,516
– defined benefit		
h) Costs arising from share-based payment arrangements		
i) Other employee benefits	15,233	11,901
2) Other personnel in service	**375**	**435**
3) Board of Directors and Board of Auditors	**1,597**	**1,135**
4) Retired personnel		
5) Recovery of expenses for employees seconded to other companies	**(11,830)**	**(10,320)**
6) Reimbursement of expenses for third-party employees seconded to the company	**3,015**	**2,419**
TOTAL	**161,895**	**141,104**

10.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

(number)	
Employees	**1,168**
a) Senior management	114
b) Middle management	614
– *of which: grade 3 and 4*	*314*
c) Other employees	440
Other personnel	**5**

10.4 OTHER EMPLOYEE BENEFITS

(thousands of euro) Type of expense/Values	2022	2021
Food coupons	2,434	2,313
Insurance policies	6,655	6,186
Contributions to mortgage loan interest	1,001	795
Leaving incentives	2,610	937
Other benefits	2,533	1,670
TOTAL	**15,233**	**11,901**

10.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

(thousands of euro) Type of expense/Values	2022	2021
Professional and financial services	18,944	12,660
IT costs	36,022	27,246
General services	7,716	9,241
Publicity and marketing expenses	4,377	4,140
– *of which: mandatory publicity*	*537*	*499*
Information resources and databases	3,037	5,445
Utilities, duties and other expenses	8,283	7,225
Corporate bodies	566	491
Other personnel-related expenses	3,791	1,905
TOTAL	**82,736**	**68,353**

Costs relating to rental and hire contracts outside the scope of the accounting rules of IFRS 16 (i.e. short term, low value, etc.) amount to approximately 2 million euro and are included in the item "Utilities, duties and other expenses".

AUDIT FEES AND FEES FOR NON-AUDIT SERVICES

As required by article 149-duodecies of Consob Issuers' Regulation no. 11971, the 2022 audit fees and fees for non-audit services are given below, provided by the auditors and the entities belonging to its network.

(thousands of euro) Type of services	Deloitte & Touche S.p.A.	Other companies Deloitte network
Auditing	406	
Certification services	88	
Other services	27	
TOTAL	**521**	

Amounts net of VAT, ancillary expenses and Consob contribution.

SECTION 11 - NET PROVISIONS FOR RISKS AND CHARGES - ITEM 170

11.1 NET PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: BREAKDOWN

	Provisions				Reversal of excess					
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net result 2022	Net result 2021
Commitments to disburse funds	(20,747)	(250)	(95)		16,817	68,828	287	29	64,869	15,153
Financial guarantees issued	(12,854)				304			28	(12,522)	954
TOTAL	**(33,601)**	**(250)**	**(95)**		**17,121**	**68,828**	**287**	**57**	**52,347**	**16,107**

11.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED: BREAKDOWN

No net provisions were recorded for other commitments and other guarantees issued both for 2022 and for the previous financial year.

11.3 NET PROVISIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	2022			
(thousands of euro)	Provisions	Reversal of excess	Net result	Total 2021
Legal and fiscal disputes	(1,369)	1,613	244	(62)
Staff costs				
Other				
TOTAL	**(1,369)**	**1,613**	**244**	**(62)**

The balance of the item, positive by approximately 244 thousand euro, refers to the net balance of provisions and releases for surplus related to legal and tax disputes.

SECTION 12 - NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT - ITEM 180

12.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

(thousands of euro) Assets/P&L items	Depreciation (A)	Writedowns for impairment (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
1. For operations:	(8,322)			(8,322)
– owned	(4,640)			(4,640)
– right of use acquired under leases	(3,682)			(3,682)
2. For investment:	(7,912)			(7,912)
– owned	(5,908)			(5,908)
– right of use acquired under leases	(2,004)			(2,004)
3. Inventories	X			
TOTAL	**(16,234)**			**(16,234)**

This item includes, among others, the amortisation of the rights of use acquired under a lease, recognised in application of the IFRS 16.

SECTION 13 - NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - ITEM 190

13.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

(thousands of euro) Assets/P&L items	Amortisation (A)	Writedowns for impairment (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(17,798)*			*(17,798)*
A.1 Owned	(17,798)			(17,798)
– internally generated by the company				
– other	(17,798)			(17,798)
A.2 Right of use acquired under leases				
TOTAL	**(17,798)**			**(17,798)**

SECTION 14 - OTHER OPERATING INCOME (COSTS) - ITEM 200

14.1 OTHER OPERATING COSTS: BREAKDOWN

(thousands of euro) Type of costs/Figures	2022	2021
Writedowns on Ecobonus tax credits	140,688	
Charges from adjustment of balance sheet items	756	212
Depreciation of leasehold improvements	308	308
Other	10,783	6,013
TOTAL	**152,535**	**6,533**

The item consists primarily (for around 141 million euro) of the impairment of Ecobonus tax credits, recognised in assets under item 120 "Other assets". For further details, see Part A – Accounting Policies – A.1 General information – Section 4 – Other issues.

"Other expenses" mainly include disbursements made to the CDP Foundation, amounting to about 9.7 million euro.

14.2 OTHER OPERATING INCOME: BREAKDOWN

(thousands of euro)

Type of costs/Figures	2022	2021
Income for company engagements to employees	2,110	1,884
Rental income	14,488	14,275
Recovery of expenses	14,330	4,170
Income for services rendered to group companies	4,082	3,500
Income from adjustment of balance sheet items	352	362
Other	1,403	1,483
TOTAL	**36,765**	**25,674**

The item "Rental income" includes income from the lease contracts in which CDP acts as a lessor. "Recovery of expenses" primarily includes income from the recovery of costs incurred for the management of the three sub-funds of the "Patrimonio Rilancio" Fund and general government advisory activities for the implementation of NRRP investments.

SECTION 15 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 220

15.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

(thousands of euro)

P&L Items/Values	2022	2021
A. Gains		
1. Revaluations		
2. Gains on disposals		
3. Writebacks		
4. Other		
B. Losses	**(101,392)**	**(348,652)**
1. Writedowns		
2. Impairments	(101,392)	(348,652)
3. Losses on disposals		
4. Other		
NET GAIN (LOSS)	**(101,392)**	**(348,652)**

The item includes impairment losses recognised during the year on the equity investments held in *(i)* CDP Industria for about 92.9 million euro, *(ii)* ITsART for about 7.3 million euro and *(iii)* Redo SGR for about 1.2 million euro. For further information, please refer to the paragraph "Impairment of equity investments" in Section 7 - Equity investments - Item 70 - Assets.

SECTION 16 - GAINS (LOSSES) ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE - ITEM 230

This item has a nil balance.

SECTION 17 - GOODWILL IMPAIRMENT - ITEM 240

No goodwill impairment was recognised.

SECTION 18 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 250

18.1 GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

(thousands of euro)

P&L items/Values	2022	2021
A. Land and buildings		
Gains from disposal		
Losses from disposal		
B. Other assets	**(7)**	**(136)**
Gains from disposal		
Losses from disposal	(7)	(136)
NET GAIN (LOSS)	**(7)**	**(136)**

SECTION 19 - INCOME TAX FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 270

19.1 INCOME TAX FOR THE YEAR ON CONTINUING OPERATIONS: BREAKDOWN

(thousands of euro)

Items/Values		2022	2021
1.	Current taxes (-)	(498,509)	(685,378)
2.	Change in current taxes from previous years (+/-)	2,181	(2,972)
3.	Reduction of current taxes for the year (+)		
3.*bis*	Reduction of current taxes for the year due to tax credits pursuant to Law 214/2011 (+)		
4.	Change in deferred tax assets (+/-)	(48,694)	(46,275)
5.	Change in deferred tax liabilities (+/-)	(85,321)	(50,949)
6.	**TAXES FOR THE YEAR (-) (-1 +/- 2 + 3 + 3*BIS* +/- 4 +/- 5)**	**(630,343)**	**(785,574)**

In 2022, current taxes consist of the corporate income tax (IRES), the related additional tax and the regional tax on business activities (IRAP). They are calculated using the prevailing tax rates (24%, 3.5% and 5.57%, respectively).

The change in current taxes for previous years was mainly due to the adjustment to current taxes for the previous year, when submitting the tax return.

The change in deferred tax assets is mainly due to (i) the deductibility of impairment losses on loans to customers (including those recognised upon First Time Adoption of IFRS 9), (ii) impairment loans to banks, (iii) changes in the provisions for risks and charges and (iii) the measurements of foreign currency receivables and payables and (iv) the irrelevance of valuations of receivables and payables in foreign currency.

On the other hand, the change in deferred tax liabilities is mainly due to measurements of foreign currency receivables and payables.

19.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNISED

(thousands of euro)	2022	Tax rate
Income (loss) before taxes	**3,120,825**	
IRES Theoretical tax liability (27.5% rate)	**(858,227)**	**-27.5%**
Permanent increases:		
– non-deductible interest expense		
– writedowns of equity investments		
– other non-deductible costs	(70,958)	-2.3%
Temporary increases:		
– impairment adjustments of loans		
– other temporarily non-deductible costs	(34,648)	-1.1%
Permanent decreases:		
– tax exempt dividends	409,213	13.1%
– ACE benefit	33,512	1.1%
– income from the national and global tax consolidation mechanism		
– other changes		
Temporary decreases	160,894	5.2%
IRES Actual tax liability	**(360,214)**	**-11.5%**

(thousands of euro)	2022	Tax rate
Taxable income for IRAP purposes	**2,676,242**	
IRAP Theoretical tax liability (5.57% rate)	**(149,067)**	**-5.57%**
– deductible costs for staff costs	8,700	0.3%
– other changes	2,072	0.1%
IRAP Actual tax liability	**(138,295)**	**-5.2%**

SECTION 20 - INCOME (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS - ITEM 290

This item has a nil balance.

SECTION 21 - OTHER INFORMATION

Nothing to report in addition to the information provided in the previous sections.

PART D - COMPREHENSIVE INCOME

ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items		2022	2021
10.	**Net income (loss) for the year**	**2,490,483**	**2,367,381**
	Other comprehensive income not transferred to income statement		
20.	Equity securities at fair value through other comprehensive income:	(326,909)	92,919
	a) fair value changes	(326,909)	92,919
	b) transfer to other equity items		
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating):		
	a) fair value changes		
	b) transfer to other equity items		
40.	Hedges on equity securities designated at fair value through other comprehensive income:		
	a) fair value change (hedged instrument)		
	b) fair value change (hedging instrument)		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit		
80.	Non-current assets and disposal group held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method		
100.	Income tax relating to other comprehensive income not transferred to income statement	18,185	(5,282)
	Other comprehensive income transferred to income statement		
110.	Hedging of foreign investments:		
	a) fair value changes		
	b) transfers to income statement		
	c) other changes		
120.	Exchange rate differences:		
	a) changes in values		
	b) transfers to income statement		
	c) other changes		
130.	Cash flow hedges:	280,902	(403,450)
	a) fair value changes	281,975	(397,349)
	b) transfers to income statement	(1,073)	(6,101)
	c) other changes		
	– *of which: result of net positions*		
140.	Hedging instruments (not designated elements):		
	a) changes in value		
	b) transfer to income statement		
	c) other changes		
150.	Financial assets (other than equity securities) at fair value through other comprehensive income:	(964,356)	(232,531)
	a) fair value changes	(928,433)	(116,233)
	b) transfers to income statement	(35,923)	(116,298)
	– impairment adjustments	(1,310)	10,471
	– gains/losses on disposal	(34,613)	(126,769)
	c) other changes		
160.	Non-current assets and disposal group held for sale:		
	a) fair value changes		
	b) transfers to income statement		
	c) other changes		
170.	Share of valuation reserves of equity investments accounted for using equity method:		
	a) fair value changes		
	b) transfers to income statement:		
	– impairment adjustments		
	– gains/losses on disposal		
	c) other changes		
180.	Income tax relating to other comprehensive income transferred to income statement	226,018	210,319
190.	**Total other comprehensive income**	**(766,160)**	**(338,025)**
200.	**COMPREHENSIVE INCOME (ITEMS 10 + 190)**	**1,724,323**	**2,029,356**

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

To ensure an efficient risk management system, CDP has set up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate all the risks - assumed or that can be assumed - in the different segments of operations, monitoring their performance and implementing appropriate measures aimed at preventing and/or mitigating the risks identified. CDP also communicates the results and progress of its risk management and control activities at the appropriate hierarchical levels, also providing periodic information to the Board of Directors, the Risk and Sustainability Committee and the Board of Statutory Auditors. The risk management system takes into account the specific characteristics of the activity carried out by CDP and is implemented in compliance with the regulatory requirements.

Within the organisational structure of CDP, the Risk Director, who reports directly to the Chief Executive Officer (CEO), is responsible for the governance of all types of risk and for the clear representation of the overall risk profile and solidity of CDP to the Board of Directors. As part of this mandate, the Risk Director coordinates the activities of the Risk Management (RM), Risk Advisory & Policies, Compliance and Anti-Money Laundering, and Credit Assessment and Monitoring Areas. RM is responsible for supporting the Risk Director with the management and monitoring of all types of risk, ensuring a clear representation about CDP's overall risk profile and capital requirements associated with each category of risk.

All the relevant types of risk are defined by the Risk Policy, initially approved by the Board of Directors in 2010 and constantly updated subsequently as necessary. The risks can be divided into market risks (which include equity risk, interest rate risk, inflation risk, and exchange rate risk), liquidity risks, credit risks (which include concentration and counterparty risks), operational risks, and reputational risks. In addition, when assessing its risks, CDP takes into account the ESG factors capable of influencing the different types of risks to which the company is exposed. In particular, within this area, CDP has implemented the measurement of the climate and environmental risk for those operations having the characteristics identified by the relevant Regulation, issued during 2022.

The Risk Policy, normally updated on a semi-annual basis, is composed by a main document (the Risk Regulation) and a set of related annexes, each focusing on a specific category of risk. The Risk Policy is the key tool used by the Board of Directors to define the risk appetite, the tolerance thresholds, risk limits, risk management policies and the framework of the corresponding organisational processes. The documents linked to the Risk Policy also specify the quantitative elements of the Risk Appetite Framework ("RAF") and the RAF in terms of IT and cyber risks.

The guidelines for the risk management of CDP are expressed in the Risk Policy and envisage:
- the separation of roles and responsibilities in the assumption and control of risks;
- the organisational independence of risk control from the operational management of risks;
- rigorous risk measurement and control systems.

The structure of the statutory, board and management committees is established at both Parent Company and Group level. The specific responsibilities of the committees responsible for risk, always in compliance with the principles adopted, are set out by the internal regulations.

The Risk and Sustainability Committee is established within the Board of Directors, whose composition is governed by the Articles of Association and whose operation and organisation are set out in a specific regulation, updated in 2022. The Committee (i) carries out control and guidance functions in the field of risk management and prior assessment of new products, and (ii) provides opinions in support of the Board on matters relating to risk appetite, the RAF and capital allocation, evidence on the functioning of the internal control system and the assessment of sustainability policies. The Committee also periodically reviews the results of the risk profile monitoring and capital adequacy assessment activities carried out by the control functions.

Two technical and advisory committees, the Risk Governance Committee and the Risk Assessment Committee, act as a support to management and to the decision-making bodies. The Risk Governance Committee is responsible for (i) aspects related to defining and controlling CDP's overall risk profile, (ii) compliance of new products with that risk profile and (iii) relevant aspects for the management of liquidity contingency situations. The Risk Assessment Committee is instead competent in matters of (i) assessment of transactions and activities, from a credit, risk, legal, economic-financial sustainability and ESG point of view, (ii) assessment of transactions considered relevant in terms of risk for CDP S.p.A. with reference to the limits provided for by the RAF and by the internal regulations to oversee the reputational risk of the transactions, (iii) evaluation of proposals for the management of specific non-performing loans and credit disputes, and (iv) periodic review of the risk profile of the counterparties in the portfolio. RM verifies compliance with the limits set by the Board of Directors and the operating limits established by the Chief Executive Officer, recommending corrective measures to the Risk Governance Committee or the Risk Assessment Committee, according to their responsibilities, that might be necessary to ensure compliance with the Policies adopted and the risk appetite expressed by the RAF approved by CDP's Board of Directors, monitoring the use of economic capital with respect to capital requirements and contributing to capital management activities.

SECTION 1 - CREDIT RISK

QUALITATIVE DISCLOSURES

1. GENERAL ASPECTS

Credit risk arises primarily in relation to the lending activity – both under the Separate Account and the Ordinary Account – and, on a secondary level, in the form of counterparty risk, to hedging operations involving derivatives and treasury activities.

The Separate Account, which is prevailing in terms of share of assets, primarily features exposures to the Italian Government and Local Authorities. CDP is also authorised to grant cash advances to local authorities, within the scope of the treasury service provided by Poste Italiane. This activity is focused on municipalities with up to 15,000 inhabitants and its risk profile is in line with the traditional lending activity.

Exposures under the Separate Account to the main banking groups operating in Italy, through which CDP conveys various kinds of financing, in particular loans in support of SMEs and in support of the residential real estate market, continue to play an important role.

Although accounting for a minority share, exposures under the Separate Account to private-sector parties involved in public interest projects promoted by public entities are also significant. Other exposures arise from the Fondo Rotativo per le Imprese (FRI, the revolving fund for enterprises), which to date are essentially immunized in terms of credit risk (as they are secured by a guarantee of last resort by the State), and those assumed to support the international expansion of companies and exports. The Separate Account may also finance energy efficiency improvement projects and loans granted to support International Cooperation & Development Finance, activities which have most recently started with the use of CDP own funds.

Under the Ordinary Account, CDP grants corporate and project financing drawing on non-government-backed funding, in competition with banks. Loans from the Ordinary Account are mainly aimed at the provision of public services and at investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and green economy.

In line with CDP's strategic guidelines, in recent years, operations in the Mid corporate segment, while still representing a very small share of the loan portfolio in terms of amounts, have assumed greater importance in terms of number of transactions, following CDP's more widespread presence in Italy and the strategic objective to support the growth of this type of counterparties.

In recent years, following the Covid-19 emergency and the conflict in Ukraine, CDP has supported Italian companies in coordination with the banking system, also granting medium/long-term loans assisted by instruments from both SACE (Garanzia Italia and, during the second half of 2022, Garanzia SupportItalia) and EIB (through the European Guarantee Fund). In addition, in 2022 CDP made available a total ceiling of up to 1 billion euro to help companies that have registered a reduction in turnover and/or margins as a result of the indirect effects of the geopolitical and energy crisis in Ukraine, including the rise in the cost of commodities.

In 2022, CDP continued to develop interventions on platforms or investment programmes using EU funds or national resources (such as the already mentioned European Guarantee Fund or, in Italy, the Guarantee Fund managed by Mediocredito Centrale), while maintaining alignment with CDP's typical risk profile.

Lastly, with regard to risks related to climate change, the impact on CDP's activities, strategy and financial planning may be reflected mainly through changes in the performance of its equity investments, as well as the loans granted and the bonds held. CDP's investments and loans include a variety of enterprises operating in different geographical areas and sectors, many of which are exposed to physical risk and/or transition risk. In addition, the impact of risks related to climate change may directly affect CDP's operations, which are largely conducted in Italy and fall within the financial sector.

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

The principles followed by CDP in its lending activities are set out in the Credit Risk Policy, which also defines the lending process and the roles of the involved units.

Credit Assessment and Monitoring Area

The Credit Assessment and Monitoring Area assesses the proposals advanced by CDP business units, as well as the most significant transactions submitted for a governance opinion by the subsidiaries; it is also responsible for assigning internal ratings and estimating the Loss Given Default (these parameters are used for management and accounting purposes and are determined in accordance with the Risk Policy and the Rating and Recovery Rate Policy[68]). Credit Assessment and Monitoring is also responsible for the periodic review of the loan portfolio, regarding the evolution of the counterparty's financial situation and developments in their industry/sector, manages and monitors bad loans in Watch Lists and analyses counterparties for the purposes of internal or regulatory classification. With regard to non-performing counterparties, Credit Assessment and Monitoring reviews any restructuring proposals – where necessary with the support of other structures for more complex cases. Contractual amendment requests for performing loans ("waivers") are managed instead by the transactions-management structures of the business units.

Advisory and Risk Policy Area

The Advisory and Risk Policy Area:

i. supports the business units of CDP and of the Group companies in defining the contents of major operations or business solutions;
ii. ensures the risk assessment of equity and real estate transactions subject to governance advice;
iii. supports the Risk Director in defining the proposals for strategic guidelines aimed at the approval of the Top Management Bodies regarding the risk and credit policy guidelines to be implemented at CDP and Group level.

Risk Management Area

The Risk Management Area is responsible for the methodologies used to determine the risk-adjusted pricing, for the monitoring of the risk-adjusted return, and for the measurement of portfolio concentration. Risk Management regularly monitors the overall performance of loan portfolio risk, also to identify corrective measures designed to optimise the risk/return profile.

[68] This document explains the methodologies adopted by CDP in assigning internal ratings to counterparties and in producing internal estimates of the recovery rate for individual financing operations.

With regard to credit risk, the responsibilities of Risk Management also include:

- carrying out second-level controls: (i) to ensure that performance is monitored correctly; (ii) to ensure that the impact of interest rate risk on earnings the classifications of the individual exposures are consistent; (iii) to ensure that provisioning is adequate; (iv) to ensure that the recovery process is appropriate; (v) in general with regard to the restructuring proposals;
- formulating opinions on specific loan transactions in the specific cases detailed in the policy;
- defining, selecting and implementing models, methods and instruments (including those relating to the internal rating system).

Risk Assessment Committee

As mentioned above, the Risk Assessment Committee is a technical and advisory body supporting the decision-making bodies. One of its duties is to give mandatory, non-binding opinions on financing transactions, with regard to both the creditworthiness and the adequacy of the applied contractual terms and conditions. The Risk Assessment Committee, whose composition varies according to the type and significance of the transactions, consists of the Risk Director and the heads of the structures reporting directly to him, the Finance, Control and Administration Director, the Deputy General Manager and Legal, Corporate and Regulatory Affairs Director, the Head of the relevant Business Department, or the persons appointed by them.

To monitor the risks at group level, a specific governance process is foreseen for the most significant transactions in terms of risk. In these cases, a non-binding opinion must be obtained from the Parent Company, which is prepared by the Group Risk Assessment Committee. In particular, the aforesaid Committee provides opinions on the Group's risk monitoring and assessment systems, and on risk policies and Group transactions with a significant impact.

2.2 Management, measurement and control systems

With regard to the credit risk management and control policies of the Separate Account, CDP has adopted a system for approving loans to local entities. This system is used to classify each loan in homogeneous risk categories, by adequately defining the risk level associated with the individual entities, with the aid of quantitative parameters that are differentiated by type and size of entity.

This loan approval system uses qualitative and quantitative criteria to identify the cases where the debtor's creditworthiness requires further analysis.

CDP uses a validated proprietary model to calculate credit risk at portfolio level for the Ordinary Account and for loans to private-sector parties under the Separate Account portfolio, with the exclusion of the liquidity funds provided in support of the economy via the banking system. CDP also uses this model to calculate the economic capital associated with the entire loan portfolio, with the sole exception of exposures, direct or indirect, to the State.

Risk Management monitors compliance with the system of limits and the guidelines for composition of the loan portfolio, which are an integral part of the Risk Policy. The limits are set according to the credit rating of each counterparty and become stricter as the rating and recovery rate decrease, according to proportions in line with the economic capital.

Risk Management also conducts stress tests on the level of risk in the loan portfolio, based on assumptions of generalised deterioration in the portfolio's creditworthiness, increased probability of default, decreased recovery rates and increased correlation parameters.

The methods adopted for the assignment of internal ratings aim to ensure compliance with an adequate level of transparency and consistency, including auditability of the process of evaluation.

In the internal rating assignment process, CDP uses specific benchmark tools, developed internally or by specialised providers, specific for the classes of CDP counterparties, including their size, legal form, and sector of activity. In detail, for Small and Mid Corporate counterparties, CDP has developed an internal rating model for enterprises, which includes independent modules that are activated according to the information available and the different stages of the loan process (pre-screening and targeting, origination, monitoring). CDP continuously assesses the possibility of expanding its set of models with other models that can also be used for other categories of customers, according to a criterion of importance and priority.

In line with the practice of the rating agencies, the rating scale adopted by CDP is divided into 21 classes, 10 of which are for "investment grade" positions and 11 for "speculative grade". A class is also used for counterparties in default.

Given the limited number of historical defaults in the CDP portfolio, also considering the type of borrowers, default probabilities are calibrated on the basis of long-term default rates (through-the-cycle) calculated using data acquired from a specialised provider. Since 2018, as part of the implementation of IFRS 9, CDP defined a methodology to calculate point-in-time default probabilities.

The internal estimates of Loss Given Default take into account the different types of guarantees, as well as recovery times, and are differentiated by category of customer.

The rating system is used in the loan approval process (for private entities also for risk-adjusted pricing), to monitor the performance of the loan portfolio; to calculate provisions; for the limits framework and to measure the absorption of economic capital. The risk assessment assigned to the counterparty is updated at least annually. However, it is reviewed at any time during the year whenever events occur, or information is acquired, that have the potential to significantly affect the credit rating.

In order to avoid the emergence of concentrations, Risk Management regularly monitors the net current and potential future exposure to banks arising from derivatives transactions. Risk Management checks compliance with the minimum rating limits and the limits associated with the notional amount and maximum exposure value, by counterparty or group of related counterparties. Similarly, Risk Management ensures the monitoring of exposures to counterparties in treasury activities, checking compliance with the limits and criteria set out in the Risk Policy.

2.3 Measurement methods of expected credit losses

Since 1 January 2018, the new International Financial Reporting Standard 9 (IFRS 9, or the "Standard"), issued by the International Accounting Standards Board (IASB) on 24 July 2014 and endorsed by the European Commission through EU Regulation 2016/2067, has replaced IAS 39, and prescribes the classification and measurement of financial instruments.

The Standard has introduced numerous new aspects regarding scope, loan bucketing, a holding period for estimating expected credit loss, and in general certain characteristics of the basic components of credit risk: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The main changes, introduced since 2018, concern the presence of a single impairment model, to be applied to all financial assets not measured at fair value through profit or loss, based on the concept of expected credit loss, compared with the previous concept of incurred loss. The aim of this new approach to impairment is to ensure more timely recognition of losses compared to the previous IAS 39-compliant model, in which the losses were recognised if objective evidence of impairment losses after initial recognition of the asset was found. Conversely, the new model prescribes that the financial assets are allocated in three distinct "stages" (Stage Allocation):

- **stage 1**: this stage refers to performing financial assets for which no significant credit impairment was recognised in comparison with the date of initial recognition. These assets are measured based on the expected loss over a time horizon of up to one year;

- **stage 2**: this stage involves performing financial assets whose credit quality has significantly deteriorated since initial recognition. These financial assets are measured based on their expected credit loss, calculated over a time horizon corresponding to the residual life of the financial asset;
- **stage 3**: this stage involves non-performing financial assets: having suffered a significant increase in their credit risk since initial recognition, they are measured accordingly based on the expected credit loss over the residual life of the financial asset.

Any instruments classified as POCI (purchased or originated credit impaired) that do not have a significant impact on CDP are classified separately and, in accordance with the accounting standards, cannot be transferred to another classification.

CDP has defined its policies and methods of Stage Allocation and calculation of expected losses in compliance with the Standard and appropriate to the specific characteristics of the CDP Group, while taking into consideration the characteristics of the Parent Company's loan portfolio, whose main exposures are traditionally towards Public Entities and were originated in a timespan of more than one decade; consequently, that portfolio has recorded an extremely limited number of default events.

The credit rating assigned to each counterparty includes, *inter alia* and to the extent relevant, assessments, also on a forward-looking basis, related to climate change and energy transition. As a result, the measurement of the ECL associated with each position may be affected, where there is a significant impact, by the exposure to risks related to these issues.

Stage Allocation

CDP has long since set up a series of internal processes and models for assessing creditworthiness, focused on the typical multi-year horizon of CDP's business and used in the ex-ante assessment phase, as well as in risk monitoring and risk calculation. The results of these processes and models are summed up in a scale of internal ratings to which a term structure on the probability of default is associated.

The internal rating integrates all the key available information, including information on trends, since the structure of the internal rating system is forward-looking and takes into account the duration of the exposure.

Stage Allocation is, therefore, mainly based on the use of these methods, that are considered appropriate for managing the CDP assets. In particular, the classification in the various stages involves verifying a series of relative and absolute conditions.

The adoption of the new Standard does not lead to changes in the identification of non-performing assets, which are classified within stage 3.

Conversely, with regard to performing assets, it is necessary to define criteria for assigning them to stage 1 or stage 2.

The first element for identifying a significant impairment in creditworthiness is a change in the internal rating attributed to each instrument between the initial date and the measurement date. The adopted method involves defining the staging criteria based on the number of notches that separate the two ratings: the threshold that causes the shift from stage 1 to stage 2 takes into account, among other things, the age of the individual instrument and its rating on the reporting date. The first element allows CDP's expectations regarding changes in PD to be grasped (shifts in ratings over time), while, with regard to the second element, the threshold takes account of the fact that the probabilities of default increase in an uneven manner as the rating worsens (trends of the PD in line with the ratings).

The decision to use the internal ratings as a benchmark was taken due, among other things, to the lack of significant past default events as mentioned above, which is a characteristic of CDP's loan portfolio and does not allow thresholds to be calibrated based on PD.

Additional criteria specified by the Stage Allocation policy are of an absolute and not relative nature: all instruments are classified in stage 2 if they relate to counterparties for which the following conditions apply:

- they belong to specific monitoring classes ("watchlists", which highlight the need for particularly careful monitoring, even for exposures that are performing, because of specific levels of risk);
- there are overdue amounts whose age and relative amount provide evidence of a possible deterioration of creditworthiness;
- classification of positions as forborne.

The existence of these elements ensures a gradual approach in classification, in order to reduce the likelihood of an instrument being classified to stage 3 without having been classified to stage 2.

In accordance with the Standard, one notes that when the conditions that led to a position being attributed to stage 2, in line with the Stage Allocation policy, hold no more, it may return to stage 1 with the consequent reduction in the associated expected loss.

With regard to debt securities, it was necessary to develop certain additional considerations because, in contrast with loans, these types of exposures may involve acquisitions subsequent to the first purchase, performed on a case-by-case basis in accordance with the business models identified by CDP. In particular, it is necessary to take account of the time sequence of purchases and sales of the same security, so as to enable differentiated staging, where necessary, between two tranches purchased at different times when the corresponding creditworthiness may have been different.

In the event of tranches of securities classified in stage 2, which require the calculation of the expected losses over the lifetime, the time profile of the EAD would be determined according to the actual redemption schedule of the individual tranches in line with their accounting measurement.

The staging policy developed by CDP does not envisage the use of the "low credit risk exemption" (LCRE) for the portfolio of loans or for the portfolio of debt securities, even though this is an option allowed by IFRS 9. This exemption would involve classifying all positions with "low" credit risk (substantially similar to the "investment grade" threshold, i.e. from the "BBB-" rating upwards) in Stage 1, regardless of any changes in credit rating since origination. CDP has decided not to opt for this exemption, taking account of the recommendations of the Basel Committee, even though they are not binding for CDP, which state that banks authorised to use internal models for credit risk should not apply this exception to their loan portfolio. The approach chosen by CDP enables exposures to be treated in a uniform way, regardless of their technical form: in particular, one of the undesirable effects would have been the application of the LCRE to the securities portfolio, which would have led to differences in the classification of loans and securities issued by the same issuer and originated in the same period.

As mentioned above, instruments classified as POCI remain in that classification throughout their life.

Elements for the calculation of expected loss

The accounting standard specifies that after identifying the appropriate stage for each instrument, to calculate the expected loss one must use all reasonable and sustainable information (that is available without excessive costs or effort), which might influence the credit risk of a financial instrument. The available information must include:

- specific attributes of the debtor, and
- general economic conditions and the assessment of both current and forecast conditions ("forward-looking information").

With regard to the estimation of expected loss, IFRS 9 requires the adoption of the Point-in-Time (PIT) PD instead of the Through-the-Cycle (TTC) PD which CDP uses in measuring risks, also due to the nature of long-term investor which characterises its activity.

Therefore, CDP has developed a method for determining the PIT PD starting from the TTC PD which are estimated using a sample of past external data, with methods that take into account possible future trends.

In order to achieve the aims of the Standard, the TTC PD are made contingent upon macroeconomic scenarios; a short-term, forward-looking element is, therefore, added to the medium-to-long term forward-looking component already present in the TTC PD, through the introduction of an appropriate scale factor allowing the maintenance of the current forward-looking system, combined with a greater sensitivity towards the expected short-term trends.

Within its own credit assessment and management methods, CDP has defined certain recovery values (and correspondingly Loss Given Defaults - LGD) based on expert opinions, adopting a conservative approach aimed at identifying the characteristic features of each position (i.e. existence of collateral or a "security package"), since it is unable to make use of a statistical approach due to the scarcity of events in its own portfolio. In those cases where an explicit value is not already provided for, reference was made to the instructions included in Regulation no. 2013/575/EU (CRR).

The calculation of the expected loss over the time horizon that is consistent with the staging of each instrument is based on the discounting of the expected cash flows according to the probability of default corresponding to the creditworthiness at the reporting date and to the LGD.

Governance aspects

The methodological framework was developed by Risk Management, in collaboration with Accounting. The adoption of key choices on the implementation of the Standard was discussed in the relevant committees (Internal Risk Committee, at managerial level, and the Board Committee) and was finally approved by the Board of Directors.

Organisational and process adjustments were also developed to meet the increased data needs with respect to IAS 39.

Changes due to Covid-19 and the impacts of the conflict in Ukraine

The global continuation of Covid-19 (albeit with the availability of vaccines and new health treatments) and the war in Ukraine, with the resulting impacts on economic activity have increased the level of uncertainty, hence quantitative estimates regarding, for example, possible future losses on receivables measured at amortised cost or cash flows from equity investments or real estate assets became more difficult. For CDP, the areas in which there is an increased level of uncertainty are mainly:

- regulatory changes linked to measures adopted to respond to the health emergency and the economic situation, which might result in significant changes to the business model of one or more investee companies;
- a possible acceleration in the energy transition dynamics, with effects on investees that operate in the Oil & Gas sector or in related sectors;
- a possible increase in the insolvency risk in the loan portfolio, in terms of both rating transitions and the higher probability of short-term default.

With particular regard to this latter area - and to the application of IFRS 9 - no additional changes were deemed necessary in the valuation and measurement models for financial instruments related to the pandemic crisis and to the tensions on commodity and energy prices.

Assessment of the significant increase in credit risk (SICR)

CDP has not made changes to its methodology for assessing the significant increase in credit risk, either as a result of Covid-19 or due to other factors, as it considers this methodology to be sufficiently broad and therefore adequate in the current context.

Consistent with the characteristics of its loan portfolio, mainly including exposures with public counterparties, banks operating in Italy, large corporations and special-purpose vehicles operating in the infrastructure sector, CDP has noted, as at 31 December 2022, that changes in internal ratings are limited, even including the impacts of Covid-19 on a forward-looking basis and the tensions on commodity and energy prices. Specifically, the phenomena observed, however limited, were mainly related to idiosyncratic factors and not directly consequent to the impacts of Covid-19 or the Russian-Ukrainian conflict.

Measurement of expected credit losses

In measuring Expected Credit Losses, CDP applies the internally-developed methodology, which considers:

- a reliable estimate of through-the-cycle probability of default, which incorporates not only historical data but also forward-looking information to ensure the reliability of the estimates even in situations of serious crisis, across the entire life of the financial instruments;
- an internal model for estimating the cyclical component of probability of default, to produce forward-looking estimates of point-in-time parameters.

The model applied to estimate the cyclical component is based on the main macroeconomic drivers including GDP and employment rate forecasts, with reference to the Eurozone and the USA. The quantitative model adopted internally has not changed and, in particular, no sector-based adjustments were made since it was deemed that alternative methods would not be more reliable in the current phase and might, at least potentially, introduce higher risks of arbitrariness. Despite the joint direct or indirect effects of the conflict in Ukraine and the increase in energy costs, so far being scarcely visible on the counterparties in the portfolio, CDP considered it necessary to apply a management overlay when quantifying the ECL, aimed at compensating for the effect of decreasing the Point-in-Time Probabilities of Default which would otherwise be connected to the trend recorded by the macroeconomic and credit indicators observed in the model. The application of this overlay, which is consistent with the recommendations of the Banking Regulators aimed at limiting excessive volatility in the measurement of reserves, refers to the contingent situation. CDP will assess developments in the economic environment and remove it when there is a return to a situation with fewer anomalies.

2.4 Credit risk mitigation techniques

CDP mitigates the credit risk with respect to lending operations by using techniques commonly adopted in the banking industry.

A significant number of CDP credit exposures in the Separate Account consists of special-purpose cash loans in favour of public local entities supported by payment orders to the Treasurers ("Delegazione di pagamento") or an irrevocable mandate for collection.

Financing under the Ordinary Account and the financing of non-public entities under the Separate Account can be secured by collateral or unsecured guarantees. Specifically, some of the products in support of the economy, which are channelled through the banking system and targeted at SMEs, and in support of the housing market, are secured through the pledge of the underlying loans to CDP and the creation of pledges on government bonds in favour of CDP. The portfolio of transferred receivables provides for mechanisms of alignment with respect to the direct exposures to banks and has an adequate quality level of customers transferred as a guarantee, including in terms of distribution by risk classes according to the system average values. Lastly, with regard to risk concentration, a system of limits has been defined according to the overall exposure to the bank (and of the group that it might belong to) in relation to the Equity of CDP and the Regulatory Capital of the bank (or its group).

Aside from the acquisition of guarantees, typically in transactions under the Ordinary Account and in those with non-public entities under the Separate Account, there exists the possibility of including clauses in the loan agreements, obligating the counterparty to satisfy appropriate financial covenants and other typical contractual clauses in similar transactions, that allow CDP to monitor its credit risk more effectively over the life of the transaction.

With reference to loans to private-sector parties, in order to reduce the risk of an excessive incidence in the total debt, CDP takes part in financing alongside the banking system, assuming a share that does not usually exceed 50% of the entire transaction.

The support provided by the sponsors of a deal assumes special importance in project finance transactions, and particularly during the construction phase. This support is materialised both in terms of the commitment to provide additional resources, as necessary, and by remaining a shareholder until construction is completed and operations commence.

CDP has a credit quality monitoring system that ensures, through an early warning system, the prompt flagging up of credit events that indicates potential problems (based on information from both internal and external sources), and assigns the counterparty a specific internal Watch List class depending on the level of importance of the identified signals, also activating the assessment process for the purposes of regulatory classification. This system also operates on the regulatory status, with specific indicators that enable the generation of regulatory classification proposals, in particular as Unlikely To Pay.

Pursuant to the executed ISDA agreements, netting is used in hedge transactions with the bank counterparties of the Company to reduce exposure. All the contracts are based on the 2002 ISDA agreement. Credit Support Annexes, which involve the periodic exchange of collateral, are also systematically used to strengthen CDP credit risk mitigation. The arrangement is based on the standard format recommended by the ISDA.

During 2022, CDP implemented its hedging strategies also using clearing houses.

Securities financing transactions utilise GMRAs (Global Master Repurchase Agreement, ISMA 2000 and 2011 formats). In addition, CDP has long since joined the Euronext Clearing House (previously called Cassa di Compensazione e Garanzia), through which it transacts in repo agreements while benefiting from robust protections against counterparty risk.

During 2022, CDP also concluded contractual updates to operate within the framework of the Global Master Securities Lending Agreement (GMSLA).

Impacts of the Covid-19 pandemic and the conflict in Ukraine

The impact of the Covid-19 pandemic and the subsequent conflict in Ukraine on CDP's credit risk is not yet clearly observable but, so far, it seems relatively limited considering that CDP's portfolio is primarily made up of public entities, infrastructure projects and large-sized corporate counterparties - operating in sectors like energy generation, distribution and transmission - which, to date, have been less affected by fall in demand, business interruptions and, more generally, higher costs associated with the health emergency and the tensions on commodity and energy prices. In any case, CDP has conducted a credit review of its portfolio and, where necessary, has made adjustments to the internal rating and/or has placed some counterparties, belonging to the sectors most affected by the emergency, in an internal Watch List. However, in view of the continuing uncertainty related to (i) the timing and effects of the removal of the extraordinary support policies implemented by the institutions (through tax-related and credit measures and monetary policies) and (ii) the evolution of the economic situation, CDP has established a management overlay for the measurement of expected credit losses.

3. NON-PERFORMING CREDIT EXPOSURES

3.1 Management strategies and policies

In 2022, gross non-performing credit exposures, despite having increased compared to the previous year, were still very marginal with respect to the overall loan portfolio.

Credit exposures are classified in order to identify – based on information about the counterparty's financial position, the age of the past-due amounts, the materiality thresholds indicated by supervisory regulations, and any debt restructuring authorised by CDP – the non-performing positions to be reported in the non-performing portfolio. In this regard, the classification of CDP's credit exposures is based on a substantial alignment between the definition of "non-performing exposures" contained in the Implementing Technical Standards issued by the EBA in 2014, the definition of "default" contained in the EBA Guidelines on the application of the definition of default under Article 178 of EU Regulation 575/2013 and the definition of "credit-impaired" governed by IFRS 9, with the consequent recognition of all the non-performing exposures as part of stage 3.

Non-performing financial assets are measured and classified in accordance with the accounting standards and the provisions of Bank of Italy Circular No. 272/2008. On the basis of the current regulatory framework, non-performing financial assets are classified in one of the following categories:

- non-performing past-due exposures: on-balance sheet exposures, other than those defined as bad debts or unlikely to pay, that have been continuously past-due for more than 90 days for an amount that exceeds both the materiality thresholds (absolute and relative) provided for by the aforementioned regulations;
- unlikely to pay: on- and off-balance sheet exposures for which the conditions for the classification as bad debts are not met and for which it is considered unlikely that, without actions such as the enforcement of guarantees, the debtor will fully meet (principal and/or interest) its credit obligations. This assessment is made regardless of the presence of any overdue and unpaid amounts (or instalments);
- bad debts: exposures to an entity in a state of insolvency (even if not judicially ascertained) or in substantially comparable situations, regardless of any forecasts of loss on the exposure. Those exposures for which the anomalous situation is attributable to country risk are excluded.

The main events monitored in analysing the financial soundness of counterparties and the consequent valuation of the credit exposure in the financial statements regard failure to make payments (or other contractual breaches), declarations of financial crisis by local authorities or the initiation of bankruptcy proceedings for other borrowers, an examination of the most significant financial statements indicators, or an analysis of information from the Central Credit Register.

Non-performing assets are recognised in the financial statements on the basis of discounting expected cash flows over the asset's entire lifetime, calculated using the original effective interest rate of the specific loan. The amount of the adjustments is equal to the difference between the carrying value of the asset and the discounted value of the expected future cash flows.

The estimate of the cash flows and the consequent adjustment of the value of loans considers any collateral or unsecured guarantees received. In particular, it considers the amounts granted but not disbursed on special purpose loans, for which disbursements are made in several instalments according to the work progress reports on the financed project. Borrowers with substantial arrears are disqualified from accessing new CDP financing and any remaining amounts to be disbursed on problem loans are frozen.

In order to estimate future cash flows and related collection times, the loans in question of a significant unit value are subject to an analytical assessment process. For some consistent categories of non-performing loans of non-significant unit value, the assessment processes envisage that value adjustments must be determined with a lump-sum/statistical calculation method, to be analytically attributed to each individual position.

The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure. In order for these events to be promptly recorded, available information on the financial position and earnings of the debtors is periodically monitored and the progress of any extra-judicial agreements being made and the evolution of any lawsuits with customers are constantly checked, while the information available from the Central Credit Register is verified.

CDP has structures dedicated to the monitoring and management of non-performing exposures, which cover all phases of the life cycle of non-performing loans, from careful monitoring of the performing portfolio through to credit recovery. The monitoring, carried out by the Credit Monitoring function with the aid of the other organisational units involved, is aimed at detecting the first signs of deterioration in the counterparty's credit quality, as well as identifying the corrective measures needed to manage the potential deterioration of the exposures. The recovery of non-performing exposures, carried out by the "Credit Restructuring and Problem loans" and "Credit Recovery" structures, is aimed at maximising earnings and financial results, by pursuing extra-judicial solutions as deemed appropriate. These may include restructuring arrangements or settlement agreements having a positive impact on recovery times and the level of costs incurred.

The return to performing status of credit exposures is subject to verification that the problem conditions or insolvency have been eliminated and can take place only after at least 3 months (or 12 months for exposures subject to forbearance measures) have passed since they no longer meet the conditions for being classified as such.

Both the classification and valuation processes of the individual financial assets are based on a system of delegations of powers to various decision-making bodies, depending on the asset class of the debtor and the amount of the credit exposure.

The consistent placement of an exposure in the appropriate risk class, as mandated by supervisory regulations, is also ensured by the presence of second-level controls, aimed at verifying not only the fairness of the classifications but also the fairness of the accruals.

Finally, non-performing exposures include individual forborne exposures that meet the definition of "Non-performing exposures with forbearance measures" envisaged by the EBA ITS (European Banking Authority Implementing Technical Standards), which do not form a separate category of non-performing assets but constitute a subset thereof. In the same way, performing exposures with forbearance measures are included in performing loans.

3.2 Write-offs

Credit exposures are written off, i.e. derecognised, when there is no longer any reasonable expectation of recovering the financial asset, including in cases of surrender of the asset. The write-off may relate to a financial position in its entirety or part of it and may even occur before the end of any legal actions that have been brought, without necessarily entailing waiver of the legal right to recover the debt. In such cases, the gross nominal value of the loan remains the same, but the gross carrying amount is reduced by the amount being written off. Any recoveries from collection after derecognition of the asset are recognised in the income statement under recoveries.

In assessing the recoverability of non-performing loans, the following points, in particular, are taken into consideration:
- the age of past due positions, which could make any expectation of recovery substantially inexistent;
- the amount of the loan, in order to assess the cost-effectiveness of any credit recovery measures;
- the value of the guarantees that secure the exposure;
- the negative outcome of any action taken in and out of court.

3.3 Purchased or Originated Credit-Impaired financial assets

"Purchased or Originated Credit-Impaired (POCI) financial assets" are credit exposures that are impaired at the time of initial recognition.

Considering CDP's business operations, these exposures originated exclusively within the scope of restructuring operations for impaired exposures where new funds are disbursed, to a significant extent with respect to the amount of the original exposure.

For the purposes of interest calculation, for POCI exposures the credit-adjusted effective interest rate is used, which, in estimating future cash flows, considers the expected credit losses over the residual maturity of the asset.

4. RENEGOTIATED FINANCIAL ASSETS AND FORBORNE EXPOSURES

Over the maturity of financial assets, and specifically for financial assets measured at amortised cost, it is possible that they are subject to renegotiation of the contract terms.

In that case, one needs to check whether or not the intervening contractual changes give rise to derecognition of the original instrument and the recognition of a new financial instrument.

The analysis required to assess which changes give rise to derecognition rather than modification may sometimes entail significant elements of valuation.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are of a substantial nature. However, in the absence of specific instructions in the IFRS to which one can refer, a list of major changes has been drawn up which lead to a substantial change in the terms of the existing contract, by introducing a different nature of risks and entailing, therefore, derecognition.

The list is as follows:
- change of the counterparty;
- change in the reference currency;
- replacement of debt to equity;
- acceptance in lieu, whose repayment depends on the fair value of an asset;
- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses that expose the debtor to new risk components;
- changes granted to performing customers, who do not show any economic and financial difficulties (thus not falling into the series of so-called "forborne" exposures) and which involve the use of market parameters for the restatement of the financial conditions of the loan agreement, also with the aim of retaining the customer.

With specific reference to the granting of loans to public entities (which is one of the main activities historically performed by CDP), over the last few years CDP has put several loan renegotiation transactions in place, with the aim of meeting specific needs expressed by the entities and releasing financial resources that the entities can use for new investments as well.

These renegotiations are carried out according to the principle of financial equivalence and are aimed at entities other than defaulting ones and, for local authorities, entities that are not in financial crisis.

The renegotiation transactions proposed by CDP, executed in compliance with the regulations in force at the time, are particularly relevant in public sector finance, to the point that the transactions carried out in recent years have involved multiple positions and a considerable total amount of renegotiated loans. Therefore, these renegotiations represent "massive renegotiations".

Their aims, the reference regulatory framework, their scope and the involvement, historically, of multiple renegotiated positions for a considerable total amount represent their qualitative and quantitative characteristics that further emphasise the existence of key elements from which the "substantial" nature emerges of the contractual changes they made to the loans involved, therefore entailing derecognition.

On the other hand, in the event of changes not deemed significant (modification), the gross value is re-determined through the calculation of the current value of the cash flows resulting from the renegotiation, at the original exposure rate.

The difference between the gross value of the financial instrument before and after the renegotiation of contract terms, is recognised through profit or loss as a gain or loss from contractual changes without derecognition.

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 NON-PERFORMING AND PERFORMING CREDIT EXPOSURES: AMOUNTS, VALUE ADJUSTMENTS, CHANGES AND ECONOMIC DISTRIBUTION

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)

(thousands of euro) Portfolios/quality	Bad debts	Unlikely to pay	Non performing past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	86,363	124,907	234,452	122,566	345,517,134	346,085,422
2. Financial assets measured at fair value through other comprehensive income					10,518,943	10,518,943
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value						
5. Financial assets held for sale						
TOTAL AT 31/12/2022	**86,363**	**124,907**	**234,452**	**122,566**	**356,036,077**	**356,604,365**
Total at 31/12/2021	**68,660**	**92,466**	**233,770**	**2,059**	**371,251,410**	**371,648,365**

The following table shows the breakdown of credit exposures for on-balance sheet forborne credit exposures (non-performing and performing loans).

Forborne credit exposures: breakdown by portfolio and credit quality

(thousands of euro) Type of exposure/Values	Gross exposure	Accumulated impairment	Net exposure 31/12/2022	Net exposure 31/12/2021
Financial assets measured at amortised cost:				
Bad debts	650	(650)		
Unlikely to pay	1,889	(1,086)	803	21,872
Non-performing past-due exposures				
Performing past-due exposures				
Other performing exposures	1,470,729	(129,023)	1,341,706	455,792
TOTAL FORBORNE EXPOSURES AT 31/12/2022	**1,473,268**	**(130,759)**	**1,342,509**	**X**
Total forborne exposures at 31/12/2021	**616,790**	**(139,126)**	**X**	**477,664**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(thousands of euro) Portfolios/Quality	Non-performing assets				Performing assets			
	Gross exposure	Accumulated impairment	Net exposure	Accumulated partial write off (*)	Gross exposure	Accumulated impairment	Net exposure	Total (net exposure)
1. Financial assets measured at amortised cost	637,712	(191,990)	445,722		346,521,240	(881,540)	345,639,700	346,085,422
2. Financial assets measured at fair value through other comprehensive income					10,531,470	(12,527)	10,518,943	10,518,943
3. Financial assets designated at fair value					X	X		
4. Other financial assets mandatorily measured at fair value					X	X		
5. Financial assets held for sale								
TOTAL AT 31/12/2022	**637,712**	**(191,990)**	**445,722**		**357,052,710**	**(894,067)**	**356,158,643**	**356,604,365**
Total at 31/12/2021	**510,643**	**(115,747)**	**394,896**		**372,218,522**	**(988,790)**	**371,253,469**	**371,648,365**

(*) Value to be shown for information purposes.

(thousands of euro) Portfolios/Quality	Assets with markedly poor credit quality		Other assets
	Accumulated loss	Net exposure	Net exposure
1. Financial assets held for trading			354,937
2. Hedging derivatives			4,343,994
TOTAL AT 31/12/2022			**4,698,931**
Total at 31/12/2021			**508,412**

A.1.3 Breakdown of financial assets by past-due bands (carrying amounts)

(thousands of euro) Portfolios/Stages	Stage 1			Stage 2			Stage 3			Purchased or originated credit impaired		
	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days
1. Financial assets measured at amortised cost	114,476	210	7,837			43	532		167,979			
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
TOTAL AT 31/12/2022	**114,476**	**210**	**7,837**			**43**	**532**		**167,979**			
Total at 31/12/2021		**66**	**1,949**		**23**	**21**			**349,874**			

A.1.4 Financial assets, commitments to disburse funds and financial guarantees issued: changes in accumulated impairment and provisions

(thousands of euro) Items/Risk stages	Accumulated impairment											
	Assets in stage 1						Assets in stage 2					
	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 impairment	Of which: collective impairment	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 impairment	Of which: collective impairment
Opening accumulated impairment and provisions	**3**	**333,880**	**13,557**			**347,440**		**641,072**	**281**			**641,353**
Increases resulting from purchased or originated financial assets		59,782	3,605			63,387		33,873				33,873
Derecognitions other than write-offs		(19,464)	(4,482)			(23,946)		(40,073)	(121)			(40,194)
Net adjustments/recoveries for credit risk (+/-)	(1)	(9,030)	(153)			(9,184)		(119,725)	(159)			(119,884)
Changes in contracts without derecognition		309				309						
Changes in estimation method												
Write-offs not recognised directly through profit or loss												
Other changes		917				917			(1)			(1)
Closing accumulated impairment and provisions	**2**	**366,394**	**12,527**			**378,923**		**515,147**				**515,147**
Recoveries from collection on financial assets subject to write-off												
Write-offs recognised directly through profit or loss												

(thousands of euro) Items/Risk stages	Accumulated impairment											Total provisions for commitments to disburse funds and financial guarantees issued				
	Assets in stage 3						Purchased or originated credit 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 impairment	Of which: collective impairment	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	Of which: individual impairment	Of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees issued purchased or originated impaired	Total
Opening accumulated impairment and provisions		**115,747**			**115,601**	**146**						**380,557**	**69,837**	**368**	**57**	**1,555,359**
Increases resulting from purchased or originated financial assets		1,109			1,109		X	X	X	X	X	313,347	6	78		411,800
Derecognitions other than write-offs		(1,814)			(1,763)	(51)						(17,574)	(68,746)	(118)	(57)	(152,449)
Net adjustments/recoveries for credit risk (+/-)		76,804			76,625	179						6,518	162	(152)		(45,736)
Changes in contracts without derecognition																309
Changes in estimation method																
Write-offs not recognised directly through profit or loss																
Other changes		144			223	(79)						(22,100)				(21,040)
Closing accumulated impairment and provisions		**191,990**			**191,795**	**195**						**660,748**	**1,259**	**176**		**1,748,243**
Recoveries from collection on financial assets subject to write-off																
Write-offs recognised directly through profit or loss																

A.1.5 Financial assets, commitments to disburse funds and financial guarantees issued: transfers between credit risk stages (gross and nominal values)

(thousands of euro) Portfolios/Risk stages	Gross value/Nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	50,699	1,793,223	115,236	30,736	99,712	6,046
2. Financial assets measured at fair value through other comprehensive income		5,892				
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued	6,713	261			86	1,686
TOTAL 31/12/2022	**57,412**	**1,799,376**	**115,236**	**30,736**	**99,798**	**7,732**
Total 31/12/2021	**433,797**	**328,563**	**22,673**	**6,207**	**221,701**	**3,536**

A.1.5a Loans subject to Covid-19 support measures: transfers between various credit risk stages (gross values)

(thousands of euro) Portfolios/Risk stages	Gross value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Loans measured at amortised cost					**29,658**	
A.1 Loans subject to moratoria compliant with the GL						
A.2 Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne						
A.3 Loans subject to forbearance measures						
A.4 New loans					29,658	
B. Loans measured at fair value through other comprehensive income						
B.1 Subject to moratoria compliant with the GL						
B.2 Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne						
B.3 Loans subject to forbearance measures						
B.4 New loans						
TOTAL 31/12/2022					**29,658**	
Total 31/12/2021	**40,002**	**112**			**15,069**	**126**

This table shows the gross value of loans, subject to Covid-19 support measures, outstanding at the balance sheet date, broken down by portfolio, when the risk stage at which the exposures are included at the year-end is different from the stage at which the exposures were included at the start of the year (or at the initial recognition date if later than the start of the year). The line "A.4 new loans" reports the loans which represent new liquidity backed by public guarantee.

A.1.6 On-balance sheet and off-balance sheet exposures to banks: gross and net amounts

(thousands of euro)	Gross exposure					Accumulated impairment and provisions						
Type of exposure/Values	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net exposure	Accumulated partial write off (*)
A. On-balance-sheet credit exposures												
A.1 On demand	**2,630,404**	**2,630,404**				**(2)**	**(2)**				**2,630,402**	
a) Non-performing		X					X					
b) Performing	2,630,404	2,630,404		X		(2)	(2)		X		2,630,402	
A.2 Other	**21,580,592**	**21,560,378**	**20,214**			**(49,276)**	**(43,743)**	**(5,533)**			**21,531,316**	
a) Bad debts		X					X					
– *of which: forborne exposures*		*X*					*X*					
b) Unlikely to pay		X					X					
– *of which: forborne exposures*		*X*					*X*					
c) Non-performing past-due exposures		X					X					
– *of which: forborne exposures*		*X*					*X*					
d) Performing past-due exposures	382	382		X					X		382	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing exposures	21,580,210	21,559,996	20,214	X		(49,276)	(43,743)	(5,533)	X		21,530,934	
– *of which: forborne exposures*				*X*					*X*			
Total (A)	**24,210,996**	**24,190,782**	**20,214**			**(49,278)**	**(43,745)**	**(5,533)**			**24,161,718**	
B. Off-balance-sheet credit exposures												
a) Non-performing		X					X					
b) Performing	4,753,227	1,010,784		X		(2,588)	(2,588)		X		4,750,639	
Total (B)	**4,753,227**	**1,010,784**				**(2,588)**	**(2,588)**				**4,750,639**	
TOTAL (A + B)	**28,964,223**	**25,201,566**	**20,214**			**(51,866)**	**(46,333)**	**(5,533)**			**28,912,357**	

A.1.7 On-balance sheet and off-balance sheet exposures to customers: gross and net amounts

(thousands of euro)	Gross exposure					Accumulated impairment and provisions						
Type of exposure/Values	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net exposure	Accumu-lated partial write off (*)
A. On-balance-sheet credit exposures												
a) Bad debts	160,591	X		160,591		(74,228)	X		(74,228)		86,363	
– *of which: forborne exposures*	*650*	*X*		*650*		*(650)*	*X*		*(650)*			
b) Unlikely to pay	235,751	X		235,751		(110,844)	X		(110,844)		124,907	
– *of which: forborne exposures*	*1,889*	*X*		*1,889*		*(1,086)*	*X*		*(1,086)*		*803*	
c) Non-performing past-due exposures	241,370	X		241,370		(6,918)	X		(6,918)		234,452	
– *of which: forborne exposures*		*X*					*X*					
d) Performing past-due exposures	122,355	122,308	47	X		(171)	(167)	(4)	X		122,184	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing exposures	335,349,763	323,955,871	11,393,892	X		(844,620)	(335,011)	(509,609)	X		334,505,143	
– *of which: forborne exposures*	*1,470,729*	*888,125*	*582,604*	*X*		*(129,023)*	*(1,345)*	*(127,678)*	*X*		*1,341,706*	
Total (A)	**336,109,830**	**324,078,179**	**11,393,939**	**637,712**		**(1,036,781)**	**(335,178)**	**(509,613)**	**(191,990)**		**335,073,049**	
B. Off-balance-sheet credit exposures												
a) Non-performing	4,701	X		4,701		(176)	X		(176)		4,525	
b) Performing	33,415,096	30,881,215	41,275	X		(659,418)	(658,159)	(1,259)	X		32,755,678	
Total (B)	**33,419,797**	**30,881,215**	**41,275**	**4,701**		**(659,594)**	**(658,159)**	**(1,259)**	**(176)**		**32,760,203**	
TOTAL (A + B)	**369,529,627**	**354,959,394**	**11,435,214**	**642,413**		**(1,696,375)**	**(993,337)**	**(510,872)**	**(192,166)**		**367,833,252**	

(*) Value to be shown for information purposes

A.1.7a Loans subject to Covid-19 support measures: gross and net amounts

	Gross exposure					Accumulated impairment and provisions						
(thousands of euro) Type of exposure/Values	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net exposure	Accumulated partial write off (*)
A. Bad debt												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
B. Unlikely to pay credit exposures	**44,861**			**44,861**		**(6,650)**			**(6,650)**		**38,211**	
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans	44,861			44,861		(6,650)			(6,650)		38,211	
C. Non-performing past-due credit exposures:												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
D. Performing past due positions:												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
E. Other performing positions:	**1,216,472**	**1,216,472**				**(4,158)**	**(4,158)**				**1,212,314**	
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans	1,216,472	1,216,472				(4,158)	(4,158)				1,212,314	
TOTAL (A + B + C + D + E)	**1,261,333**	**1,216,472**		**44,861**		**(10,808)**	**(4,158)**		**(6,650)**		**1,250,525**	

(*) Value to be shown for information purposes.

This table shows the loans, with details of gross amount and accumulated impairment, for the different categories of non-performing/performing assets, subject to Covid-19 support measures. The lines "d) new loans" report the loans that represent new liquidity backed by public guarantees.

A.1.8 On-balance sheet exposures to banks: changes in gross non-performing exposures

There are no non-performing credit exposures to banks.

A.1.8-*bis* On-balance sheet exposures to banks: changes in gross forborne exposures by credit quality

There are no forborne credit exposures to banks.

A.1.9 On-balance sheet exposures to customers: changes in gross non-performing exposures

(thousands of euro) Items/Categories	Bad debts	Unlikely to pay	Non-performing past-due exposures
A. Opening gross exposure	**128,960**	**141,218**	**240,465**
– *of which: exposures assigned but not derecognised*			
B. Increases	**43,308**	**184,277**	**77,914**
B.1 Transfers from performing exposures		166,012	40,299
B.2 Transfers from purchased or originated credit impaired financial assets			
B.3 Transfers from other categories of non-performing exposures	40,909	2,156	
B.4 Changes in contracts without derecognition			
B.5 Other increases	2,399	16,109	37,615
C. Decreases	**11,677**	**89,744**	**77,009**
C.1 Transfers to performing exposures		42,440	8,300
C.2 Write-off			
C.3 Repayments	11,631	6,762	62,462
C.4 Credit disposals			
C.5 Losses from disposals			
C.6 Transfers to other categories of non-performing exposures		40,289	2,776
C.7 Changes in contracts without derecognition	39		
C.8 Other decreases	7	253	3,471
D. CLOSING GROSS EXPOSURE	**160,591**	**235,751**	**241,370**
– *of which: exposures assigned but not derecognised*			

A.1.9-*bis* On-balance sheet exposures to customers: changes in gross forborne exposures by credit quality

(thousands of euro) Items/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening gross exposure	**31,463**	**585,327**
– *of which: exposures assigned but not derecognised*		
B. Increases	**1,944**	**935,886**
B.1 Transfers from performing not forborne exposures		893,674
B.2 Transfers from performing forborne exposures		X
B.3 Transfers from non-performing forborne exposures	X	27,826
B.4 Transfers from non-performing not forborne exposures	650	
B.5 Other increases	1,294	14,386
C. Decreases	**30,868**	**50,484**
C.1 Transfers to performing not forborne exposures	X	
C.2 Transfers to performing forborne exposures	27,826	X
C.3 Transfers to non-performing forborne exposures	X	
C.4 Write-off		
C.5 Collections	3,042	50,484
C.6 Credit disposal		
C.7 Losses on disposal		
C.8 Other decreases		
D. CLOSING GROSS EXPOSURE	**2,539**	**1,470,729**
– *of which: exposures assigned but not derecognised*		

A.1.10 On-balance sheet non-performing credit exposures to banks: changes in accumulated impairment

There are no non-performing credit exposures to banks.

A.1.11 On-balance sheet non-performing credit exposures to customers: changes in accumulated impairment

(thousands of euro) Items/Categories	Bad debts		Unlikely to pay		Non-performing past-due exposures	
	Total	Of which: forborne exposures	Total	Of which: forborne exposures	Total	Of which: forborne exposures
A. Opening accumulated impairment	**60,300**		**48,752**	**9,591**	**6,695**	
– *of which: exposures assigned but not derecognised*						
B. Increases	**17,352**	**650**	**79,157**		**1,715**	
B.1 Writedowns from purchased or originated credit impaired financial assets		X		X		X
B.2 Other writedowns	8,900	650	77,697		1,619	
B.3 Losses on disposal						
B.4 Transfers from other categories of non-performing positions	8,342		99			
B.5 Changes in contracts without derecognition						
B.6 Other increases	110		1,361		96	
C. Decreases	**3,424**		**17,065**	**8,505**	**1,492**	
C.1 Writebacks from valuations			7,975	7,975		
C.2 Writebacks from collection	3,424		767	530	1,374	
C.3 Gains on disposal						
C.4 Write-off						
C.5 Transfers to other categories of non-performing positions			8,323		118	
C.6 Changes in contracts without derecognition						
C.7 Other decreases						
D. CLOSING ACCUMULATED IMPAIRMENT	**74,228**	**650**	**110,844**	**1,086**	**6,918**	
– *of which: exposures assigned but not derecognised*						

A.2 CLASSIFICATION OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED ON THE BASIS OF EXTERNAL AND INTERNAL RATINGS

A.2.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating grades (gross amounts)

(thousands of euro)	External rating grades							
Exposures	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Not rated	Total
A. Financial assets measured at amortised cost	**2,774,215**	**1,049,822**	**269,372,644**	**21,607,385**	**3,527,382**	**1,523,618**	**47,303,886**	**347,158,952**
– stage 1	2,774,215	1,049,822	264,015,282	20,591,250	3,527,382	1,503,403	41,645,732	335,107,086
– stage 2			5,357,362	1,016,135		20,215	5,020,442	11,414,154
– stage 3							637,712	637,712
– purchased or originated credit impaired								
B. Financial assets measured at fair value through other comprehensive income	**692,233**	**306,163**	**9,320,801**	**97,289**		**112,085**	**2,899**	**10,531,470**
– stage 1	692,233	306,163	9,320,801	97,289		112,085	2,899	10,531,470
– stage 2								
– stage 3								
– purchased or originated credit impaired								
C. Financial assets held for sale								
– stage 1								
– stage 2								
– stage 3								
– purchased or originated credit impaired								
Total (A + B + C)	**3,466,448**	**1,355,985**	**278,693,445**	**21,704,674**	**3,527,382**	**1,635,703**	**47,306,785**	**357,690,422**
D. Commitments to disburse funds and financial guarantees issued	**755,728**		**13,367,470**	**370,913**	**22,045**		**13,220,298**	**27,736,454**
– stage 1	755,728		13,367,470	370,913	22,045		13,174,322	27,690,478
– stage 2							41,275	41,275
– stage 3							4,701	4,701
– purchased or originated impaired								
Total (D)	**755,728**		**13,367,470**	**370,913**	**22,045**		**13,220,298**	**27,736,454**
TOTAL (A + B + C + D)	**4,222,176**	**1,355,985**	**292,060,915**	**22,075,587**	**3,549,427**	**1,635,703**	**60,527,083**	**385,426,876**

The following table maps the rating grades and the agency ratings used.

	ECAI		
Rating grades	Moody's	Fitch	Standard & Poor's
Class 1	from Aaa to Aa3	from AAA to AA-	from AAA to AA-
Class 2	from A1 to A3	from A+ to A-	from A+ to A-
Class 3	from Baa1 to Baa3	from BBB+ to BBB-	from BBB+ to BBB-
Class 4	from Ba1 to Ba3	from BB+ to BB-	from BB+ to BB-
Class 5	from B1 to B3	from B+ to B-	from B+ to B-
Class 6	Caa1 and lower	CCC+ and lower	CCC+ and lower

A.3 BREAKDOWN OF SECURED CREDIT EXPOSURES BY TYPE OF GUARANTEE

A.3.1 On-balance sheet and off-balance sheet secured credit exposures to banks

			Collateral (1)				Unsecured guarantees (2)									
							Credit derivatives					Guarantees				
								Other derivatives								
(thousands of euro)	Gross exposure	Net exposure	Land and buildings - mortgages	Land and buildings - finance leases	Securities	Other assets	CLN	Central counterparties	Banks	Other financial companies	Other	General governments	Banks	Other financial companies	Other	Total (1) + (2)
1. Secured on-balance-sheet credit exposures																
1.1 Fully secured	11,887,301	11,858,232				3,676,447						8,181,785				11,858,232
– *of which: non-performing*																
1.2 Partially secured																
– *of which: non-performing*																
2. Secured off-balance-sheet credit exposures																
2.1 Fully secured	1,664	1,657										1,657				1,657
– *of which: non-performing*																
2.2 Partially secured	90,858	90,761										89,430				89,430
– *of which: non-performing*																

A.3.2 On-balance sheet and off-balance sheet secured credit exposures to customers

			Collateral (1)				Unsecured guarantees (2)									
							Credit derivatives					Guarantees				
								Other derivatives								
(thousands of euro)	Gross exposure	Net exposure	Land and buildings - mortgages	Land and buildings - finance leases	Securities	Other assets	CLN	Central counterparties	Banks	Other financial companies	Other	General governments	Banks	Other financial companies	Other	Total (1) + (2)
1. Secured on-balance-sheet credit exposures																
1.1 Fully secured	12,488,755	12,380,947	272,073		230,978	677,509						9,686,136	427	44,909	1,452,353	12,364,385
– *of which: non-performing*	*245,755*	*159,026*	*8,049*			*43,225*						*105,425*			*2,328*	*159,027*
1.2 Partially secured	6,246,986	6,223,618			3,000	22,188						3,942,288	15,100		588,443	4,571,019
– *of which: non-performing*	*207,846*	*199,567*										*37,856*				*37,856*
2. Secured off-balance-sheet credit exposures																
2.1 Fully secured	4,545,138	4,537,637	128,495			89,693						3,863,588		5,994	449,662	4,537,432
– *of which: non-performing*	*762*	*723*	*13*									*92*				*105*
2.2 Partially secured	6,085,613	5,484,051				25,191						4,321,555			694,993	5,041,739
– *of which: non-performing*																

A.4 FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH THE ENFORCEMENT OF GUARANTEES RECEIVED

There are no financial and non-financial assets obtained through the enforcement of collateral.

It should be noted that CDP holds equity instruments that were not previously granted by the debtor as collateral for loans disbursed but originate from the conversion of impaired financial assets, recognised in the financial statements at zero value under "Financial assets measured at fair value through other comprehensive income" when they were obtained and maintained at this value at 31 December 2022.

B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

B.1 On-balance sheet and off-balance sheet credit exposures to customers by sector

	General governments		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
(thousands of euro) Exposures/Counterparties	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment
A. On-balance-sheet credit exposures										
A.1 Bad debts		(16,179)					85,644	(57,995)	719	(54)
– *of which: forborne exposures*								(650)		
A.2 Unlikely to pay	14	(28,465)					124,233	(82,326)	660	(53)
– *of which: forborne exposures*							*803*	*(1,086)*		
A.3 Non-performing past-due exposures	66,745	(5,082)					167,678	(1,833)	29	(3)
– *of which: forborne exposures*										
A.4 Performing exposures	304,337,278	(618,730)	7,402,759	(23,287)			22,864,234	(202,671)	23,056	(103)
– *of which: forborne exposures*	*2,994*	*(300)*					*1,338,712*	*(128,723)*		
Total (A)	**304,404,037**	**(668,456)**	**7,402,759**	**(23,287)**			**23,241,789**	**(344,825)**	**24,464**	**(213)**
B. Off-balance-sheet credit exposures										
B.1 Non performing exposures	3,814	(139)					711	(37)		
B.2 Performing exposures	8,691,993	(619,319)	5,204,237	(4,881)			18,177,136	(35,135)	20,121	(84)
Total (B)	**8,695,807**	**(619,458)**	**5,204,237**	**(4,881)**			**18,177,847**	**(35,172)**	**20,121**	**(84)**
TOTAL (A + B) AT 31/12/2022	**313,099,844**	**(1,287,914)**	**12,606,996**	**(28,168)**			**41,419,636**	**(379,997)**	**44,585**	**(297)**
Total (A + B) at 31/12/2021	**314,742,905**	**(1,053,931)**	**10,846,339**	**(22,417)**	**1,773**	**(5)**	**37,957,183**	**(433,433)**	**44,682**	**(270)**

B.2 On-balance sheet and off-balance sheet credit exposures to customers by geographical area

(thousands of euro) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment
A. On-balance-sheet credit exposures										
A.1 Bad debts	86,363	(74,228)								
A.2 Unlikely to pay	124,907	(110,844)								
A.3 Non-performing past-due exposures	73,097	(5,288)					161,355	(1,630)		
A.4 Performing exposures	320,530,597	(812,819)	3,760,129	(16,990)	5,702,830	(6,706)	2,425,840	(2,602)	2,207,931	(5,674)
Total (A)	**320,814,964**	**(1,003,179)**	**3,760,129**	**(16,990)**	**5,702,830**	**(6,706)**	**2,587,195**	**(4,232)**	**2,207,931**	**(5,674)**
B. Off-balance-sheet credit exposures										
B.1 Non performing exposures	4,525	(176)								
B.2 Performing exposures	21,957,436	(647,812)	2,176,180	(1,551)	6,308,563	(7,133)	1,246,620	(1,327)	404,688	(1,595)
Total (B)	**21,961,961**	**(647,988)**	**2,176,180**	**(1,551)**	**6,308,563**	**(7,133)**	**1,246,620**	**(1,327)**	**404,688**	**(1,595)**
TOTAL (A + B) AT 31/12/2022	**342,776,925**	**(1,651,167)**	**5,936,309**	**(18,541)**	**12,011,393**	**(13,839)**	**3,833,815**	**(5,559)**	**2,612,619**	**(7,269)**
Total (A + B) at 31/12/2021	**341,749,085**	**(1,470,509)**	**5,410,413**	**(15,508)**	**9,914,532**	**(10,699)**	**4,076,107**	**(6,349)**	**2,440,972**	**(6,986)**

B.3 On-balance sheet and off-balance sheet credit exposures to banks by geographical area

(thousands of euro) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment	Net exposure	Accumulated impairment
A. On-balance-sheet credit exposures										
A.1 Bad debts										
A.2 Unlikely to pay										
A.3 Non-performing past-due exposures										
A.4 Performing exposures	23,081,820	(43,420)	871,779	(211)			96		208,023	(5,647)
Total (A)	**23,081,820**	**(43,420)**	**871,779**	**(211)**			**96**		**208,023**	**(5,647)**
B. Off-balance-sheet credit exposures										
B.1 Non performing exposures										
B.2 Performing exposures	1,086,802	(1,820)	3,335,481						328,356	(768)
Total (B)	**1,086,802**	**(1,820)**	**3,335,481**						**328,356**	**(768)**
TOTAL (A + B) AT 31/12/2022	**24,168,622**	**(45,240)**	**4,207,260**	**(211)**			**96**		**536,379**	**(6,415)**
Total (A + B) at 31/12/2021	**36,389,456**	**(38,935)**	**3,063,850**	**(425)**			**25,177**		**109,872**	**(5,947)**

C. SECURITISATIONS

Qualitative disclosures

At the end of 2002, Cassa Depositi e Prestiti, then a public entity, carried out a securitisation with the assignment without recourse of six portfolios of claims on customers in respect of loans to the following types of borrowers:

1. special corporations or consortia operated by local authorities, consortia of local authorities, and public or private limited companies operating public services (extinguished portfolio);
2. departments of the State, the regions, autonomous provinces or local authorities (extinguished portfolio);
3. A2A S.p.A. (extinguished portfolio);
4. Acea Distribuzione S.p.A. (extinguished portfolio);
5. RFI S.p.A.;
6. Poste Italiane S.p.A. (extinguished portfolio).

At 31 December 2022, there was only one portfolio of securitised loans (RFI S.p.A.) outstanding. The transaction and the associated cash flows are proceeding as envisaged. It should be noted that the loans underlying this transaction were fully derecognised, since CDP applied the provisions of paragraph B.2, Appendix B, of IFRS 1, which requires first-time adopters to apply rules for the prospective derecognition of financial assets for transactions effected as from 1 January 2004.

Quantitative disclosures

C.5 Servicer activities - own securitisations: collections on securitised assets and redemption of securities issued by the securitisation vehicle

	Securitised assets (end-period figure)		Collections in the year		% of securities redeemed (end-period figure)					
					Senior		Mezzanine		Junior	
(thousands of euro) Securitisation vehicle	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
CPG - Società di cartolarizzazione a r.l.		12,500		6,250						

D. DISCLOSURE OF UNCONSOLIDATED STRUCTURED ENTITIES (OTHER THAN SECURITISATION VEHICLES)

For information about this paragraph, reference should be made to the corresponding section of the Notes to the consolidated financial statements.

E. ASSET DISPOSALS

A. Financial assets assigned but not derecognised

Qualitative disclosures

Financial assets assigned but not derecognised mainly consist of Government securities classified as "Financial assets measured at fair value through other comprehensive income", and "Financial assets measured at amortised cost", underlying repurchase agreements.

Quantitative disclosures

E.1 Financial assets assigned recognised in full and associated financial liabilities: carrying amounts

(thousands of euro)	Financial assets assigned recognised in full				Financial liabilities associated		
	Book value	of which: subject to securitisation	of which: subject to sales agreements with repurchase arrange-ments	of which: impaired	Book value	of which: subject to Securitisation	of which: subject to sales agreements with repurchase arrange-ments
A. Financial assets held for trading				**X**			
1. Debt securities				X			
2. Equity securities				X			
3. Loans				X			
4. Derivatives				X			
B. Non -trading 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	**3,526,707**		**3,526,707**		**3,567,462**		**3,567,462**
1. Debt securities	3,526,707		3,526,707		3,567,462		3,567,462
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortised cost	**51,596,895**		**51,596,895**		**47,105,985**		**47,105,985**
1. Debt securities	51,596,895		51,596,895		47,105,985		47,105,985
2. Loans							
TOTAL 31/12/2022	**55,123,602**		**55,123,602**		**50,673,447**		**50,673,447**
Total 31/12/2021	**49,823,059**		**49,823,059**		**52,173,405**		**52,173,405**

E.2 Financial assets assigned partially recognised and associated financial liabilities: carrying amounts

There are no financial assets assigned partially recognised.

E.3 Disposals with liabilities with recourse only on assets assigned but not derecognised: fair value

(thousands of euro)	Fully recognised	Partially recognised	Total 31/12/2022	Total 31/12/2021
A. Financial assets held for trading				
1. Debt securities				
2. Equity securities				
3. Loans				
4. Derivatives				
B. Other financial assets mandatorily at fair value				
1. Debt securities				
2. Equity securities				
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	**3,526,707**		**3,526,707**	**3,602,131**
1. Debt securities	3,526,707		3,526,707	3,602,131
2. Equity securities				
3. Loans				
E. Financial assets measured at amortised cost (fair value)	**45,492,962**		**45,492,962**	**48,365,046**
1. Debt securities	45,492,962		45,492,962	48,365,046
2. Loans				
Total financial assets	**49,019,669**		**49,019,669**	**51,967,177**
Total associated financial liabilities	**50,673,447**		**50,673,447**	**52,173,405**
NET VALUE 31/12/2022	**(1,653,778)**		**(1,653,778)**	**X**
Net value 31/12/2021	**(206,228)**		**X**	**(206,228)**

B. Financial assets assigned and derecognised with recognition of continuing involvement

At the reporting date, there were no transactions classified in the portfolio of financial assets assigned and derecognised with recognition of continuing involvement.

C. Financial assets assigned and derecognised

At the reporting date, there were no transactions involving the assignment of credit exposures through the issue of financial instruments partially subscribed by CDP.

D. Covered bond transactions

At the reporting date, there were no covered bond transactions.

SECTION 2 - MARKET RISKS

2.1 INTEREST RATE RISK AND PRICE RISK - SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. General aspects

In 2022, CDP did not undertake any transactions qualifying for allocation to the supervisory trading book.

2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

QUALITATIVE DISCLOSURES

A. General aspects, management and measurement methods of interest rate risk and price risk

As a result of its operations, CDP is exposed to interest rate risk under all its forms: repricing, yield curve, basis and option risk. CDP also monitors inflation risk within the same conceptual and analytical framework as interest rate risk in the banking book.

These risks can affect both the earnings and the economic value of CDP.

CDP faces a substantial level of interest rate risk due to the presence of large unhedged volumes of assets and liabilities pre-existing before its transformation into a joint-stock company and to its balance sheet structure: a considerable portion of CDP's liabilities consists of Ordinary fixed-rate Postal Bonds with an early redemption option, while the asset side mainly comprises fixed-rate loans. Other types of postal savings bonds also embed an early redemption option, whose value is significantly affected by interest rates and inflation changes.

The basic approach taken by CDP to measuring and managing interest rate risk is an "economic value" perspective, which complements the "earnings-based" perspective. The economic value perspective corresponds to the long-term representation of the earnings-based perspective, as the economic value of the firm is essentially equal to the discounted flows of future net interest income.

From this perspective, CDP analyses its exposure and risk profile by assessing balance sheet items that are sensitive to interest rates, quantifying their reaction to small changes (sensitivity analysis) and to major shocks (stress testing) to the risk factors. The transition from exposure metrics (derived from the sensitivity analyses and stress testing) to risk metrics is carried out by assigning a probability to possible market scenarios. This gives a statistical distribution of the value of the balance sheet items and complex indicators representing the economic capital needed given its risk profile.

This monitoring approach is translated into the calculation of value at risk (VaR), which CDP measures using historical simulations methods.

To quantify and monitor the interest rate risk in the banking book, CDP measures VaR both over short time horizons — such as over one day or ten days — and annually, which is more suited to the internal capital adequacy assessment process with regard to risks in the banking book. The short-term and annual measures of VaR share the same combination of models for valuing balance sheet items and measuring sensitivity, and they use the same input data. The daily VaR is then used for backtesting, thanks to its larger sample dataset available over that interval.

VaR summarises in a single figure the results of the simulation of many scenarios generated in accordance with the statistical characteristics of the risk factors. Despite the limits of any composite metric based on historical scenarios, VaR also has two significant strengths:

- it captures the consequences of complex characteristics of the markets and products (volatility, correlation, optionality and asymmetry);
- it makes it possible, through the backtesting process, to check the hypotheses underpinning not only the calculation of the daily VaR but also the entire simulation.

CDP's Risk Policy sets specific limits to manage the exposure to interest rate and inflation risks. More specifically, limits have been established on the impact on the economic value of parallel shifts (+/- 100 basis points) in the yield curve and the inflation curve. Furthermore, more granular limits set by the Chief Executive Officer are in place.

CDP also assesses the impact of interest rate risk on earnings for shorter horizons using internal planning and ALM systems, specifically quantifying the impact of parallel shifts in the yield curve on net interest income.

CDP's ALM approach seeks to limit the volume of hedging derivatives by exploiting "natural hedges" between fixed-rate assets and liabilities. Hedging therefore regards subsets of those items, depending on the sign of the net exposure, with a view to containing the overall risk exposure.

Operational responsibility for managing interest rate risk lies with the Finance Area.

The measurement and the monitoring of interest rate risk are performed by Risk Management and discussed within the Risk Governance Committee. The Board of Directors approves risk management policies and the associated monitoring methodology and receives periodic reporting on the results achieved.

Price risk regards the possibility that the net economic value, profitability or the book equity of CDP could be adversely affected by variables associated with equities, in particular the market prices of such securities and related derivatives, or changes in the current and future profitability of the investment in such instruments.

In line with the net economic value approach, equity risk is quantified in terms of VaR (with a one-year time horizon). The VaR provides a proxy of the risk that the listed and liquid securities — even when they are not recognised at their current fair value — do not recover any potential loss over time. It is calculated based on hypotheses about the statistical distribution of the prices of shares, the related derivatives (where present) and the fair value of unlisted securities. Risk is quantified by assuming continuity in the business model of CDP, which expects to hold most of its stock investments in the long term.

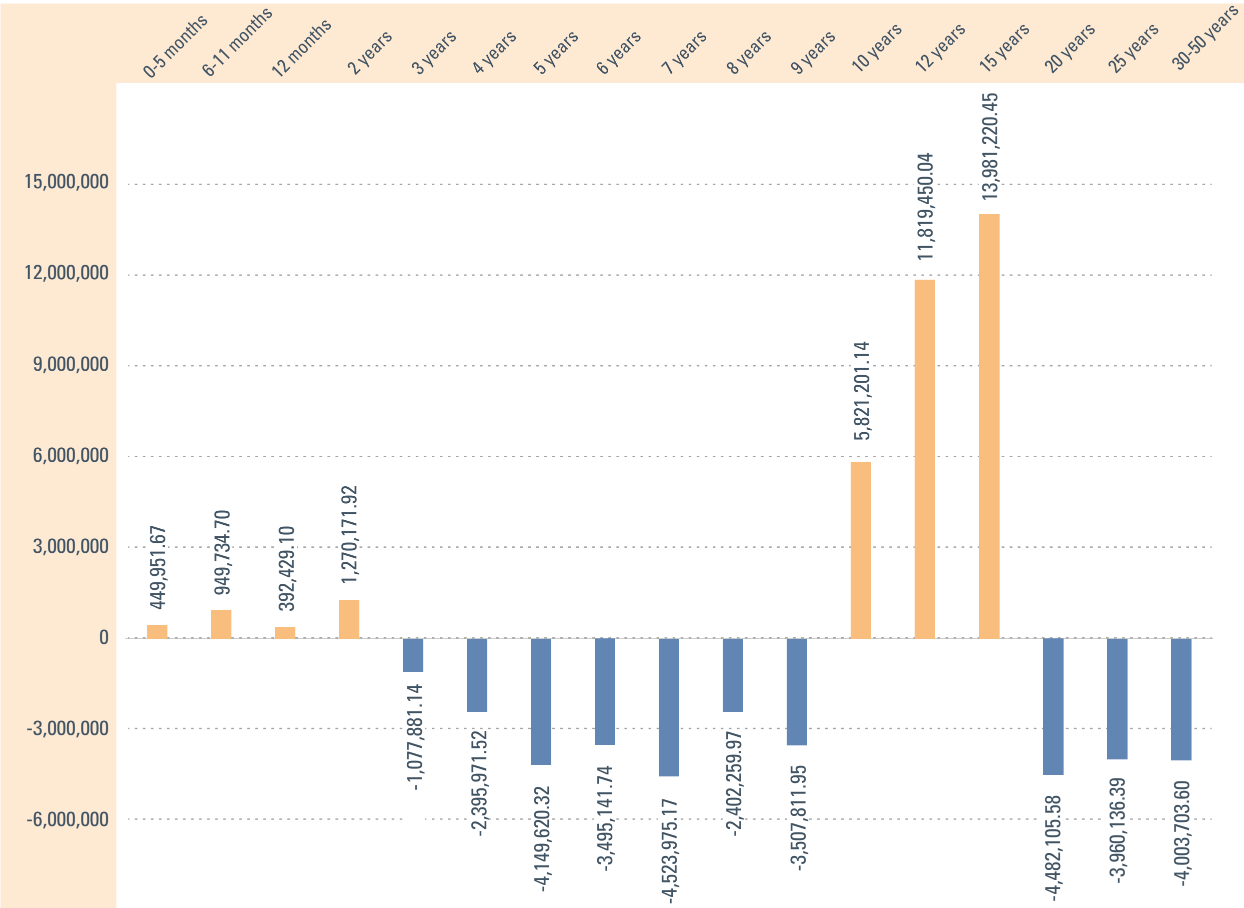
QUANTITATIVE DISCLOSURES

1. Banking book: breakdown of financial assets and liabilities by residual maturity (repricing date)

The following figure shows an analysis of CDP's interest rate risk sensitivity based on internal models, in line with the economic value approach.

Sensitivity to zero-coupon rates by maturity: increase of 1 basis point

Market figures at 30/12/2022



Sensitivity to zero-coupon rates: parallel increase/decrease of 100 basis points

Market figures at 30/12/2022

(millions of euro) Variation of zero coupon rates	Effect on economic value
Increase of 100 bps	+84
Decrease of 100 bps	-75

2.3 EXCHANGE RATE RISK

QUALITATIVE DISCLOSURES

A. General aspects, management processes, and measurement methods of exchange rate risk

Exchange rate risk is the risk whereby changes in exchange rates might have a negative impact on the profitability and/or the economic value of CDP.

Some activities of CDP can generate exchange rate risk. CDP undertakes such activities only if covered by appropriate exchange rate hedges. When uncertain disbursements and/or early repayment options exist, the hedging strategy might leave a small portion of the exchange rate risk unhedged.

The activities of CDP that can generate exchange rate risk are normally associated with the issue of bonds denominated in foreign currencies, the purchase of bonds denominated in foreign currencies, and the granting of loans denominated in currencies other than the Euro under the "Export Bank" system.

B. Hedging exchange rate risk

With regard to the exposure to the US Dollar, there is a residual component of unhedged exchange rate risk at 31 December 2022. This is mainly associated with refinancing operations of assets denominated in US dollars, in the short and medium term.

With regard to the exposure to the Yen, the exchange rate risk arising from a bond issue denominated in Yen is fully hedged through a Cross Currency Swap, which makes the net cash flows paid by CDP equivalent to those of a fixed-rate issue denominated in Euro.

With regard to the exposure to the Renminbi, there is a residual component of unhedged exchange rate risk at 31 December 2022, linked to the sums deposited in current accounts with the Bank of China.

IMPACTS OF THE COVID-19 PANDEMIC

With regard to CDP's exposure to market risks, the continuation of the Covid-19 pandemic has not generated impacts other than those previously reported, as these types of events fall within the risks already assessed and monitored.

Without prejudice to the uncertainty regarding the prospective impacts of the health emergency, at present there is no evidence that could indicate a significant increase in these risks.

QUANTITATIVE DISCLOSURES

1. Breakdown of assets, liabilities and derivatives by currency

(thousands of euro)	Currency		
Items	US dollar	Chinese renminbi	Yen
A. Financial assets	**5,529,611**	**1,627**	
A.1 Debt securities	452,649		
A.2 Equity securities	6,351		
A.3 Loans to banks	208,439	1,627	
A.4 Loans to customers	4,862,172		
A.5 Other financial assets			
B. Other assets			
C. Financial liabilities	**1,537,549**		**53,508**
C.1 Due to banks	1,442,689		
C.2 Due to customers	80		
C.3 Debt securities	94,780		53,508
C.4 Other financial liabilities			
D. Other liabilities			
E. Financial derivatives			
– Options			
+ long positions			
+ short positions			
– Other derivatives			
+ long positions			53,320
+ short positions	3,905,760		
Total assets	**5,529,611**	**1,627**	**53,320**
Total liabilities	**5,443,309**		**53,508**
Difference (+/-)	**86,302**	**1,627**	**(188)**

SECTION 3 - THE DERIVATIVES AND HEDGING POLICIES

3.1 DERIVATIVES HELD FOR TRADING

A. Financial derivatives

A.1 Financial derivatives held for trading: period-end notional values

	31/12/2022				31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
(thousands of euro) Underlying assets/Type of derivatives	Central counterparties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counterparties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Debt securities and interest rates		**3,873,269**	**40,000**			**4,692,721**	**40,000**	
a) Options								
b) Swaps		3,873,269	40,000			4,692,721	40,000	
c) Forwards								
d) Futures								
e) Other								
2. Equity securities and equity indices		**71,250**	**117,419**					
a) Options		71,250	117,419					
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**3,694,051**				**3,138,669**		
a) Options								
b) Swaps		1,990,226				1,824,878		
c) Forwards		1,703,825				1,313,791		
d) Futures								
e) Other								
4. Commodities								
5. Other								
TOTAL		**7,638,570**	**157,419**			**7,831,390**	**40,000**	

A.2 Financial derivatives held for trading: gross positive and negative fair value - breakdown by product

(thousands of euro)	31/12/2022				31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
Type of derivatives	Central counterparties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counterparties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Positive fair value								
a) Options		10,063						
b) Interest rate swap		275,325	1,828			198,944	12,667	
c) Cross currency swap		18,961				18,088		
d) Equity swap								
e) Forward		48,760				2,660		
f) Future								
g) Other								
TOTAL		**353,109**	**1,828**			**219,692**	**12,667**	
2. Negative fair value								
a) Options			7,728					
b) Interest rate swap		274,313				211,615		
c) Cross currency swap		118,306				28,075		
d) Equity swap								
e) Forward						11,316		
f) Future								
g) Other								
TOTAL		**392,619**	**7,728**			**251,006**		

A.3 OTC financial derivatives held for trading: notional values, gross positive and negative fair values by counterparty

(thousands of euro) Underlying assets	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	X			40,000
– positive fair value	X			1,828
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			117,419
– positive fair value	X			
– negative fair value	X			7,728
3) Foreign currencies and gold				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
4) Commodities				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
5) Other				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
– notional value		1,667,634	1,226,635	979,000
– positive fair value		77,595	51,442	146,287
– negative fair value		141,244	82,639	50,430
2) Equity securities and equity indices				
– notional value		71,250		
– positive fair value		10,063		
– negative fair value				
3) Foreign currencies and gold				
– notional value		2,936,664	757,387	
– positive fair value		54,746	12,976	
– negative fair value		99,514	18,792	
4) Commodities				
– notional value				
– positive fair value				
– negative fair value				
5) Other				
– notional value				
– positive fair value				
– negative fair value				

A.4 Residual life of OTC financial derivatives held for trading: notional values

(thousands of euro) Underlying assets/Residual maturity	Up to 1 year	From 1 to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	812,000	2,115,269	986,000	3,913,269
A.2 Financial derivatives on equity securities and equity indices			188,669	188,669
A.3 Financial derivatives on foreign currencies and gold	3,694,051			3,694,051
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
TOTAL AT 31/12/2022	**4,506,051**	**2,115,269**	**1,174,669**	**7,795,989**
Total at 31/12/2021	**4,709,933**	**2,215,457**	**946,000**	**7,871,390**

B. Credit derivatives

There were no credit derivatives.

3.2 ACCOUNTING HEDGES

Within the scope of its Asset Liability Management policies, CDP, where possible, makes use of "natural hedges" between assets and liabilities exposed to the same risks, also with a view to minimising the recourse to hedging through derivatives.

CDP's transactions in derivatives have the sole purpose of risk hedging, mainly for interest and exchange rate risk, usually designated as accounting hedges under IAS 39.

In residual cases, CDP uses derivatives designated as operational hedges, monitored according to a framework established under the provisions of the EMIR. In this context, at the end of 2022 CDP had in place hedges for:
- liquidity, interest rate and exchange rate risks associated with managing the portfolio of assets denominated in US dollars (granting of loans and purchase of bonds), through Cross Currency Swaps, Repos and Forex Swaps;
- equity risk resulting from the issue of postal bonds savings indexed to the Stoxx Europe 600 ESG-X, through the purchase of call options with financial characteristics and payoff that mirror those embedded in the issued bonds.

A. Fair value hedges

Fair value hedges are applied when the exposure to a specific risk leads to a change in fair value of assets or liabilities which impacts on profits and losses. CDP implements both micro and macro fair value hedges.

In the micro fair value hedge, the hedged item is one or more individually selected contracts, exposed proportionately to the same risk and hedged with one or more derivatives. In some cases, the hedged item is a subset of the cash flows of these contracts, specifically selected according to duration and/or amount (partial term hedge). CDP applies micro hedges in the Separate Account and Ordinary Account to:
- fixed-rate loans (loans/mortgages);
- fixed-rate asset securities, possibly inflation-linked;
- liability bonds, at fixed rate or indexed to swap rates.

In the macro fair value hedge, the hedged item consists of portfolios of homogeneous loans in Separate Account exposed to interest rate risk. These hedges differ from micro hedges since the hedged item does not match the flows (or part of the flows) of a specific loan that is being hedged (or an aggregate of similar loans), and the explicit relationship between hedged loan and hedging derivative loses significance.

Fair value hedges are put in place through the use of Interest Rate and Asset Swap derivatives, which provide for the exchange of the interest payments of the hedged item with floating-rate interest payments that are usually linked to the 6M Euribor index. For specific ALM purposes, CDP also uses Euribor indexing on different tenors (1M, 3M), overnight rates in Euro (EuroSTR) and rates in Dollars (Libor 6M).

B. Cash flow hedges

Cash flow hedges are risk hedges associated to the variability of cash flows, whose objective is the stabilisation of expected flows. CDP implements the following cash flow accounting hedges in relation to:
- EUR/USD exchange rate risk of asset securities in the Separate Account;
- EUR/JPY exchange rate risk of liability bonds in the Separate Account;
- interest rate risk of liability bonds in the Separate Account and Ordinary Account;
- inflation rate risk of asset securities in the Separate Account;
- sale or purchase price fluctuation risk of asset securities in the Separate Account.

Exchange rate risk hedges are put in place through the use of Cross Currency Swaps which exchange the foreign currency flows of the securities with fixed-rate cash flows in euro.

Interest-rate risk hedges are performed by using Interest Rate and Asset Swaps which exchange cash flows indexed to the Euribor (3M or 6M) or the European inflation index with fixed-rate cash flows in euro.

Price fluctuation risk hedges are performed by using Bond Forward instruments.

C. Hedging of foreign investments

Currently there are no foreign investment hedges.

D. Hedging instruments

The hedging instruments used by CDP for fair value hedge strategies are mainly vanilla Interest Rate Swaps which exchange fixed-rate flows with floating-rate flows indexed to the Euribor, plus any market spread. It is also likely that the derivatives provide for the collection or payment of upfront premiums.

The hedging swaps of loans in micro fair value hedging relationships have amortising profiles that mirror those of the loans/securities or groups of similar loans hedged, generally with spot starting date. Swaps originated as macro hedges typically have bullet or amortizing profiles, also typically with a spot starting date. Where there is a need to cover specific time segments, both in the micro (partial term hedge) and in the macro fair value hedge, it is possible to use derivatives with a forward starting date. All swaps have payment frequency that is the same as the refixing frequency, except in some cases for any initial or final periods.

The hedge of cash flow variability due to the exchange rate, interest rate and inflation rate risks is obtained by using Interest Rate, Asset and Cross Currency Swaps which have amortising profiles and payment frequencies that mirror those of securities hedged. Bond Forward instruments are used to hedge the price risk.

All hedging derivatives are traded Over the Counter (OTC), and include netting to reduce exposure, together with the high frequency exchange of collateral. In most cases, this takes place as part of bilateral agreements entered into with market counterparties and, residually, though growing, through netting via central counterparties.

E. Hedged items

The existing accounting hedges at the end of 2022 were carried out on asset and liability items, such as loans, receivables and bonds.

Within the scope of fair value hedges, hedged items are typically represented by dummy instruments with cash flows representing the hedged risk, namely only the part of the cash flows at market level at the time of the hedge. This results in an item that presents:

- capital flows of the hedged bond/loan;
- interest flows of the hedged bond/loan net of the hedge spread;
- in the event of IRS with forward starting date, an initial capital outflow, equal to the nominal value of the swap on the starting date.

In cash flow hedges, the hedged items are generally represented by using the hypothetical derivative method, i.e. the derivative that is the ideal hedging instrument for the risks being hedged and whose main terms are aligned with those of the hedged item, regardless of the hedge actually implemented and net of the counterparty risk inherent in the derivative closed on the market.

QUANTITATIVE DISCLOSURES

A. Financial derivatives held for hedging

A.1 Financial derivatives held for hedging: period-end notional values

(thousands of euro) Underlying assets/Type of derivatives	31/12/2022 Over the counter Central counterparties	31/12/2022 Over the counter Without central counterparties With netting arrangements	31/12/2022 Over the counter Without central counterparties Without netting arrangements	31/12/2022 Organised markets	31/12/2021 Over the counter Central counterparties	31/12/2021 Over the counter Without central counterparties With netting arrangements	31/12/2021 Over the counter Without central counterparties Without netting arrangements	31/12/2021 Organised markets
1. Debt securities and interest rates	**3,834,241**	**36,145,130**			**5,000**	**41,857,210**		
a) Options								
b) Swaps	3,834,241	35,998,437			5,000	40,754,283		
c) Forwards		146,693				1,102,927		
d) Futures								
e) Other								
2. Equity securities and equity indices								
a) Options								
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**240,832**				**234,111**		
a) Options								
b) Swaps		240,832				234,111		
c) Forwards								
d) Futures								
e) Other								
4. Commodities								
5. Other								
TOTAL	**3,834,241**	**36,385,962**			**5,000**	**42,091,321**		

A.2 Financial derivatives held for hedging: gross positive and negative fair value – breakdown by product

(thousands of euro) Type of derivatives	Positive and negative fair value							
	31/12/2022				31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Positive fair value								
a) Options								
b) Interest rate swap	48,151	4,294,722			16	271,628		
c) Cross currency swap		1,121				667		
d) Equity swap								
e) Forward						3,742		
f) Future								
g) Other								
TOTAL	**48,151**	**4,295,843**			**16**	**276,037**		
2. Negative fair value								
a) Options								
b) Interest rate swap	16,671	1,057,724				3,065,143		
c) Cross currency swap		12,400				8,518		
d) Equity swap								
e) Forward		4,593				17		
f) Future								
g) Other								
TOTAL	**16,671**	**1,074,717**				**3,073,678**		

A.3 OTC financial derivatives held for hedging: notional values, gross positive and negative fair values by counterparty

(thousands of euro) Underlying assets	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
3) Foreign currencies and gold				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
4) Commodities				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
5) Other				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	3,834,241	28,843,150	7,301,980	
– positive fair value	48,151	3,598,712	696,010	
– negative fair value	16,671	639,979	422,338	
2) Equity securities and equity indices				
– notional value				
– positive fair value				
– negative fair value				
3) Foreign currencies and gold				
– notional value		147,076	93,756	
– positive fair value		1,121		
– negative fair value		8,379	4,021	
4) Commodities				
– notional value				
– positive fair value				
– negative fair value				
5) Other				
– notional value				
– positive fair value				
– negative fair value				

A.4 Residual life of OTC financial derivatives held for hedging: notional values

(thousands of euro)

Underlying assets/Residual maturity	Up to 1 year	From 1 to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,210,533	9,589,106	26,179,732	39,979,371
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on foreign currencies and gold		93,756	147,076	240,832
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
TOTAL AT 31/12/2022	**4,210,533**	**9,682,862**	**26,326,808**	**40,220,203**
Total at 31/12/2021	**4,759,432**	**10,296,554**	**27,040,335**	**42,096,321**

B. Credit derivatives held for hedging purposes

There were no credit derivatives.

3.3 OTHER INFORMATION ON DERIVATIVES (HELD FOR TRADING AND HEDGING)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

(thousands of euro)	Central counterparties	Banks	Other financial companies	Other
A. Financial derivatives				
1) Debt securities and interest rates				
– notional value	3,834,241	30,510,784	8,528,615	1,019,000
– net positive fair value	48,151	3,676,307	747,452	148,115
– net negative fair value	16,671	781,221	504,977	50,430
2) Equity securities and equity indices				
– notional value		71,250		117,419
– net positive fair value		10,063		
– net negative fair value				7,728
3) Foreign currencies and gold				
– notional value		3,083,740	851,143	
– net positive fair value		55,867	12,976	
– net negative fair value		107,893	22,813	
4) Commodities				
– notional value				
– net positive fair value				
– net negative fair value				
5) Other				
– notional value				
– net positive fair value				
– net negative fair value				
B. Credit derivatives				
1) Protection purchases				
– notional value				
– net positive fair value				
– net negative fair value				
2) Protection sales				
– notional value				
– net positive fair value				
– net negative fair value				

SECTION 4 - LIQUIDITY RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT PROCESSES, AND METHODS FOR MEASUREMENT OF LIQUIDITY RISK

Liquidity risk arises in the form of "asset liquidity risk[69]" and "funding liquidity risk[70]".

Since CDP does not engage in trading activities, the exposure to liquidity risk in the sense of asset liquidity risk is limited.

In view of the dominant weight of demand deposits (savings accounts) and of bonds redeemable on demand (postal savings bonds) on the liability side of the Separate Account, for CDP liquidity risk becomes significant mainly in the form of funding liquidity risk.

In order to ensure that any uncontrolled run-off scenario remains remote, CDP benefits from the mitigating effect of the state guarantee on postal savings. In addition to the key function of that guarantee, the ability of CDP to ensure that such a scenario does in fact remain remote is based on its capital strength, on the protection and promotion of postal savings reputation with the public, on safeguarding CDP's reputation in the market and on liquidity management. With regard to the latter, CDP adopts a series of specific measures to prevent the emergence of unexpected funding requirements and to be able to meet them if it should prove necessary.

To this end, the Risk Management (RM) Area monitors a lower limit on the stock of liquid assets together with a number of aggregates that represent the capacity of CDP to cope with potential crisis. As an operational protection measure for liquidity risk, CDP has adopted a Contingency Funding Plan (CFP). The CFP sets out the processes and strategies used by CDP to manage possible liquidity crises, whether of systemic origin – caused by an unexpected deterioration in monetary and financial market conditions – or due to idiosyncratic difficulties at CDP itself.

As regards the Ordinary Account, CDP raises funds through the market or the EIB, adopting approaches, opportunities and constraints more similar to those of ordinary banks.

CDP prevents the emergence of unexpected liquidity requirements by developing effective loan disbursement forecasting systems, setting structural limits on maturity transformation, monitoring the short-term liquidity position, carried out on a continuous basis by the Finance Area, and monitoring liquidity gaps at short, medium and long term, which is performed by RM.

Management of treasury activities by the Finance department enables CDP to raise funds using repos, for both the Separate and Ordinary Accounts.

CDP can also take part in European Central Bank refinancing operations, as it holds a significant stock of eligible negotiable and non-negotiable assets.

As a further control, for both the Separate and the Ordinary Account, RM monitors the incremental liquidity available in a stress scenario through transactions with the European Central Bank and by refinancing liquid assets with market counterparts.

In addition to the monitoring tools described, RM performs a stress test to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

IMPACTS OF THE COVID-19 PANDEMIC

With regard to CDP's exposure to liquidity risk, the continuation of the Covid-19 pandemic has not generated impacts other than those previously reported, as these types of events fall within the risks already assessed and monitored.

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[69] Asset liquidity risk means the impossibility, for a financial institution or a generic investor, of selling assets on the market without significantly reducing their price.
[70] Funding liquidity risk means the impossibility, for a financial institution, to meet its obligations by collecting liquidity at non-penalising conditions or selling assets held.

Since the start of the health emergency, CDP has intensified its monitoring of this area, with the aim of promptly detecting any situations at risk and evaluating corrective action.

Without prejudice to the uncertainty regarding the prospective impacts of the health emergency, there is currently no evidence to suggest an increase in the risk of CDP being unable to meet its commitments.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual maturity

(thousands of euro) Items/Maturities	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite life
A. On-balance-sheet assets	**169,556,431**	**344,634**	**333,379**	**153,580**	**719,400**	**1,970,295**	**5,553,123**	**57,931,717**	**122,997,480**	**2,983,029**
A.1 Government securities		7,788	170,702	25,085	450,340	1,300,803	1,457,144	23,251,319	37,869,284	
A.2 Other debt securities	19,347	8,056	466	5,143	74,789	257,791	412,036	6,933,500	4,362,550	
A.3 Units in collective investment undertakings	3,563,715									
A.4 Loans:	165,973,369	328,790	162,211	123,352	194,271	411,701	3,683,943	27,746,898	80,765,646	2,983,029
– banks	3,057,980				750	1,375	888,551	3,418,802	8,780,074	2,983,029
– customers	162,915,389	328,790	162,211	123,352	193,521	410,326	2,795,392	24,328,096	71,985,572	
B. On-balance-sheet liabilities	**97,044,631**	**25,258,704**	**4,471,948**	**3,766,977**	**11,075,227**	**14,849,929**	**12,598,762**	**171,044,038**	**31,220,047**	
B.1 Deposits and current accounts:	96,797,398	549,197	3,226,349	1,171,284	3,615,719	8,772,001	9,586,635	155,014,271	10,263,403	
– banks	236,164	55,750	98,084	125,438	348,333	5,365		445,852	70,273	
– customers	96,561,234	493,447	3,128,265	1,045,846	3,267,386	8,766,636	9,586,635	154,568,419	10,193,130	
B.2 Debt securities				355,000	1,388,756	500,000	1,805,000	7,540,000	5,722,320	
B.3 Other liabilities	247,233	24,709,507	1,245,599	2,240,693	6,070,752	5,577,928	1,207,127	8,489,767	15,234,324	
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital:										
– long positions				212,065	1,283,787	2,163,492		240,752	144,039	
– short positions				343,581	1,282,324	2,214,840		93,756	150,925	
C.2 Financial derivatives without exchange of capital:										
– long positions				1,371	31,292	223,841	512,576			
– short positions		157,766		1,050	25,035	96,299	104,178			
C.3 Deposits and loans to receive:										
– long positions										
– short positions										
C.4 Irrevocable commitments to disburse funds:										
– long positions	21,503,898		278,843				4,258,846	4,200	405,244	
– short positions	21,503,898		278,843				4,258,846	4,200	405,244	
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										

SECTION 5 - OPERATIONAL RISKS

QUALITATIVE DISCLOSURES

Details of the “Qualitative disclosures” can be found in Part E of the Notes to the Consolidated Financial Statements.

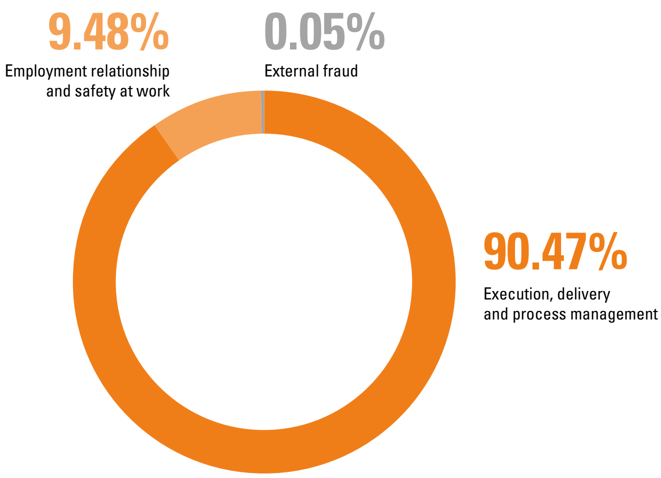
QUANTITATIVE DISCLOSURES

The chart below gives the breakdown by event type, showing the number and the impact in 2022, based on the event type classification scheme established by the New Basel Capital Accord.

% breakdown by number of events (actual and near-miss losses)

In 2022, the events identified with greater frequency were of the “Execution, delivery and process management” type, referring to losses arising mainly from executing and completing transactions.

% breakdown by accounting amount recorded



During 2022, the most significant type of event, in terms of impact, was “Execution, delivery, and process management”.

IMPACTS OF THE COVID-19 PANDEMIC

The continuation of the Covid-19 pandemic requires constant attention to be paid to the potential operational risks already mapped and monitored. In particular, the following key risk areas have been identified:

- cybersecurity, due to a possible intensification of cyber-attacks in view of the higher levels of remote working and the mass use of technological tools which could make business processes more vulnerable;
- continuity of business processes, due to a potential unavailability of critical system providers;
- potential staff shortages, temporary or not, due to illness.

In 2022, no particular issues were identified in any of these areas, which are monitored on an ongoing basis.

LEGAL DISPUTES

CIVIL AND ADMINISTRATIVE DISPUTES

At 31 December 2022, there are 113 pending disputes in civil and administrative matters in which CDP is a defendant, for a total amount of approximately 214.4 million euro.

With reference to the above-mentioned disputes, there are 29 disputes with a risk of a ruling against the company estimated to be probable. Of these: (i) 19 refer to positions relating to Postal Savings products amounting to approximately 120 thousand euro; (ii) 5 refer to credit positions amounting to approximately 174 million euro; and (iii) 5 refer to other civil and administrative law issues amounting to approximately 90 thousand euro.

There are also 46 disputes with a risk of a ruling against the company estimated to be possible. Of these: (i) 20 refer to positions relating to Postal Savings products amounting to approximately 227 thousand euro; (ii) 17 refer to credit positions amounting to approximately 31.3 million euro; (iii) 9 refer to other civil and administrative law issues amounting to approximately 1.3 million euro.

With reference to ongoing disputes, at 31 December 2022 a provision for risks and charges was set up amounting to approximately 66.9 million euro.

LABOUR LAW DISPUTES

At 31 December 2022, there were 18 pending pre-disputes and disputes in labour matters in which CDP is a defendant, for which provisions were made for a total of about 4.2 million euro.

PART F - CAPITAL

SECTION 1 - CAPITAL

QUALITATIVE DISCLOSURES

As indicated in the introduction, CDP is subject to "informational" supervision only. Therefore, it is not required to indicate own funds, capital adequacy ratios and the related information.

PART G - BUSINESS COMBINATIONS

We report that with the closing of the merger by incorporation of CDP Industria into CDP Equity, with effect as of 11.59 p.m. of 31 December 2022, CDP Industria ceased to exist and CDP Equity took over the legal relationships of the target company. The purpose of the merger was to streamline the corporate structure of the CDP Group and, as such, it was in line with the CDP Group 2022–2024 Strategic Plan, which envisages, among the various equity initiatives contemplated, the assessment of potential transactions for rationalising the existing equity investment portfolio and the corporate shareholder structure. Given that this extraordinary transaction involved entities under common control, it did not fall within the scope of application of IFRS 3 and had no effect on the consolidated financial statements of the CDP Group. In view of the purely re-organisational purpose of the above transaction, it was recognised based on the principle of continuity of carrying amounts in the separate financial statements of the companies involved. The transaction produced no effect on net income or equity in the separate financial statements of CDP, but involved the reallocation of the value of the equity investment held in CDP Industria to the value of the acquiring company CDP Equity.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

(thousands of euro)	31/12/2022
a) Board of Directors	1,355
b) Board of Statutory Auditors	242
TOTAL	**1,597**

REMUNERATION OF OTHER KEY MANAGEMENT PERSONNEL

(thousands of euro)	31/12/2022
a) Short-term benefits	6,307
b) Post-employment benefits	624
c) Other long-term benefits	
d) Severance benefits	
e) Share-based payments	
TOTAL	**6,931**

REMUNERATION PAID TO THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

(thousands of euro) Name and surname	Position	Period in office	End of term (*)	Compensation and bonuses	
Directors					
Giovanni Gorno Tempini	Chairman	01/01/2022-31/12/2022	2023	295	
Dario Scannapieco	Chief Executive Officer	01/01/2022-31/12/2022	2023	229	(6)
Fabrizia Lapecorella	Director	01/01/2022-31/12/2022	2023		(**)
Fabiana Massa Felsani	Director	01/01/2022-31/12/2022	2023	45	
Anna Girello Garbi	Director	01/01/2022-31/12/2022	2023	43	(7)
Giorgio Toschi	Director	01/01/2022-31/12/2022	2023	45	
Livia Amidani Aliberti	Director	01/01/2022-31/12/2022	2023	77	(8)
Matteo Melley	Director (1)	01/01/2022-30/11/2022		41	
Alessandra Ruzzu	Director	01/01/2022-31/12/2022	2023	45	
Supplementary members for administration of Separate Account (Article 5.8, Decree law 269/2003)					
Pier Paolo Italia	Director (2)	01/01/2022-31/12/2022	2023		(**)
Alessandro Rivera	Director (3)	01/01/2022-31/12/2022	2023		(**)
Paolo Calvano	Director	01/01/2022-31/12/2022	2023	45	
Antonio Decaro	Director	01/01/2022-31/12/2022	2023	45	
De Pascale Michele	Director	01/01/2022-31/12/2022	2023	45	
Statutory Auditors in office at 31 December 2022					
Carlo Corradini	Chairman (4)	01/01/2022-31/12/2022	2024	50	
Franca Brusco	Auditor (4)	01/01/2022-31/12/2022	2024	51	(9)
Mauro D'Amico	Auditor (5)	17/05/2022-31/12/2022	2024		(**)
Patrizia Graziani	Auditor (5)	17/05/2022-31/12/2022	2024	25	
Davide Maggi	Auditor (5)	17/05/2022-31/12/2022	2024		(10)
Statutory Auditors with office ceased in 2022					
Enrica Salvatore	Auditor	01/01/2022-17/05/2022		45	(11)
Mario Romano Negri	Auditor	01/01/2022-17/05/2022		15	
Giovanni Battista Lo Prejato	Auditor	01/01/2022-17/05/2022			(**)

(*) Date of Shareholders' Meeting called to approve financial statements for the year.
(**) The remuneration is paid to the Ministry for the Economy and Finance.
(1) The director Matteo Melley resigned from office with effect from 01/12/2022. The remuneration shown relates to the period 01/01/2022-30/11/2022.
(2) Delegate of the State Accountant General.
(3) Director General of the Treasury in office as at 31 December 2022. In January 2023 Riccardo Barbieri Hermitte was appointed new Director General of the Treasury.
(4) Statutory Auditors confirmed in office by the CDP Shareholders' Meeting of 17 May 2022, which appointed the new Board of Auditors, whose term of office expires on the date of approval of the financial statements at 31 December 2024. The remuneration refers to the whole year 2022.
(5) Statutory Auditors appointed by the CDP Shareholders' Meeting of 17 May 2022 that appointed the new Board of Auditors, whose term of office expires on the date of approval of the financial statements at 31 December 2024. The remuneration indicated refers to the period from 17 May to 31 December 2022.
(6) The remuneration shown includes MBO for the year 2021.
(7) The remuneration shown, amounting to approximately 43 thousands of euro including social security costs and VAT, refers to the period 01/01/2022 - 30/09/2022. The remaining remuneration relating to the fourth quarter 2022, amounting to approximately 14 thousands of euro including social security costs and VAT, has not been paid as at 31 December 2022.
(8) The compensation shown, amounting to approximately 77 thousands of euro including social security costs and VAT, includes the remaining remuneration for 2021 paid in the current fiscal year and the portion for the period 01/01/2022-30/09/2022. The remaining remuneration relating to the fourth quarter 2022, amounting to approximately 14 thousands of euro including social security costs and VAT, has not been paid as at 31 December 2022.
(9) The remuneration shown, amounting to approximately 51 thousands of euro including social security costs and VAT, includes the remaining remuneration for 2021 paid in the current fiscal year and the portion for the period 01/01/2022-30/09/2022. The remaining remuneration relating to the fourth quarter 2022, amounting to approximately 13 thousands of euro including social security costs and VAT, has not been paid as at 31 December 2022.
(10) The remuneration accrued from 17/05/2022, date of appointment, to 31/12/2022, amounting to approximately 32 thousands of euro including social security costs and VAT, has not yet been paid as at 31 December 2022.
(11) The remuneration shown, amounting to approximately 45 thousands of euro including social security costs and VAT, refers to the remaining remuneration for 2021 paid in the current fiscal year and to the portion for the period 01/01/2022-17/05/2022.

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

This paragraph provides information about the relationship with:

- CDP's directly or indirectly controlled or affiliated companies;
- the majority shareholder MEF;
- MEF's directly and indirectly controlled or affiliated companies.

Certain transactions between CDP and related parties, notably those with the Ministry of the Economy and Finance and Poste Italiane S.p.A., arise as a result of legislative provisions. In any event, it should be noted that CDP did not carry out any atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the Company. All transactions with related parties were carried out on an arm's length basis and form part of CDP's ordinary operations.

The table below shows the main existing related-party relationships at 31 December 2022.

(thousands of euro) Items	Ministry for the Economy and Finance	CDP subsidiaries and associates	MEF subsidiaries and associates	Other	Total transaction with related parties
Assets					
Financial assets measured at fair value through profit or loss			146,287		146,287
Financial assets measured at fair value through other comprehensive income	8,541,740	5,876	148,171		8,695,787
Financial assets measured at amortised cost	238,756,426	2,817,181	5,038,772		246,612,379
Other assets	160,493	27,169	1,262	620	189,544
Liabilities					
Financial liabilities measured at amortised cost (*)	3,568,572	4,944,149	96,766		8,609,487
Financial liabilities held for trading		77,595	50,430		128,025
Other liabilities	3,428	205,440	1,869		210,737
Provisions for risks and charges	24,293	3,503	2,676		30,472
Off-Balance Sheet					
Commitments and guarantees issued	4,041,488	4,968,691	2,071,459		11,081,638
Other	2,642,800	944,234	211,713		3,798,747
Income statement					
Interest income and similar revenues	5,556,329	29,749	77,848		5,663,926
Interest expense and similar charges	(31,655)	(91,352)	(397)		(123,404)
Commission income	288,427	17,341	3,819		309,587
Commission expense	(4,911)	(1,147,574)			(1,152,485)
Net gain (loss) on trading activities	14,868	(71,857)	(78,981)		(135,970)
Gains (Losses) on disposal of financial assets	731	(3,396)	93		(2,572)
Net adjustments/ recoveries for credit risk	(4,473)	49,014	970		45,511
Administrative expenses:					
a) staff costs	(83)	8,173	229	509	8,828
b) other administrative expenses		(1,347)	(14)		(1,361)
Net provisions for risks and charges	(12,594)	65,264	347		53,017
Other operating income (costs)	19,649	6,852	978	(9,610)	17,869

(*) Securities issued shown under liabilities exclusively comprise securities held by the subsidiaries, which are relevant at consolidation, and securities subscribed by associated companies in the context of private placements.

The main transactions conducted with the Ministry of Economy and Finance were related to cash held on an account with the Treasury, and to lending transactions, government securities recognised as financial assets, and management of MEF's liquidity (Money Market transactions – formerly OPTES).

The investment in government securities is recognised in the following items:

- "Financial assets measured at fair value through other comprehensive income", of about 8.5 billion euro;
- "Financial assets measured at amortised cost", of about 56.6 billion euro.

The item "Financial assets measured at amortised cost" also includes the cash and cash equivalents held with the Central State Treasury, on the interest-bearing current account no. 29814, for approximately 156.8 billion euro (of which 1.5 billion euro will be credited after the reporting date) and receivables mainly related to funding activities, of about 25.3 billion euro.

For 2022, the cash and cash equivalents deposited with the State Treasury is remunerated at a rate equal to the lower of the cost of Postal Savings incurred by CDP and the average cost of the stock (balance) of national government securities.

The item "Financial liabilities at amortised cost" mainly refers to the balance of MEF's liquidity management transactions (Money Market) (around 2 billion euro) and amounts not yet disbursed at the end of the financial year on loans being repaid (approximately 1 billion euro).

"Commitments and guarantees issued" includes the balance of residual loan commitments and financial guarantees issued, which amounted to around 4 billion euro at year-end.

Other off-balance sheet items refer to securities received as a deposit for the "Patrimonio Rilancio" Fund operations.

The income statement mainly reports Interest income and similar revenues for approximately 5.6 billion euro and commission income for approximately 288 million euro. Commission income is due primarily to the fees, established with dedicated agreements, for the management of loans and postal savings products owned by the MEF and funds dedicated to the financing of particular economic sectors.

TRANSACTIONS WITH SUBSIDIARIES AND DIRECT ASSOCIATES, AND OTHER RELATED PARTIES

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS:

The item mainly includes the positive fair value of the outstanding swap contracts with SACE S.p.A. CDP has implemented an operational hedge of these derivatives by taking out mirror swaps.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

One of the most important entries of this item is the bond issued by Banca Monte dei Paschi di Siena S.p.A. and subscribed by CDP for around 111 million euro.

FINANCIAL ASSETS MEASURED AT AMORTISED COST - A) LOANS TO BANKS:

The most significant exposure in loans to banks is with Banca Monte dei Paschi di Siena S.p.A., for approximately 1.5 billion euro, relating mainly to loans disbursed under the various funds for catastrophic events, for SMEs and for Housing.

FINANCIAL ASSETS MEASURED AT AMORTISED COST - B) LOANS TO CUSTOMERS:

The most significant exposures in loans to customers, which mainly consist in loans and debt securities, relate to: Ferrovie dello Stato Italiane S.p.A. for around 1.8 billion euro and Autostrade per l'Italia S.p.A. for about 1.4 billion euro.

OTHER ASSETS

The amounts relate mainly to receivables resulting from joining the "national fiscal consolidation" mechanism, for the supply of out-sourcing services, the recovery of expenses for seconded personnel and receivables for attached personnel.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - B) DUE TO CUSTOMERS

The item includes mainly CDP's funding resulting from the centralisation of the treasury of Group Companies. The most significant amounts refer to Fintecna S.p.A., for around 1.3 billion euro, and CDP Equity, for around 328 million euro.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - C) SECURITIES ISSUED

The previous table shows exclusively securities issued by CDP known to be held by subsidiaries by virtue of the information received during consolidation. These are four bonds, also issued by CDP S.p.A. and subscribed by Poste Italiane S.p.A., worth a total of about 3 billion euro.

OTHER LIABILITIES

The item mainly includes liabilities resulting from the Group companies joining the national fiscal consolidation mechanism.

COMMITMENTS AND GUARANTEES ISSUED

This item reports the loan commitments and financial guarantees issued. The most significant exposures refer to: Poste Italiane S.p.A., around 4.25 billion euro and Enel S.p.A., around 1.6 billion euro.

OTHER OFF-BALANCE SHEET ITEMS

Other off-balance sheet items refer primarily to securities received as a deposit (from CDP Equity S.p.A. and CDP RETI S.p.A.) and commercial guarantees issued to Group companies.

INTEREST INCOME AND SIMILAR INCOME

The amounts refer primarily to interest for 2022 accrued on loans granted to counterparties and debt securities held in the portfolio.

INTEREST EXPENSE AND SIMILAR EXPENSE

The amounts refer primarily to interest expense accrued on deposits of Group companies and bonds issued by CDP and guaranteed by the Italian government, subscribed by Poste Italiane S.p.A.

COMMISSION INCOME

Commission income mainly refers to commissions received from CDP for the provision of lending and guarantee services.

COMMISSION EXPENSE

Commission expense recognised in the income statement, equal to about 1.1 billion euro, mainly refers to the postal savings collection service provided by Poste Italiane S.p.A.

PROFITS (LOSSES) ON TRADING AND HEDGING ACTIVITIES

Profits (losses) on trading and hedging activities, negative by approximately 151 million euro, include exchange rate differences on financial assets, interest and the effects of changes in the fair value of swaps.

NET ADJUSTMENT FOR CREDIT RISK

The item includes adjustments and recoveries for credit risk mainly on loans granted and debt securities in portfolio related to Group companies and to the subsidiaries and associates of the Ministry of the Economy and Finance.

ADMINISTRATIVE EXPENSES - A) STAFF COSTS

The item mainly includes revenues linked to the reimbursement of expenses for CDP staff seconded to Group Companies. These revenues are partly offset by the costs incurred by CDP relating to Group Companies' personnel seconded to CDP.

ADMINISTRATIVE EXPENSES – B) OTHER EXPENSES

The item mainly includes the costs of leasing property to CDP S.p.A. by Group companies.

NET ACCRUALS TO THE PROVISIONS FOR RISKS AND CHARGES

The item mainly includes the accruals to the provisions for risks and charges relating to commitments to disburse funds and financial guarantees issued.

OTHER OPERATING INCOME (COSTS)

This item mainly consists of revenues from the supply of outsourced auxiliary services, leased property and revenues for corporate offices held by CDP employees at Group companies. It also includes the costs incurred to finance projects supported by the CDP Foundation, to pursue social, environmental, cultural and economic development goals.

PART I - SHARE-BASED PAYMENTS

There were no share-based payments in place (IFRS 2).

PART L - OPERATING SEGMENTS

Pursuant to paragraph 4 of IFRS 8 "Operating segments", since the financial statements contain both the consolidated financial statements of the CDP Group and the separate financial statements of CDP S.p.A., information on operating segments only needs to be provided for the consolidated financial statements, to which the reader is referred for more details.

PART M - DISCLOSURE OF LEASES

This section contains some information indicated by IFRS 16.

SECTION 1 - LESSEE

QUALITATIVE DISCLOSURES

As at 31 December 2022, CDP's lease contracts are mainly represented by contracts regarding real estate, whose values cover almost all of the assets, and include property used as offices and as employee housing.

To a lesser extent, there are machinery rental contracts (e.g. printers and scanners) and a telephone switchboard.

CDP calculated the duration of the lease for each individual contract, considering the "non-cancellable" period during which it has the right to use the underlying asset by measuring all the contractual aspects that may change this duration, including, in particular, the possible presence of:

- any period covered by an option to extend the lease, if it is reasonably certain that the option will be exercised;
- any period covered by an option to terminate the lease, if it is reasonably certain that the option will be exercised.

In accordance with the accounting standard which provides that the underlying asset can be of low value only if:

- the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- the underlying asset is not highly dependent on, or highly interrelated with, other assets.

CDP applies the exemption for lease contracts when the asset value on the purchase date is negligible.

The Standard also specifies that "*a contract containing the purchase option cannot be considered a short-term lease*".

CDP considers a lease to be "short-term" when it has a maximum lease duration of 12 months and does not include any option to extend (and to purchase) that may be exercised at the discretion of the lessee.

For these contracts, the related payments are recorded in the income statement on a straight-line basis for the corresponding duration.

QUANTITATIVE DISCLOSURES

Reported below is the information required by IFRS 16 with regard to contracts where CDP acts as a lessee, contained in these notes in the following sections:

- Part B - Assets, section 8 - for information on the rights of use acquired under a lease;
- Part B - Liabilities, section 1, table 1.6 "Lease liabilities" - for information on lease liabilities;
- Part C - section 1, table 1.3 "Interest expense and similar expense: breakdown" – for information on interest expense on the lease liabilities;
- Part C - section 12, table 12.1 "Net adjustments to property, plant and equipment: breakdown" - for information on the amortisation of the rights of use acquired under a lease.

Short-term leases and leases of a low value are accounted for in accordance with paragraph 6 of IFRS 16. The costs are reported in Part C, section 10, table 10.5 "Other administrative expenses: breakdown".

SECTION 2 - LESSOR

QUALITATIVE DISCLOSURES

Regarding the scope of the contracts that are subject to the provisions of IFRS 16, for CDP there is a real estate lease and various intragroup real estate sublease contracts.

CDP carries out finance lease activities associated with subleasing properties to other Group companies.

QUANTITATIVE DISCLOSURES

1. DISCLOSURES ON THE BALANCE SHEETS AND INCOME STATEMENTS

Reported below is the information required by IFRS 16 with regard to contracts where CDP acts as a lessor, contained in these notes in the following sections:

- in Part B, Assets, section 4, table 4.2 "Financial assets measured at amortised cost: breakdown by type of loans to customers" - for information on finance leases;
- in Part B, Assets, section 8, table 8.2 "Investment property: breakdown of assets measured at cost" and table 8.7 "Investment property: changes for the year" - for information on assets granted under an operating lease;
- in Part C, section 1, table 1.1 "Interest income and similar income: breakdown" - for information on interest income on finance leases;
- in Part C, section 14, table 14.2 "Other operating income: breakdown" - for information on income resulting from operating leases.

2. FINANCE LEASES

2.1 Classification by time band of the payments to be received and reconciliation with finance leases recognised under assets

(thousands of euro) Time bands	31/12/2022 Lease payments to be received	31/12/2021 Lease payments to be received
Up to 1 year	1,063	1,895
More than 1 year to 2 years	1,063	1,895
More than 2 years to 3 years	1,063	1,895
More than 3 years to 4 years	1,063	1,895
More than 4 years to 5 years	1,063	1,895
More than 5 years	2,049	4,498
Total lease payments to be received	**7,364**	**13,973**
Reconciliation with finance leases		
Unearned finance income (-)	(593)	(1,223)
Non-secured residual value (-)		
FINANCE LEASES	**6,771**	**12,750**

The table contains the payment flows to be received on finance leases, relating to real estate sublease contracts with Group companies, gross of impairment of around 9 thousand euro.

2.2 Other information

There is no additional information to report.

3. OPERATING LEASES

3.1 Classification by time band of the payments to be received

(thousands of euro) Time bands	31/12/2022 Lease payments to be received	31/12/2021 Lease payments to be received
Up to 1 year	19,113	19,747
More than 1 year to 2 years	11,932	13,200
More than 2 years to 3 years	11,921	11,857
More than 3 years to 4 years	11,921	11,840
More than 4 years to 5 years	11,921	11,840
More than 5 years	254,370	265,680
TOTAL	**321,178**	**334,164**

3.2 Other information

There is no additional information to report.

PROPOSAL FOR ALLOCATION OF THE NET INCOME FOR THE YEAR

We hereby submit for shareholder approval the financial statements for 2022, consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and the notes to the financial statements with the relevant annexes. The financial statements are accompanied by the directors' report on operations.

The following proposal for the allocation of the net income for 2022, amounting to 2,490,482,609 euro, is submitted to the shareholders for approval.

Article 6, paragraphs 1 and 2, of Legislative Decree 38/2005 provides for capital gains recognised in the income statement, net of the corresponding tax charges, other than those that refer to financial instruments held for trading and to foreign exchange and hedging transactions, deriving from fair value measurement, to be recognised in a reserve that is not available for distribution.

In addition, it is not necessary to allocate amounts to the legal reserve pursuant to Art. 2430 of the Italian Civil Code, since it has reached the limit of one-fifth of share capital.

It is therefore proposed to allocate an amount of 122.395 euro to the Reserve under Article 6, paragraph 2, of Legislative Decree 38/2005 and to distribute a dividend of 1,368,817,995.60 euro, corresponding to 4.05 euro per share.

Lastly, it is proposed to carry forward the remaining net income of 1,121,542,218.40 euro.

(euro)	
Net income for the year	2,490,482,609
Reserve - art. 6 c. 2 of Legislative Decree 38/2005	122,395
DISTRIBUTABLE NET INCOME	**2,490,360,214**
Dividend	1,368,817,995.60
Retained earnings	1,121,542,218.40
Dividend per share (*)	**4.05**

(*) Excluding treasury shares.

Rome, 30 March 2023

The Chairman

Giovanni Gorno Tempini

ANNEXES

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1. ANNEXES TO THE SEPARATE FINANCIAL STATEMENTS

1.1 ACCOUNTING SEPARATION STATEMENTS

CDP is subject to a system of organisational and accounting separation under article 5, paragraph 8, of decree law 269 of 30 September 2003, converted with amendments by law 326 of 24 November 2003.

In order to create an accounting separation system, the organisational structure of the Company was therefore divided into three operating units called, respectively, Separate Account, Ordinary Account and Joint Services, within which CDP's existing organisational units have been re-grouped.

SEPARATE ACCOUNT

The role of the Separate Account is to pursue the mission of general economic interest entrusted to CDP by law.

The Articles of Association of CDP, in accordance with art. 5 of decree law 269 and with the ministerial decree of 5 December 2003, allocate the following activities to the Separate Account:

a) the financing of Government, regions, local authorities, public entities and public law organisations;
b) the granting of loans:
   i. to public or private entities with legal personality, with the exception of natural persons, for public interest initiatives promoted by the entities mentioned in the aforementioned paragraph based on the criteria established in the decrees of the Minister of the Economy and Finance, adopted pursuant to article 5, paragraph 11, letter e), of the above mentioned decree law;
   ii. to private entities with legal personality, with the exception of natural persons, for transactions in the general interest sectors identified in the decrees of the Minister of the Economy and Finance, adopted pursuant to article 5, paragraph 11, letter e), of the above mentioned decree law;
   iii. to public or private entities with legal personality, with the exception of natural persons, to support the international expansion of companies and exports based on the criteria established in the decrees of the Minister of the Economy and Finance, adopted pursuant to article 8 of decree law 78 of 1 July 2009, converted with amendments by law 102 of 3 August 2009;
   iv. to companies in order to support the economy through (a) the banking system i.e. financial intermediaries authorised to grant loans to the public in any form whatsoever pursuant to Legislative Decree no. 385 of 1 September 1993, as subsequently amended or (b) the subscription of units of mutual funds managed by an asset management company, whose corporate purpose achieves one or more of the institutional missions of Cassa Depositi e Prestiti S.p.A.;
   v. to public or private entities with legal personality, with the exception of natural persons, within the framework of international development cooperation activities;
   vi. to banks operating in Italy for the disbursement of mortgage loans secured by residential real estate mainly for the purchase of principal dwellings and for renovation and energy efficiency works;
   vii. to public or private entities with legal personality, with the exception of natural persons, to contribute to the achievement of objectives set under international climate and environmental protection agreements, and other agreements concerning global public goods, of which Italy is a signatory.
c) acquiring equity investments transferred or assigned to the company by decree of the Minister of the Economy and Finance as per article 5, paragraph 3, letter b), of the above mentioned decree law, whose management is in line - where required - with the criteria set out by decree of the Minister of the Economy and Finance pursuant to article 5, paragraph 11, letter d), of the above mentioned decree law;
d) acquiring - also indirectly - equity investments in companies of major national interest having a stable financial position and performance and adequate profit-generating prospects, which satisfy the requirements set out in the decree of the Minister of the Economy and Finance pursuant to article 5, paragraph 8-bis, of the above mentioned decree law;
e) acquiring: (i) covered bank bonds backed by mortgages on residential real estate and/or securities issued under law 130 of 30 April 1999, as part of securitisation transactions involving receivables deriving from mortgages on residential real estate; (ii) securities issued under law 130 of 30 April 1999, as part of securitisation transactions involving receivables from SMEs;

f) the management, where assigned by the Minister of the Economy and Finance, of the functions, assets and liabilities of Cassa Depositi e Prestiti, prior to its transformation, transferred to the Ministry of the Economy and Finance pursuant to article 5, paragraph 3, letter a), of the above mentioned decree law, as well as the management of any other public function and activities of general interest assigned by act of law, administrative regulations or contract;
g) providing advisory and consultancy services in favour of the entities described in point a) or to support the transactions or the entities under letter b), points i., ii., iii., iv. and v.;
h) providing consultancy services and conducting studies, research and analysis of economic and financial matters.

With regard to the organisational structure of CDP at 31 December 2022, the following units operate exclusively under the Separate Account organisation:
- "Public Administration" and direct reports: "Public Financing". "PA Business Relations", "PA Customer Development & Customer Care";
- within the "Infrastructure" division: "Transportation & Social Infrastructure – SA" and "Energy, Utilities & TLC – SA";
- within the "Enterprises and Financial Institutions" division: "Export Financing", "Large Corporates Financing – SA", "Business Accelerators & Capital Structure Advisory", "Subordinate, Convertible and Turnaround Fund Instruments", "Guarantees & Structured Finance – Financial Institutions", "Subsidised Financial Instruments", and "Liquidity Funds";
- within the "International Cooperation and Development Finance" (CIFS) division: "Corporate and Financial Institution Financing CIFS – SA", "Infrastructure and Climate Finance CIFS", "Funds, Blending & Business Partnerships CIFS", "Revolving Fund for Development Cooperation";
- reporting to the "Finance" division: "Postal Savings";
- reporting to the "Investments" division: "Patrimonio Rilancio Equity" and "Patrimonio Rilancio Renovations".

ORDINARY ACCOUNT

All of CDP's other business activities that are not specifically attributed to the Separate Account are carried out by the Ordinary Account organisational unit. While not specifically cited in article 5 of decree law 269, the Ordinary Account encompasses the other activities of CDP, specifically, those that are not assigned by law to the Separate Account.

Specifically, pursuant to article 5, paragraph 7, letter b), of decree law 269, CDP's Articles of Association include among the activities designed to achieve its mission that are not assigned to the Separate Account:
a) the granting of loans, preferably under joint financing arrangements with credit institutions, for: (i) works, systems, networks and equipment designed for initiatives of public utility; (ii) investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and the green economy; (iii) initiatives for the growth, also by business combination, of companies in Italy and abroad;
b) acquiring - also indirectly - equity investments in companies of major national interest having a stable financial position and performance and adequate profit-generating prospects, which satisfy the requirements set out in the decree of the Minister of the Economy and Finance pursuant to article 5, paragraph 8-bis, of the above mentioned decree law;
c) acquiring: (i) covered bank bonds backed by mortgages on residential real estate and/or securities issued under law 130 of 30 April 1999, as part of securitisation transactions involving receivables deriving from mortgages on residential real estate; (ii) securities issued under law 130 of 30 April 1999, as part of securitisation transactions involving receivables from SMEs;
d) providing consultancy services and conducting studies, research and analysis of economic and financial matters.

From an organisational point of view, the following units operate exclusively within the Ordinary Account organisation:
- within the "Infrastructure" division: "Transportation & Social Infrastructure – OA" and "Energy, Utilities & TLC – OA";
- within the "Enterprises and Financial Institutions" division: "International Expansion Financing", "Large Corporates Financing – OA", "Enterprise Financing – North", "Enterprise Financing – Centre-South", "Basket Bonds & Digital Lending";
- within the "International Cooperation and Development Finance" (CIFS) division: "Corporate and Financial Institution CIFS – OA".

JOINT SERVICES

Joint Services include:

- the "Business" division and the following units reporting to it:
  - "International Cooperation and Development Finance" and its direct reports, excluding the aforementioned units that operate exclusively under the Separate Account or the Ordinary Account;
  - "Infrastructure" and its direct reports, excluding the aforementioned units that operate exclusively under the Separate Account or the Ordinary Account;
  - "Enterprises and Financial Institutions" and its direct reports, excluding the aforementioned units that operate exclusively under the Separate Account or the Ordinary Account;
  - "Business Projects, Multi-channel Operations and Local Initiatives" and its direct reports;
  - "Business Planning, Coordination and Governance" and its direct reports;
- "Real Estate" and its direct report;
- "Policy, Evaluation and Advisory" and its direct reports;
- "Investor Relations & Rating Agencies", reporting to the "Finance" division;
- the Corporate Bodies and the Bodies provided for in the Articles of Association (with the exception of the Parliamentary Supervisory Committee, which concerns the Separate Account);
- the offices of the Chairman and Chief Executive Officer.

With regard to the Business organisational units of the "Investments" and "Finance" divisions (excluding the aforementioned units that operate exclusively under the Separate Account, specifically "Postal Savings", "Patrimonio Rilancio Equity" and "Patrimonio Rilancio Renovations", and the "Investor Relations & Rating Agencies" unit, which operates exclusively within the scope of Joint Services), note that for the purposes of accounting separation, the relative costs and revenues are allocated to the Separate Account, Ordinary Account and Joint Services depending on the specific business to which they refer.

Reclassified income statement

(millions of euro)	Separate Account	Ordinary Account	Joint Services	Total CDP
Net interest income	**1,595**	**99**	**(1)**	**1,693**
Dividends	1,596	6		1,602
Other net revenues	205	16	(1)	219
Gross income	**3,395**	**121**	**(2)**	**3,514**
Write-downs	51	(191)		(140)
Operating costs	(30)	(2)	(222)	(254)
OPERATING INCOME	**3,417**	**(73)**	**(224)**	**3,121**

Reclassified balance sheet

(millions of euro)	Separate Account	Ordinary Account	Joint Services	Total CDP
Cash and cash equivalents	166,858	408	(1)	167,266
Loans	111,910	7,976		119,886
Debt securities	64,457	2,518		66,975
Equity investments and shares	37,413	267		37,680
Funding, of which:	360,285	10,822		371,107
– *postal funding*	*281,018*			*281,018*
– *funding from banks*	*60,054*	*4,739*		*64,793*
– *funding from customers*	*8,039*			*8,039*
– *bond funding*	*11,174*	*6,083*		*17,257*

1.2 DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1, PARAGRAPHS 125-129

This section is dedicated to the fulfilment of the disclosure obligations introduced, starting from 2018, by Law 124 of 4 August 2017, whose rules have been reformulated by Article 35 of Decree Law no. 34 of 30 April 2019, relating to the disclosure obligations connected to public funds.

The reformulation of the original regulatory provisions clarified some significant interpretation issues raised by the previous formulation, confirming the interpretation guidance shared during the first application of the disclosure obligations, and contained in Assonime circular no. 5 of 22 February 2019 regarding "Transparency in the system of public funding: analysis of the rules and interpretation guidance".

According to the contents of Article 35 of decree no. 34/2019:
- companies publish in the notes to the separate financial statements and to the consolidated financial statements, if any, the amounts and information relating to subsidies, subventions, benefits, contributions or aid, paid in cash or in kind, not of a general nature and with no consideration, remuneration or compensation, effectively granted to them by government agencies and from companies controlled, directly or indirectly, on a legal or de facto basis, by government agencies, including listed companies and their subsidiaries;
- the publication obligations established for government agencies by Article 26 of Legislative Decree no. 33 of 2013 apply also to entities and companies controlled, directly or indirectly, on a legal or de facto basis by government agencies, with the publication in the notes to their annual accounting reports.

The disclosure obligations established by Law 124 of 2017, in continuity with what was represented during the first application, are thus limited to transactions that provide the beneficiary a direct or indirect economic benefit through the provision of incentives or concessions that have the effect of providing relief, savings or the acquisition of resources, and that are in the nature of gifts or donations.

The disbursements, unless otherwise specified, are recognised on a cash basis. With reference to any disbursements not in cash, the cash criterion is understood in a substantial sense, allocating the economic benefit to the financial year in which it is received.

In accordance with the guidance provided by the Assonime circular no. 5/2019, the information provided in application of Law 124/2017 is provided in table form, indicating:
- the identification details of the granting entity and the beneficiary;
- the amount of the economic benefit awarded or received;
- a brief description of the type of benefit (reason for payment).

With reference to subsidies disbursed, the following cases were identified:

- donations to the CDP Foundation for the pursuit and implementation of projects with social, environmental, cultural and economic ends, and donations to entities involved in solidarity initiatives in support of the population affected by the Russian-Ukrainian war;

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Fondazione CDP	Liberal donations for project grants	9,660
CDP S.p.A.	Associazione della Croce Rossa Italiana	Liberal donation for Ukraine emergency	59
CDP S.p.A.	United Nations High Commissioner for Refugees - UNHCR	Liberal donation for Ukraine emergency	59
CDP S.p.A.	Comitato Italiano per l'Unicef - Fondazione Onlus	Liberal donation for Ukraine emergency	59

- the suspension of loan instalments granted to local authorities, in regard to emergencies generated by earthquakes, whereby the borrowers were offered the option of deferring the payment of the instalments, for principal and interest, to a future date. The table shows the amounts of the instalments due in 2022, for principal and interest, the collection of which was deferred to a future date.

(thousands of euro)

Grantor	Beneficiary	Motive	2022 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Accumoli	Central Italy Earthquake	97
CDP S.p.A.	Municipality of Acquasanta Terme	Central Italy Earthquake	167
CDP S.p.A.	Municipality of Amandola	Central Italy Earthquake	123
CDP S.p.A.	Municipality of Amatrice	Central Italy Earthquake	65
CDP S.p.A.	Municipality of Antrodoco	Central Italy Earthquake	95
CDP S.p.A.	Municipality of Apiro	Central Italy Earthquake	215
CDP S.p.A.	Municipality of Appignano del Tronto	Central Italy Earthquake	58
CDP S.p.A.	Municipality of Arquata del Tronto	Central Italy Earthquake	57
CDP S.p.A.	Municipality of Arrone	Central Italy Earthquake	203
CDP S.p.A.	Municipality of Ascoli Piceno	Central Italy Earthquake	1,089
CDP S.p.A.	Municipality of Barete	Central Italy Earthquake	61
CDP S.p.A.	Municipality of Belforte del Chienti	Central Italy Earthquake	55
CDP S.p.A.	Municipality of Belmonte Piceno	Central Italy Earthquake	39
CDP S.p.A.	Municipality of Bolognola	Central Italy Earthquake	23
CDP S.p.A.	Municipality of Borbona	Central Italy Earthquake	42
CDP S.p.A.	Municipality of Cagnano Amiterno	Central Italy Earthquake	10
CDP S.p.A.	Municipality of Caldarola	Central Italy Earthquake	77
CDP S.p.A.	Municipality of Camerino	Central Italy Earthquake	675
CDP S.p.A.	Municipality of Campli	Central Italy Earthquake	205
CDP S.p.A.	Municipality of Camporotondo di Fiastrone	Central Italy Earthquake	23
CDP S.p.A.	Municipality of Campotosto	Central Italy Earthquake	45
CDP S.p.A.	Municipality of Cantalice	Central Italy Earthquake	136
CDP S.p.A.	Municipality of Capitignano	Central Italy Earthquake	8
CDP S.p.A.	Municipality of Cascia	Central Italy Earthquake	84
CDP S.p.A.	Municipality of Castel Castagna	Central Italy Earthquake	27
CDP S.p.A.	Municipality of Castel di Lama	Central Italy Earthquake	336
CDP S.p.A.	Municipality of Castel Sant'Angelo	Central Italy Earthquake	24

(thousands of euro)

Grantor	Beneficiary	Motive	2022 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Castelli	Central Italy Earthquake	132
CDP S.p.A.	Municipality of Castelraimondo	Central Italy Earthquake	593
CDP S.p.A.	Municipality of Castelsantangelo sul Nera	Central Italy Earthquake	114
CDP S.p.A.	Municipality of Castignano	Central Italy Earthquake	13
CDP S.p.A.	Municipality of Castorano	Central Italy Earthquake	76
CDP S.p.A.	Municipality of Cerreto d'Esi	Central Italy Earthquake	516
CDP S.p.A.	Municipality of Cerreto di Spoleto	Central Italy Earthquake	89
CDP S.p.A.	Municipality of Cessapalombo	Central Italy Earthquake	45
CDP S.p.A.	Municipality of Cingoli	Central Italy Earthquake	943
CDP S.p.A.	Municipality of Cittaducale	Central Italy Earthquake	586
CDP S.p.A.	Municipality of Cittareale	Central Italy Earthquake	27
CDP S.p.A.	Municipality of Civitella del Tronto	Central Italy Earthquake	272
CDP S.p.A.	Municipality of Colledara	Central Italy Earthquake	151
CDP S.p.A.	Municipality of Colli del Tronto	Central Italy Earthquake	124
CDP S.p.A.	Municipality of Colmurano	Central Italy Earthquake	98
CDP S.p.A.	Municipality of Comunanza	Central Italy Earthquake	256
CDP S.p.A.	Municipality of Corridonia	Central Italy Earthquake	387
CDP S.p.A.	Municipality of Cortino	Central Italy Earthquake	125
CDP S.p.A.	Municipality of Cossignano	Central Italy Earthquake	25
CDP S.p.A.	Municipality of Crognaleto	Central Italy Earthquake	115
CDP S.p.A.	Municipality of Esanatoglia	Central Italy Earthquake	282
CDP S.p.A.	Municipality of Fabriano	Central Italy Earthquake	2,010
CDP S.p.A.	Municipality of Falerone	Central Italy Earthquake	142
CDP S.p.A.	Municipality of Fano Adriano	Central Italy Earthquake	39
CDP S.p.A.	Municipality of Farindola	Central Italy Earthquake	47
CDP S.p.A.	Municipality of Ferentillo	Central Italy Earthquake	157
CDP S.p.A.	Municipality of Fiastra	Central Italy Earthquake	77
CDP S.p.A.	Municipality of Fiuminata	Central Italy Earthquake	158
CDP S.p.A.	Municipality of Folignano	Central Italy Earthquake	485
CDP S.p.A.	Municipality of Force	Central Italy Earthquake	88
CDP S.p.A.	Municipality of Gagliole	Central Italy Earthquake	70
CDP S.p.A.	Municipality of Gualdo	Central Italy Earthquake	96
CDP S.p.A.	Municipality of Leonessa	Central Italy Earthquake	87
CDP S.p.A.	Municipality of Loro Piceno	Central Italy Earthquake	202
CDP S.p.A.	Municipality of Macerata	Central Italy Earthquake	2,166
CDP S.p.A.	Municipality of Massa Fermana	Central Italy Earthquake	71
CDP S.p.A.	Municipality of Matelica	Central Italy Earthquake	825
CDP S.p.A.	Municipality of Micigliano	Central Italy Earthquake	26
CDP S.p.A.	Municipality of Mogliano	Central Italy Earthquake	291
CDP S.p.A.	Municipality of Monsampietro Morico	Central Italy Earthquake	52
CDP S.p.A.	Municipality of Montalto delle Marche	Central Italy Earthquake	148
CDP S.p.A.	Municipality of Montappone	Central Italy Earthquake	156
CDP S.p.A.	Municipality of Monte Cavallo	Central Italy Earthquake	41
CDP S.p.A.	Municipality of Monte Rinaldo	Central Italy Earthquake	25

(thousands of euro) Grantor	Beneficiary	Motive	2022 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Monte San Martino	Central Italy Earthquake	56
CDP S.p.A.	Municipality of Monte Vidon Corrado	Central Italy Earthquake	43
CDP S.p.A.	Municipality of Montefalcone Appennino	Central Italy Earthquake	25
CDP S.p.A.	Municipality of Montefortino	Central Italy Earthquake	21
CDP S.p.A.	Municipality of Montefranco	Central Italy Earthquake	30
CDP S.p.A.	Municipality of Montegallo	Central Italy Earthquake	61
CDP S.p.A.	Municipality of Montegiorgio	Central Italy Earthquake	309
CDP S.p.A.	Municipality of Monteleone di Fermo	Central Italy Earthquake	29
CDP S.p.A.	Municipality of Monteleone di Spoleto	Central Italy Earthquake	13
CDP S.p.A.	Municipality of Montelparo	Central Italy Earthquake	63
CDP S.p.A.	Municipality of Montereale	Central Italy Earthquake	86
CDP S.p.A.	Municipality of Montorio al Vomano	Central Italy Earthquake	293
CDP S.p.A.	Municipality of Muccia	Central Italy Earthquake	39
CDP S.p.A.	Municipality of Norcia	Central Italy Earthquake	321
CDP S.p.A.	Municipality of Offida	Central Italy Earthquake	191
CDP S.p.A.	Municipality of Ortezzano	Central Italy Earthquake	34
CDP S.p.A.	Municipality of Palmiano	Central Italy Earthquake	2
CDP S.p.A.	Municipality of Penna San Giovanni	Central Italy Earthquake	151
CDP S.p.A.	Municipality of Petriolo	Central Italy Earthquake	87
CDP S.p.A.	Municipality of Pietracamela	Central Italy Earthquake	57
CDP S.p.A.	Municipality of Pieve Torina	Central Italy Earthquake	281
CDP S.p.A.	Municipality of Pioraco	Central Italy Earthquake	104
CDP S.p.A.	Municipality of Pizzoli	Central Italy Earthquake	154
CDP S.p.A.	Municipality of Poggio Bustone	Central Italy Earthquake	34
CDP S.p.A.	Municipality of Poggiodomo	Central Italy Earthquake	29
CDP S.p.A.	Municipality of Polino	Central Italy Earthquake	63
CDP S.p.A.	Municipality of Pollenza	Central Italy Earthquake	307
CDP S.p.A.	Municipality of Posta	Central Italy Earthquake	7
CDP S.p.A.	Municipality of Preci	Central Italy Earthquake	32
CDP S.p.A.	Municipality of Rieti	Central Italy Earthquake	1,970
CDP S.p.A.	Municipality of Ripe San Ginesio	Central Italy Earthquake	42
CDP S.p.A.	Municipality of Rivodutri	Central Italy Earthquake	42
CDP S.p.A.	Municipality of Rocca Santa Maria	Central Italy Earthquake	87
CDP S.p.A.	Municipality of Roccafluvione	Central Italy Earthquake	55
CDP S.p.A.	Municipality of San Ginesio	Central Italy Earthquake	297
CDP S.p.A.	Municipality of San Severino Marche	Central Italy Earthquake	433
CDP S.p.A.	Municipality of Santa Vittoria In Matenano	Central Italy Earthquake	26
CDP S.p.A.	Municipality of Sant'Anatolia di Narco	Central Italy Earthquake	45
CDP S.p.A.	Municipality of Sant'Angelo in Pontano	Central Italy Earthquake	109
CDP S.p.A.	Municipality of Sarnano	Central Italy Earthquake	400
CDP S.p.A.	Municipality of Scheggino	Central Italy Earthquake	46
CDP S.p.A.	Municipality of Sefro	Central Italy Earthquake	61
CDP S.p.A.	Municipality of Serravalle di Chienti	Central Italy Earthquake	97
CDP S.p.A.	Municipality of Servigliano	Central Italy Earthquake	71

(thousands of euro) Grantor	Beneficiary	Motive	2022 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Smerillo	Central Italy Earthquake	20
CDP S.p.A.	Municipality of Spoleto	Central Italy Earthquake	1,331
CDP S.p.A.	Municipality of Teramo	Central Italy Earthquake	1,771
CDP S.p.A.	Municipality of Tolentino	Central Italy Earthquake	1,571
CDP S.p.A.	Municipality of Torricella Sicura	Central Italy Earthquake	49
CDP S.p.A.	Municipality of Tossicia	Central Italy Earthquake	49
CDP S.p.A.	Municipality of Treia	Central Italy Earthquake	326
CDP S.p.A.	Municipality of Urbisaglia	Central Italy Earthquake	244
CDP S.p.A.	Municipality of Ussita	Central Italy Earthquake	745
CDP S.p.A.	Municipality of Valfornace	Central Italy Earthquake	189
CDP S.p.A.	Municipality of Valle Castellana	Central Italy Earthquake	92
CDP S.p.A.	Municipality of Vallo di Nera	Central Italy Earthquake	5
CDP S.p.A.	Municipality of Venarotta	Central Italy Earthquake	96
CDP S.p.A.	Municipality of Visso	Central Italy Earthquake	177
CDP S.p.A.	Province of Ancona	Central Italy Earthquake	773
CDP S.p.A.	Province of Ascoli Piceno	Central Italy Earthquake	1,153
CDP S.p.A.	Province of Fermo	Central Italy Earthquake	1,376
CDP S.p.A.	Province of Macerata	Central Italy Earthquake	1,153
CDP S.p.A.	Province of Perugia	Central Italy Earthquake	4,840
CDP S.p.A.	Province of Pescara	Central Italy Earthquake	2,709
CDP S.p.A.	Province of Rieti	Central Italy Earthquake	988
CDP S.p.A.	Province of Teramo	Central Italy Earthquake	1,008
CDP S.p.A.	Province of Terni	Central Italy Earthquake	1,168

1.3 REPORTS OF THE SUB-FUNDS OF THE "PATRIMONIO RILANCIO"

With regard to the annual reports of the Sub-funds of the "Patrimonio Rilancio", prepared pursuant to article 27 of Decree Law no. 34 of 19 May 2020 ("Relaunch Decree"), reference is made to Section 4 of CDP S.p.A.'s Annual Financial Report.

2. ANNEXES TO THE REPORT ON OPERATIONS

2.1 RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND BALANCE SHEET AND THE FINANCIAL STATEMENTS - CDP S.P.A.

The following table provides a reconciliation of the financial statements prepared in accordance with Bank of Italy circular no. 262/2005, as amended, and the aggregates as reclassified on an operational basis.

These reclassifications mainly concerned:

- the allocation to specific and distinct items of interest-bearing amounts and non-interest-bearing amounts;
- the revision of portfolios for IAS/IFRS purposes with their reclassification into uniform aggregates in relation to both products and business lines.

Balance sheet - Assets

(millions of euro) ASSETS - Balance sheet items	31/12/2022	Cash and cash equivalents and other treasury investments	Loans	Debt securities
10. Cash and cash equivalents	2,630	2,630		
20. Financial assets measured at fair value through profit or loss	3,919			
30. Financial assets measured at fair value through other comprehensive income	10,914			10,481
40. Financial assets measured at amortised cost				
a) Loans to banks	20,834	4,474	15,859	
b) Loans to customers	325,251	160,161	103,849	56,493
50. Hedging derivatives	4,344			
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,987)			
70. Equity investments	33,721			
80. Property, plant and equipment	360			
90. Intangible assets	72			
100. Tax assets	1,148			
110. Non-current assets and disposal groups held for sale				
120. Other assets	483		178	
TOTAL ASSETS	**400,690**	**167,266**	**119,886**	**66,975**

Equity investments	Assets held for trading and hedging derivatives	Property, plant and equipment and intangible assets	Accrued income, prepaid expenses and other non-interest bearing assets	Other assets
3,564	355			
395			37	
			501	
			4,731	16
	4,344			
			(2,987)	
33,721				
		360		
		72		
				1,148
				305
37,680	**4,699**	**431**	**2,284**	**1,470**

Balance sheet - Liabilities and equity

(millions of euro) LIABILITIES AND EQUITY - Balance sheet items	31/12/2022	Funding detail Funding	Postal Funding	Funding from banks
10. Financial liabilities measured at amortised cost				
a) Due to banks	36,815	36,733	1,378	35,355
b) Due to customers	317,370	317,117	279,640	29,438
c) Securities issued	17,151	17,257		
20. Financial liabilities held for trading	400			
30. Financial liabilities designated at fair value				
40. Hedging derivatives	1,091			
50. Fair value change of financial liabilities in hedged portfolios				
60. Tax liabilities	297			
70. Liabilities associated with non-current assets and disposal groups held for sale				
80. Other liabilities	1,018			
90. Staff severance pay	1			
100. Provisions for risks and charges	797			
110. Valuation reserves	(451)			
120. Redeemable shares				
130. Equity instruments				
140. Reserves	17,602			
150. Share premium reserve	2,379			
160. Share capital	4,051			
170. Treasury shares	(322)			
180. Net income (loss) for the year	2,490			
TOTAL LIABILITIES AND EQUITY	**400,690**	**371,107**	**281,018**	**64,793**

Funding detail: Funding from customers	Funding detail: Bond Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non-interest bearing assets	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Total equity
			82			
8,039			253			
	17,257		(106)			
		400				
		1,091				
					297	
			1	1,017		
					1	
					797	
						(451)
						17,602
						2,379
						4,051
						(322)
						2,490
8,039	**17,257**	**1,492**	**230**	**1,017**	**1,095**	**25,749**

Income statement

(millions of euro) INCOME STATEMENT - Financial statement items	31/12/2022	Net interest income	Dividends	Other net revenues (costs)
10. Interest income and similar income	7,739	7,739		
20. Interest expense and similar expense	(5,156)	(5,156)		
40. Commission income	401	258		143
50. Commission expense	(1,164)	(1,148)		(16)
70. Dividends and similar revenues	1,602		1,602	
80. Profits (losses) on trading activities	(75)			(75)
90. Net gain (loss) on hedging activities	102			102
100. Gains (losses) on disposal or repurchase	66			66
110. Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	34			(1)
130. Net adjustments/recoveries for credit risk	15			
140. Gains/losses from changes in contracts without derecognition				
160. Administrative expenses	(245)			
170. Net accruals to the provisions for risks and charges	53			
180. Net adjustments to/recoveries on property, plant and equipment	(16)			
190. Net adjustments to/recoveries on intangible assets	(18)			
200. Other operating income (costs)	(116)			
220. Gains (losses) on equity investments	(101)			
230. Gains (Losses) on tangible and intangible assets measured at fair value				
240. Goodwill impairment				
250. Gains (losses) on disposal of investments				
270. Income tax for the year on continuing operations	(630)			
290. Income (loss) after tax on discontinued operations				
TOTAL INCOME STATEMENT	**2,490**	**1,693**	**1,602**	**219**

Gross Income	Write-downs	Operating costs	Operating income	Net provisions for risks and charges	Income taxes	Net income (loss) for the year
7,739			7,739			7,739
(5,156)			(5,156)			(5,156)
401			401			401
(1,164)			(1,164)			(1,164)
1,602			1,602			1,602
(75)			(75)			(75)
102			102			102
66			66			66
(1)	35		34			34
	15		15			15
		(245)	(245)			(245)
	52		52			53
		(16)	(16)			(16)
		(18)	(18)			(18)
	(141)	25	(116)			(116)
	(101)		(101)			(101)
					(630)	(630)
3,514	**(140)**	**(254)**	**3.121**		**(630)**	**2,490**

2.2 DETAILS OF ALTERNATIVE PERFORMANCE INDICATORS - CDP S.P.A.

In support of the comments on the results for the period, paragraph 4.4.1 of the Report on operations also presents and illustrates the reclassified income statement and balance sheet of CDP S.p.A. A reconciliation between the latter and the Parent Company's financial statements at 31 December 2022 is provided in Annex 2, as required in Consob Communication no. 6064293 of 28 July 2006. With a view to providing further information on the Parent Company's performance, the Report on operations contains financial information and a number of alternative performance indicators, including, for example, the Cost/Income ratio and Net impaired loans/net loans to customers and banks. In accordance with the guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415), details of the calculation method and the content of the aforementioned measures are provided below.

STRUCTURE RATIOS

Funding/Total liabilities: it measures Total Funding, as shown in the aggregate account (Annex 2), against total liabilities, as shown in the financial statements

Postal Funding/Total Funding: it measures Postal Funding, inclusive of the nominal value of Savings Bonds and Passbook Savings Accounts, interest accrued and premiums on the related options, against Total Funding, as shown in the aggregate account (Annex 2)

PROFITABILITY RATIOS

Spread on interest-bearing assets and liabilities: it measures the difference between the return on assets (measured as the ratio of interest income to average interest-bearing assets) and the cost of liabilities (measured as the ratio of interest expense to average interest-bearing liabilities).

Average interest-bearing assets are measured as the average of Cash and Cash Equivalents, Loans to customers and banks and Debt securities, as shown in the aggregate account (Annex 2).

Average interest-bearing liabilities are measured as the average of Funding, as shown in the aggregate account (Annex 2).

Cost/Income Ratio: it measures the ratio of Operating Costs (sum of staff costs, administrative expenses, depreciation and amortisation, and other operating income and costs) to Gross Income, net of the cost of risk, as respectively shown in the aggregate account (Annex 2).

REPORT OF THE STATUTORY AUDITORS

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REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS' MEETING OF

CASSA DEPOSITI E PRESTITI S.P.A.

1. Foreword

Dear shareholders,

with this report, prepared pursuant to Article 2429, second paragraph, of the Italian Civil Code, the Board of Statutory Auditors of Cassa Depositi e Prestiti S.p.A. ("CDP" or the "Company") reports to the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2022 on the results of that year and the activities performed by the Board of Statutory Auditors in the performance of its duties, in accordance with the standards of conduct issued by the National Council of the Italian accounting profession and taking account of the recommendations of Consob in its communications, to the extent compatible with the nature of CDP.

The Board of Statutory Auditors, in its current composition[1], has been appointed by the Shareholders' Meeting of 17 May 2022. The Board of Statutory Auditors – which has acknowledged the activities carried out by the previous Board of Statutory Auditors – reaches the end of its term on the occasion of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024.

During financial year 2022, statutory audit activities were performed by Deloitte & Touche S.p.A. ("Deloitte" or the "Independent auditors"), on the basis of the engagement granted to the latter by the Ordinary Shareholders' Meeting of 19 March 2019 for the financial years 2020 to 2028.

2. Meetings of the Board of Statutory Auditors

In 2022, the Board of Statutory Auditors held 18 meetings. The magistrate designated by the Italian Court of Auditors was invited to all meetings pursuant to Art. 27, paragraph 10, of the articles of association. The Board of Statutory Auditors – as a whole or represented by some of its members – also participated in the Shareholders' Meetings held on 11 and 17 May 2022, the 23 meetings of the Board of Directors, the 24 meetings of the Risk and Sustainability Committee, as well as the 3 meetings of the Remuneration Committee. The Board also participated in the induction sessions addressed to directors and statutory auditors (see section 11.2).

[1] Carlo Corradini (Chairman), Franca Brusco, Mauro D'Amico, Patrizia Graziani and Davide Maggi. Previously, the Board of Statutory Auditors had the following members: Carlo Corradini (Chairman), Franca Brusco, Giovanni Battista Lo Prejato, Mario Romano Negri and Enrica Salvatore.

3. Monitoring of compliance with the law, the articles of association and the principles of sound administration

In accordance with the provisions of Article 2403 of the Italian Civil Code, the Board of Statutory Auditors monitored compliance with the law and the articles of association, with the principles of sound administration and, in particular, the adequacy of the organisational, administrative and accounting arrangements adopted by the Company and their effective operation (see sections 4 and 5 below). This monitoring activity was carried out by the Board also through participation in the meetings of the Board of Directors and the Board Committees, as well as through meetings and exchanges of information with the management and the heads of the main company departments and control units (in particular, the Head of Internal Audit, the Manager in charge with preparing the company's financial reports, the units of the Risk Department responsible for anti-money laundering, risk and compliance matters and the Employer as defined in Legislative Decree no. 81/2008 – "Employer") and with the Independent auditors.

The Board received, pursuant to and with the frequency required by Article 23, paragraph 4, of the articles of association, information on general developments in operations and the expected outlook, as well as on the most significant transactions in terms of size or characteristics carried out by the Company and its subsidiaries (see section 9 below).

The checks performed found no censurable facts with a significant impact.

The Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code, or complaints concerning irregularities or censurable facts.

4. Monitoring of the adequacy of the organisational arrangements and the operation of the internal control and risk management system

The Board of Statutory Auditors monitored the adequacy of the organisational arrangements adopted by the Company and their effective operation – among others, pursuant to Italian Legislative Decree No. 14/2019[2] – also through meetings and exchanges of information with the heads of the main company departments.

With reference to the foregoing, the Board reports that it has communicated its assessments regarding some important initiatives of the Company to the Board of Directors – also through its delegated bodies – and that it has no special comment to report on its recommendations.

[2] As amended and/or integrated pursuant to Legislative Decree no. 83/2022, implementing the Directive (EU) no. 1023/2019.

The Board also monitored the operation of the internal control and risk management systems in order to assess their workings and appropriateness. In particular, the Board of Statutory Auditors: (i) monitored the control activities for the risk management process, including environment-related ones; (ii) monitored the adequacy of compliance risk controls; (iii) assessed the effectiveness of the internal control system and the risk management systems of the Company through, inter alia, participation in meetings of the Risk and Sustainability Committee, examination of the periodic reports prepared by the Internal Audit department, the Manager in charge with preparing the company's financial reports and the Employer and the units responsible for anti-money laundering, risk and compliance matters, as well as the meetings held with the latter.

The meetings with the above-mentioned corporate units also examined (i) the progress of their respective action plans, (ii) the developments of the integrated Tableau de Bord of the control bodies, (iii) the reporting flows to the control bodies of the companies subject to the management and coordination of CDP, (iv) the updates from the Employer on health and safety on the workplace, also after the end of the COVID-19 health emergency, (v) the engagements to be granted or assigned to the main auditor, and (vi) the reporting to the supervisory authorities and developments in external regulations and company rules concerning anti-money laundering and terrorist financing. During these meetings, the Head of Internal Audit - as a permanent guest to the meetings of the Board of Statutory Auditors - also reported on her further activities and on her annual assessment of the internal control system.

The checks performed found no issues with a significant impact.

Finally, with reference to the assessment inspections on CDP, completed by the Bank of Italy in the first four months of 2021 and concerning specific thematic areas, the Board of Statutory Auditors monitored the progress of the measures approved by the Board of Directors in 2022, also through meetings with the control structures and the examination of reporting flows by the Company to the aforementioned Authority. Furthermore, in the fourth quarter of 2022, the Bank of Italy notified CDP of a request for information and assessment elements, relating to the activities of the control functions as well as to operational and cybersecurity incidents. In this regard, it should be noted that the Board of Statutory Auditors has supported the competent corporate structures in the investigations related to the aforementioned request in view of the discussions on the subject with the Authority and the resolutions to be passed by the Board of Directors.

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5. Monitoring of the administrative and accounting system and the financial reporting process

The Board of Statutory Auditors monitored the financial reporting process and the adequacy of the Company's administrative and accounting system and its reliability in accurately and promptly representing operational events. This activity included meetings with the Manager in charge with preparing the company's financial reports, the examination of Company documentation and analysis of the results of the activities performed by the Independent auditors.

In this respect the Board also verified that the report on operations provided the information required under Article 123-bis, paragraph 2, letter b) of Legislative Decree no. 58/1998 on the main characteristics of the risk management and internal control systems for financial reporting, including on a consolidated basis.

The Board of Statutory Auditors also verified compliance with the regulations governing the preparation of the financial statements – including the rules of Directive 2004/109/EC and Regulation (EU) 2019/815 on the publication format – and the report on operations, obtaining information from the Independent auditors where appropriate. In particular, the additional report prepared by Deloitte as envisaged under Article 11 of Regulation (EU) no. 537/2014 does not report significant deficiencies in the internal control system for financial reporting. The report was thoroughly discussed in the course of information exchanges between the Board of Statutory Auditors and the Independent auditors.

The checks performed found no issues with a significant impact that could compromise the opinion on the adequacy and the effective application of the administrative and accounting procedures.

6. Separate and consolidated financial statements

During the meeting held on 29 March 2023, the Board of Statutory Auditors examined the draft separate financial statements of CDP at 31 December 2022, reporting net income of 2,490 million euro and equity of 25,749 million euro, including net income for 2022, approved by the Board of Directors of CDP in the meeting held on 30 March 2023.

Since it the legal audit function is not delegated to it, the Board supervised the general layout of the financial statements, its compliance with law as regards its preparation and structure, without noting any aspects to report. The Board also verified compliance with law relating to the preparation of the management report, also in this case without any remarks to report. The Directors illustrated in the Financial Report the items that contributed to the economic performance and the events generating them.

The Board also examined the report of the Independent auditors issued pursuant to art. 14 and 16 of Legislative Decree no. 39/2010 and Article 10 of Regulation (EU) no. 537/2014, expressing an unqualified opinion without emphasis of matter.

In this regard, the Board reports the following:

- in application of Legislative Decree no. 38 of 28 February 2005, the financial statements as at 31 December 2022 of CDP have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the associated interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as established under Regulation (EC) 1606 of 19 July 2002. The financial statements at 31 December 2022 have been prepared, to the extent applicable, on the basis of the "*instructions for the preparation of the separate financial statements and the consolidated financial statements of banks and financial institutions that are parent companies of banking groups*" issued by the Bank of Italy in exercising the powers established by Article 9 of Legislative Decree no. 38/2005 in the measure of 22 December 2005 issuing Circular no. 262/2005 "*bank financial statements: presentation formats and rules of preparation*" as amended in the seventh update of 29 October 2021 – supplemented by the provisions set out in the communication of the Bank of Italy of 21 December 2021[3], concerning the impacts of the COVID-19 health emergency and measures to support the economy. The IAS/IFRS endorsed and in effect as of 31 December 2022 (including SIC and IFRIC interpretations) were applied in the preparation of the financial statements;
- the accurate recognition of operational events in the accounts and their representation in the financial statements in accordance with the IASs/IFRSs have been assessed by Deloitte in the performance of its statutory auditing activities;
- the financial statements include both the activity of the Ordinary Account and that of the Separate Account, although the cash flows of the two accounts and their recognition are separate. The separation of these two accounts, pursuant to Article 16, paragraphs 5 and 6, of the decree of the Ministry for the Economy and Finance (MEF) of 6 October 2004, involves the preparation of separate accounting statements for the use of the MEF and the Bank of Italy. At the end of the financial year, shared costs incurred by the Separate Account are computed and subsequently reimbursed on a pro-rated basis by the Ordinary Account. The separate accounting statements are presented as an annex to the financial statements;

[3] The communication of 21 December 2021 repeals and replaces the previous communication of 15 December 2020 – *Additions to the provisions of Circular No. 262 "Bank financial statements: presentation formats and rules" on the impact of COVID-19 and measures to support the economy and amendments to the IAS/IFRS*.

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– starting from the 2021 financial statements, the annual reports of the sub-funds of the Patrimonio Rilancio are included in the annexes to these financial statements, pursuant to Art. 27 of Legislative Decree no. 34/2020, ratified with amendments by Law no. 77/2020 (Relaunch Decree). In this respect, in its reporting, on 20 April 2023, the Independent auditors have, among others, confirmed that the accompanying separate annual report give a true and fair view of the financial position of the sub-funds as at 31 December 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Pursuant to Article 154-bis of Legislative Decree no. 58/1998, with a report attached to the draft separate financial statements and the consolidated financial statements at 31 December 2022, the Chief Executive Officer and the Manager in charge with preparing the company's financial reports of CDP certified: (i) the adequacy and effective application of administrative and accounting procedures for the preparation of the financial statements; (ii) the compliance of the content of the financial statements with the applicable international financial reporting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002; (iii) the correspondence of the financial statements with the information contained in the accounting books and records and their suitability to give a true and fair view of the performance and financial position of the Company and of the companies included in its scope of consolidation; and (iv) that the report on operations accompanying the financial statements provides a reliable analysis of performance and the results of operations, as well as the situation of the Company and the companies within its scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

While the Board does not have any obligation to report or issue opinions on the consolidated financial statements, which are instead the responsibility of the Independent auditors, it noted that:

– the CDP Group consolidated financial statements report net income of 6,802 million euro (of which 5,417 million euro pertaining to the Parent Company), a significant increase over 2021 (consolidated net income of 5,324 million euro, of which 2,980 million euro pertaining to the Parent Company); and

– the specific report made by Deloitte pursuant to art. 14 of Legislative Decree no. 39/2010 expresses an unqualified opinion without emphasis of matter. In any case, it should be noted that the Company declared that it prepared the 2022 consolidated financial statements of the CDP group in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations (IFRIC and SIC), endorsed by the European Union with European Regulation no. 1606/2002, as well as pursuant to Legislative Decree no. 38 of 28

February 2005, which governed the application of IFRS under the Italian accounting system. Reference will be made hereinafter, in the specific section of this report, on the main relationships with subsidiaries.

With reference to 2022, the Board reports that the separate and consolidated financial statements were prepared in compliance with Directive 2004/109/EC and Regulation (EU) 2019/815 and therefore in XHTML format and, as regards the consolidated financial statements, according to the new European provisions for the standardisation of communication languages ("European Single Electronic Format" Regulation - ESEF) which provide for the adoption of the "inline XBRL" standard and the labelling of the consolidated financial statements and – from the financial year 2022 onwards – of the relevant Notes to the Financial Statements, using the IFRS accounting taxonomy adopted by European Securities and Markets Authority (ESMA)

7. Consolidated non-financial statement

The Board of Statutory Auditors examined the consolidated non-financial statement of the CDP Group ("NFS") for 2022, prepared pursuant to Legislative Decree No. 254 of 30 December 2016, and included in the third Sustainability Report of the CDP Group approved by the Board of Directors of CDP at its meeting of 30 March 2023.

In particular, the Board of Statutory Auditors monitored compliance with the provisions established by Legislative Decree no. 254/2016 in the preparation of the NFS, exchanging information with the corporate units on preparatory activities in this regard (i.e., definition of a new materiality matrix to replace that defined for the 2021 NFS, developed in line with the new Global Reporting Initiative standard - GRI-3). Among other things, the Board ensured *(i)* that the scope of application was defined in compliance with applicable provisions[4]; *(ii)* that, in accordance with the principle of materiality, the NFS has been prepared at the level necessary to ensure an understanding of the Group's business, developments in that business, performance and its impact (*iii*) that the NFS contains information on environmental, social and personnel issues, as well as on matters concerning respect for human rights and the fight against active and passive corruption that have been deemed relevant by the Board of Directors, taking account of the activities and characteristics of the Company; *(iv)* that the NFS describes, among other things, the model applied to the

[4] It should be noted that the scope of consolidation of the 2022 NFS was not changed compared to that of the 2021 NFS. It should also be noted that this scope does not include Simest S.p.A. – although subject to management and coordination from 27 September 2022 (and after formal adoption by the Board of Directors of Simest of the General principles on exercising management and coordination activities of CDP on 25/10/2022) – in order to ensure consistency with the results relating to the new lending in 2022, included in the consolidated financial statements of the CDP Group, from which the assessment on social and environmental impact derives. In any case, some information has been included on the personnel and on two more significant initiatives aimed at including the company in the illustration of the Group's activities. At the same time, the preparatory activities for the consolidation of Simest S.p.A. from the 2023 NFS have been started.

management and organisation of the Company's activities, the policies applied by the Company, the results achieved through them and the related key non-financial performance indicators, as well as the main risks generated or incurred connected with the aforementioned issues and deriving from the Company's activities, its products, services or commercial relationships, and the related methods for managing them; and (*v*) that the information has been provided in accordance with the methodologies and principles provided for by the reporting standards used as a reference, namely, in compliance with the latest updates to the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

The Board also verified that the NFS was prepared in line with the regulatory framework and also considering the indications provided by the European Securities and Markets Authority[5] (ESMA) regarding (i) climate issues, (ii) information relating to Article 8 of Regulation no. 852/2020 on the so-called European taxonomy and (iii) the scope of reporting and data quality.

In addition to the foregoing, note that pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016, the Independent auditors *(i)* verified the effective preparation by the Board of Directors, of the non-financial statement included in the Integrated Report of the CDP Group; *(ii)* performed the limited assurance assessment of the NFS, in line with the provisions of Article 5 of Consob Regulation 20267 of 18 January 2018, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) regarding climate change risks and the indicators relevant to the "SASB disclosure index 2021"[6], issuing, on 20 April 2023, a specific report with which Deloitte certifies that no elements have been brought to its attention suggesting that the NFS has not been drafted, in all significant respects, in compliance with the requirements of Articles 3 and 4 of Legislative Decree no. 254/2016 and the reporting standards used by the Company (the GRI standards).

With regard to the organisational arrangements, note that the Communication, External Relations and Sustainability Department – with the support of the competent business and operating units of the Group as well as the office of the Finance, Control and Administration Department – is entrusted, inter alia, with the task of preparing periodic sustainability reports, among which the NFS. These corporate units, which were involved in the production, reporting, measurement and representation of results of the NFS, were found to be adequate.

[5] See "*European common enforcement priorities for 2020 annual financial reports*" of 28 October 2020
[6] The information reported was prepared by referring to a selection of the "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)" defined by the Financial Stability Board and to a selection of the "Commercial Banks Sustainability Accounting Standards 2018" and the "Investment Banking Brokerage Sustainability Accounting Standards 2018" defined by the SASB – Sustainability Accounting Standards Board, respectively.

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In relation to the foregoing and taking due account of the limited assurance issued by the Independent auditors, it is the view of the Board of Statutory Auditors that the procedures, the process of formation of non-financial disclosures and the support structures were appropriate.

8. Monitoring activities pursuant to Article 19 of Legislative Decree no. 39/2010

In its capacity as the internal control and audit committee ("ICAC"), in accordance with Article 19 of Legislative Decree no. 39/2010, the Board Statutory of Auditors monitored independent audit activities. In this regard, the Board of Statutory Auditors met with the Independent auditors on several occasions, including in connection with the provisions of Article 2409 septies of the Italian Civil Code, in order to exchange information concerning the Independent auditors' activities. During the periodic exchanges between the Board and the representatives of Deloitte, no significant issues emerged that would require reporting. More specifically:

- the Board of Statutory Auditors met with Deloitte on the occasion of the preparation of the Half-Yearly Report at 30 June 2022. On 5 August 2022, Deloitte issued a report containing an unqualified opinion with no emphasis of matter on the limited review of the half-yearly condensed consolidated financial statements;
- on 20 April 2023, Deloitte issued, pursuant to Article 14 of Legislative Decree no. 39/2010 and Article 10 of Regulation (EU) no. 537/2014, the audit reports on the financial statements and consolidated financial statements as at 31 December 2022, expressing an unqualified opinion with no emphasis of matter;
- also on 20 April 2023, Deloitte issued to the Board of Statutory Auditors the additional report envisaged under Article 11 of Regulation (EU) no. 537/2014, which *(i)* is consistent, as regards the audit opinion, with the audit report referred to in the previous paragraph; *(ii)* does not report significant deficiencies in the internal control system for financial reporting or in the accounting system; and *(iii)* does not contain information that should be highlighted in this report. The additional report will be transmitted by the Board of Statutory Auditors to the Board of Directors, together with any comments it may have, in compliance with the provisions of Article 19, paragraph 1, letter a), of Legislative Decree no. 39/2010.

The Board of Statutory Auditors also verified and monitored the independence of the audit firm, in particular as regards the appropriateness of the provision of non-audit services, in compliance with the provisions of Articles 4 and 5 of Regulation (EU) no. 537/2014. In this respect, note that in an attachment to the aforementioned additional report, Deloitte submitted to the Board of Statutory Auditors the certification of independence required under Article 6 of Regulation (EU) no. 537/2014, confirming that there are no circumstances that could compromise its independence or could be a cause of incompatibility.

Pursuant to the Group Policy for "Engagements of audit firms and their networks" (the "Policy"), the Board of Statutory Auditors, in its capacity as the internal control and audit committee (ICAC) of the Parent Company, reports annually to the Shareholders' Meeting on the fees due to the principal auditor, to its network and to the parties connected to the same for non-audit services pursuant to Article 14 of Legislative Decree no. 39/2010. In this regard the table below shows the amounts paid to Deloitte to perform non-audit services in 2022 by the Group companies subject to management and coordination. More details are provided in the specific report presented by the Board to the Shareholders' Meeting.

Engagement type	CDP *(compensation in euros)*	CDP Group Companies *(compensation in euros)*
Audit		13,000
Audit-related	10,000	139,200[7]
Professional services		

For the sake of completeness, it should be noted that in the first quarter of 2023, pursuant to the Group Policy for "Engagements of audit firms and their networks" (the "Policy"), the Board of Statutory Auditors, in its capacity as the ICAC of the Parent Company, authorised some proposals for the integration of audit fees which, as regards CDP, will be submitted for approval to the Shareholders' Meeting called to approve the financial statements as at 31 December 2022. The fees are summarised below.

Engagement type	CDP *(compensation in euros)*	CDP Group Companies *(compensation in euros)*
Audit	13,768	
Audit-related	300,000	28,648
Professional services		

[7] Of which 28,700 euro relating to an assignment of CDP Reti already included in the Report of the Board of Statutory Auditors to the 2022 Shareholders' Meeting.

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The Board of Statutory Auditors took note of the Transparency Report prepared by Deloitte and published on its website pursuant to Article 18 of Legislative Decree no. 39/2010.

9. Most significant transactions, transactions with related parties and atypical or unusual transactions

The Board of Statutory Auditors received, pursuant to and with the frequency required by Article 23, paragraph 4, of the articles of association, information on the most significant transactions in terms of size or characteristics carried out by the Company and its subsidiaries. These transactions are fully discussed in the report on operations prepared by the Board of Directors and in Part H – Transactions with Related Parties in the notes to the financial statements (please see this section for more information on the type of transactions conducted and their related impact on performance and financial position).

In this respect, the Board of Statutory Auditors finds that the information provided by the Board of Directors in the report on operations is adequate. In particular, the Board did not find any atypical and/or unusual transactions that, due to their significance or materiality, the nature of the counterparties, object and/or consideration may give rise to doubts as to the accuracy/completeness of the information in the financial statements or may be considered manifestly imprudent or reckless or undertaken in violation of the provisions on conflicts of interest.

10. Significant events

The Board of Statutory Auditors reports that 2022 was characterised by a number of key themes, both in the separate financial statements of CDP, and in the consolidated financial statements of the CDP Group. Below is a description of the following themes:

1. Priorities indicated by ESMA in the Public Statement of 28 October 2022[8] (such as climate change and the energy transition, the direct impacts related to the Russian-Ukrainian conflict and the current macroeconomic context)
2. Performance and financial position of CDP
3. Impairment testing of equity investments held by CDP
4. Individual and collective impairment of loans granted by CDP
5. Performance and financial position of the CDP Group

[8] On 28 October 2022, ESMA published the annual Public Statement - European Common Enforcement Priorities (ECEP) in which it requires issuers to give due consideration to the impacts of current events and issues in the preparation of the IAS/IFRS annual financial reports for 2022, including the related disclosures in the Notes to the financial statements.

10.1 Priorities indicated by ESMA in the Public Statement of 28 October 2022

In preparing the annual financial report at 31 December 2022, in continuity with the measures adopted for the 2021 financial report, CDP took into consideration the recommendations set out by the ESMA in its Public Statement of October 2021 ("*European common enforcement priorities for 2021 annual financial reports*"), the priority of which was reiterated in its Public Statement of 2022, focusing on the risks related to climate change, to the extent that the effects of these risks may be significant.

With the same recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "*Implications of Russia's invasion of Ukraine on half-yearly financial reports*", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the right level of transparency in financial reporting. For this reason, CDP included in the 2022 annual report the necessary information is provided to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial position, performance and cash flows, through detailed disclosure on the process of identifying the main risks and uncertainties to which companies are exposed. The ESMA recommendation therefore requires both qualitative and quantitative disclosure on the information deemed relevant for representing in a clear, impartial and exhaustive way the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

Finally, with reference to the evolution of the macroeconomic scenario in which the current context, financial markets and the global real economy are strongly affected by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments, CDP provided the disclosure required by the ESMA recommendation.

The Board of Statutory Auditors ensured that:

- in preparing the separate and consolidated annual financial statements at 31 December 2022, the management has taken into account the elements of greatest uncertainty characterising the current context and has given adequate information in the financial statements, as requested by the Authorities;
- impacts resulting from *(i)* climate change and energy transition, *(ii)* the Russian-Ukrainian conflict and *(iii)* the current macroeconomic environment did not represent a factor of uncertainty on CDP's ability to continue operating as a going concern and that the Company provided adequate

disclosure on the valuation of items incorporating higher estimate components in the application of the accounting policies and on the sources underlying the main estimate components, as well as on the main risks and uncertainties to which CDP is exposed as a result of such estimates and on the related assessments;

- as part of the notes to the separate and consolidated financial statements, additional information was adequately provided with reference to the main subsidiaries.

Increasing uncertainty resulting from the above entails greater uncertainty in the formulation of estimates regarding quantities such as possible future losses on loans and receivables measured at amortized cost and cash flows deriving from equity investments, also with reference to the assumptions and parameters used to support the asset valuation analyses. In this context, the Board of Statutory Auditors verified that the information provided in the separate and consolidated annual financial report as at 31 December 2022 complies with the provisions of the Authorities regarding the areas most exposed to the related uncertainties.

10.2 Performance and financial position of CDP[9]

Regarding the income statement, net income stood at 2,490 million euro, growing compared to the figures recorded in 2021 (2,367 million euro). More specifically:

- net interest income amounted to 1,693 million euro, slightly down on the figures recorded in 2021 (-84 million euro). The decline was driven by the flattening of the yield curve, which impacted interest income from maturity transformation given the structure of CDP's loans;
- dividends totalled 1,602 million euro, up compared to 2021 (+368 million euro) mainly due to the higher contribution from ENI, CDP Equity and Poste, partially offset by lower dividends distributed by Fintecna and Tim;
- other net revenues amounted to 219 million euro, marking a decrease compared to 2021, reflecting lower income from the management of the securities portfolio, in line with the budget forecasts;
- the cost of risk totalled -140 million euro, an improvement on the figure for 2021 (-205 million euro). The figure for 2022 is attributable to the combined effect of (i) net recoveries on the loan portfolio of +66 million euro, in particular on exposures to Autostrade per l'Italia as a result of the improved creditworthiness, (ii) net adjustments to tax credits of 141 million euro, (ii)

[9]The performance and financial position of CDP described here refers to the separate financial statements, reclassified according to management criteria illustrated in the report on operations.

reversals of impairment of provisions for +35 million euro and (iii) impairment of equity investments for -101 million euro;

- staff costs and administrative expenses rose to 231 million euro, up compared to 2021, mainly due to the growth of the workforce and the digitisation activities of business products, the resilience and security of ICT systems and the automation of internal processes. Overall, the cost/income ratio remained at low levels (7%).

Total assets amounted to 401 billion euro, down by 3% compared to the end of 2021. More specifically:

- the stock of cash and cash equivalents and other treasury investments amounted to 167 billion euro, down from the 2021 year-end figure (-9%) due to the decrease in the treasury activity;
- loans, which amounted to 120 billion euro, increased by 5% with respect to the balance at the end of 2021, mainly due to volumes of direct and indirect loans to businesses;
- debt securities are substantially stable on the year-end 2021 figure at 67 billion euro, with the maturities recorded during the year offset by purchases of government bonds as well as by the government bonds received from the MEF in return for the transfer of SACE;
- the stock of equity investments and funds, amounting to 38 billion euro, is substantially stable compared to the 2021 year-end figure with the impact of the disposal of SACE offset by the acquisition of the equity investment in ASPI by CDP Equity.

Under liabilities, total funding stood at 371 billion euro, down 3% from the figure recorded at the end of 2021. More specifically:

- postal funding remained stable compared to 2021 at 281 billion euro, showing net CDP funding, amounting to -3.9 billion euro, offset by an equivalent amount of accrued and capitalised interest income pertaining to postal savers;
- funding from banks and customers, amounting to 73 billion euro, is down 8% compared to 2021, mainly due to the settlement of the intra-group deposit of SACE following the transfer to the MEF, the reduction of reverse repurchase agreements and the OPTES funding;
- bond funding, equal to 17 billion euro, decreased compared to 2021 (-19%) due to bond maturities recorded over the year, which were only partially offset by new issues, and the decrease in commercial papers.

Equity, amounting to 25.7 billion euro, up compared to the year-end figure for 2021 (+2%), driven by net income for the year that more than offset the impact of dividends distributed and the drop in valuation reserves for financial assets measured at fair value.

10.3 Impairment testing of equity investments held by CDP

The impairment test on equity investments in subsidiaries and associates is governed by IAS 36, which aims to define rules and principles that ensure that the book value of the assets does not exceed their recoverable value. At 31 December 2022, the instructions were considered, where applicable, of national and international Supervisory authorities on financial reporting in relation to risks, uncertainties, estimates, assumptions and assessments, as well as the difficulties related to the long-term impacts of the current reference scenario, with a combination of factors linked to the effects of the Russian-Ukrainian conflict, the increase in both inflation and interest rates, and the general deterioration of the macroeconomic scenario.

Impairment tests were conducted pursuant to IAS/IFRS on the equity investments in ENI, Poste Italiane, CDP Equity, CDP Immobiliare, Fintecna and Elite, finding that their recoverable values were in line with or higher than their respective carrying amounts. As a result, no impairment losses or recoveries were recognised on these equity investments.

With regard to equity investments showing indications of the need to conduct impairment tests, it should be noted that:

- ITsART was subject to impairment of -7 million euro, attributable to the liquidation of the company with the consequent prudential zeroing of the value of the investment, given the possibility of greater liquidation costs than the current resources of the company;
- an impairment loss of about 1 million euro was recognised for Redo SGR, attributable to a slowdown in activities.

With regard to other equity investments, no facts or circumstances indicating a need to carry out an impairment test have emerged.

10.4 Individual and collective impairment of loans granted by CDP

Loans granted by CDP undergo impairment testing at the end of each period to determine whether there is objective evidence of impairment of the recognised asset.

Impairment is assumed when, due to events occurring after the initial recognition of the asset having an impact on the associated future cash flows (e.g., defaulted payments), it is deemed probable that the value of the asset tested will not be recovered in full. The value of an asset subject to impairment can be restored in subsequent periods if the reason for the write-down ceases to exist.

The individual assessment of such loans, carried out at 31 December 2022 on the basis of reasonable repayment assumptions, taking account of any guarantees securing these exposures, prompted net adjustments totalling about 74.5 million euro. With regard the classification of loans, the impaired exposures were identified and presented in the financial statements in accordance with the relevant legislation.

The staging allocation envisaged by IFRS 9 for financial assets determined the classification of net exposures in Stage 1 in the amount of 375.5 billion euro, in Stage 2 in the amount of 10.9 billion euro and in Stage 3 in the amount of about 450.2 million euro. Stage 3 includes all impaired exposures classified as bad debts (86.4 million euro net), unlikely to pay (125.6 million euro net) and non-performing past due exposures (238.2 million euro net).

With regard to the collective assessment of loans and other credit exposures, in 2022 a net recovery of about 141.4 million euro was recognised in the income statement (148.2 million euro of recoveries on exposures to customers, of which 122 million euro due to the improvement in Autostrade per l'Italia's creditworthiness, and 6.8 million euro of net adjustments relating to exposures to banks). The provision for collective impairment totalled about 967.5 million euro (of which 43.7 million euro in respect of banks).

The provision for collective impairment at 31 December 2022 was equal to 0.25% of gross on- and off-balance-sheet exposures subject to collective impairment.

10.5 Performance and financial position of the CDP Group

The net income of the CDP Group amounted to 6,802 million euro, up significantly on 2021 (+1,478 million euro), with a share pertaining to the Parent Company of 5,417 million euro (+2,437 million euro in 2021).

The result mainly reflected the impact of measurement with the equity method of ENI (+3,890 million euro from +1,473 million euro in 2021), Poste Italiane (+479 million euro from +517 million euro in 2021), SAIPEM (-27 million euro from -323 million euro in 2021), Webuild (+18 million euro from -60 million euro in 2021), Nexi (-208 million euro, including the impact of impairment of -190 million euro recognised as a result of the impairment test) and Holding Reti Autostradali (+284 million euro).

Net interest income came to 1,417 million euro, marking a decrease on the previous year mainly reflecting the performance of the Parent Company.

Administrative expenses and other operating expenses and income increased compared to 2021 (+954 million euro and +399 million euro respectively), mainly reflecting the contribution of the Fincantieri, Ansaldo Energia, Snam, Terna and Italgas groups.

Total consolidated assets stood at 478 billion euro, down by approximately 7.5% (around 39 billion euro) compared to the end of the previous year, mainly due to the deconsolidation of the SACE group.

Financial assets represented by cash and cash equivalents, loans and securities, mainly reflect the performance of the portfolios of the Parent Company, and are overall unchanged compared to the previous year.

Equity investments increased by 6.3 billion euro, to 27.1 billion euro, mainly reflecting contributions connected to the performance of the investee companies and related consolidation adjustments. In particular:

- ENI – an increase deriving from net income for the year pertaining to the Group, equal to 3,890 million euro, and the change in valuation reserves, equal to +439 million euro. Added to these effects is the impact of the reversal of the dividend and other changes for a total value of -847 million euro;
- Poste Italiane - an increase of +479 million euro (including the effect of consolidation entries) deriving from the Group's net income for the year, as well as the overall negative effects of the change in valuation reserves, the reversal of the dividend and other changes, totalling -1,654 million euro;
- Saipem – an increase from the subscription of a capital increase finalised in July 2022, through which new shares totalling 256 million euro were subscribed, and a decrease deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to -27 million euro, as well as the effects of the change in valuation reserves and other changes totalling -6 million euro;
- purchase, through CDP Equity, of 51% of Holding Reti Autostradali (HRA), the parent company of Autostrade per l'Italia, for a value of approximately 4,202 million euro. Between the equity investment acquisition date and 31 December 2022, the measurement of HRA using the equity method resulted in income of 284 million euro and an increase in the value of the equity investment of 91 million euro, attributable to changes in valuation reserves;
- Nexi – a decrease of -18 million euro deriving from net income for the year pertaining to the Group and an impairment loss of -190 million euro resulting from the impairment testing of the

equity investment. Added to these effects is the impact of the change in valuation reserves and other changes for a total value of -32 million euro.

Property, plant and equipment and intangible assets totalled 55.9 billion euro, an increase of 2.1 billion euro over the previous year. The item mainly includes the investments made by the Terna, Snam and Italgas groups in their respective businesses, whether regulated or not.

Total consolidated funding stands at about 406 billion euro at 31 December 2022, a drop of 9.2 billion euro compared to 2021. The item mainly includes the Parent Company's postal funding, funding from banks, and bond issues by CDP and the Terna, Snam, Italgas and Ansaldo Energia groups.

Group equity at 31 December 2022 came to about 39.7 billion euro, an increase of more than 4.3 billion euro on the previous year (35.4 billion euro), due to the net income for the year and other components recognised in profit or loss partially offset by the decrease due the distribution of dividends and the decrease in the valuation reserve.

11. Other activities

Below is information on other activities carried out by the Board of Statutory Auditors, with specific reference to the advisory and training activities performed, as well as the tasks carried out in the capacity of Supervisory Body.

In particular, in the exercise of the advisory functions attributed by current legislation, the Articles of Association and other internal provisions on governance, in 2022 the Board of Statutory Auditors issued an opinion:

– on the proposals of the Remuneration Committee concerning, among others, (i) the remuneration of the Chief Executive Officer and General Manager, (ii) the remuneration of the Business Deputy General Manager; and (iii) the definition of performance targets connected to the variable remuneration of the Chief Executive Officer and General Manager;
– on the award of engagements for a number of non-audit services to the Independent auditors; and
– regarding the appointment of the Manager in charge with preparing the company's financial reports, Fabio Massoli, approved by the Board of Directors on 2 August 2022.

During the year, the Board of Statutory Auditors also participated in induction sessions aimed at providing the Board of Directors, the Board Committees and the Supervisory Body with a more in-depth knowledge of the issues relating to (i) an equity investment operation, (ii) the sustainability area (i.e. evolution of the Sustainable Development Assessment model), (iii) the sectoral strategic guidelines and policies – approved by the Board of Directors – aimed at defining the specific strategic priorities for action of CDP, (iv) confidentiality and management of inside information, (v) the performance of the 2022-2024 Strategic Plan, (vi) the 2022-2024 Digital Transformation Plan and the 2022-2024 Security Plan and (vii) the regulatory discipline applicable to CDP.

Lastly, please note that as from 27 February 2017, the Board of Statutory Auditors performs the functions of the Supervisory Body pursuant to Legislative Decree 231 of 8 June 2001. In that capacity, during 2022 the Board promoted and monitored the updating of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 of the Company.

12. Conclusions

Within the scope of the supervision activity of the Board of Statutory Auditors, no omissions, censurable facts or irregularities have been found. As regards in particular the draft financial statements for the year ended 31 December 2022, as prepared by the Board of Directors and submitted for the approval of the Shareholders' Meeting, the Board of Statutory Auditors, bearing in mind the specific duties of the Independent auditors with regard to controlling the accounts and verifying the reliability of the annual financial statements, and having considered the reports issued by the Independent auditors as well as the statements jointly issued by the Chief Executive Officer and the Manager in charge with preparing the company's financial reports, has no comments to report to the Shareholders' Meeting.

Rome, 20 April 2023

For the Board of Statutory Auditors

The Chairman

Carlo Corradini

REPORT OF THE INDEPENDENT AUDITORS

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 Depositi e Prestiti S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cassa Depositi e Prestiti S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of the equity investments in subsidiaries and associates

Description of the key audit matter	The financial statements as at December 31, 2022 include equity investments amounting to Euro 33,721 million, related to investments in subsidiaries and associates accounted for using the cost method. At each reporting date, the Management assess whether there is any indication that an asset may be impaired (so-called "triggers") provided by IAS 36; this assessment is performed on the basis of information taken from public sources or of any additional information received by the investees. For the purpose of the assessment carried out for the financial statements as at December 31, 2022, the Management also considered the indications issued by national and international authorities in relation to the current reference scenario, with a combination of factors linked to the residual impacts of the COVID-19 pandemic, the effects of the Russian-Ukrainian conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have led to an increase in uncertainty which makes the formulation of estimates regarding cash flows deriving from equity investments more complex, also with reference to the greater uncertainty associated with the assumptions and parameters used in the recoverability assessment of the assets. As at December 31, 2022, the Management detected impairment indicators on several equity investments accounted for using the cost method. As indicated in the notes to the financial statements, the Management, therefore, carried out the impairment test through a comparison between the carrying amount and the recoverable amount of such equity investments, using the most appropriate methodologies, from the outcome of which impairment losses were recognised. Considering the discretionary and the uncertainty implied in the estimation made in determining the assumptions and parameters of the impairment model, the complexity in the formulation of these estimates, as well as the significance of the amount of equity investments in subsidiaries and associates, we considered the valuation of such equity investments was a key audit matter of the financial statement of the Company. Paragraph 5 "Equity investments" of Part A.2 "The main financial statement items" describes the accounting principles used for the valuation of these items. Paragraph 7.1 "Information on equity investments" of Section 7 "Equity investments" Item 70 of Part B "Information on the balance sheet" includes the disclosure about the valuation of investments in subsidiaries and associates.

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Audit procedures performed	As part of our audits work, we carried out the following procedures also supported, in some cases, by valuation experts from our Network: • meetings and discussions with Management of the Company and, where appropriate, of the equity investments in order to understand the valuation methods, the information used and the assumptions made for the impairment test; • understanding the processes and relevant controls adopted by the Company for the assessment of the impairment test; • analysis of the valuation methods adopted by Management to determine the recoverable amount of such equity investments; • analysis of the set of information used by Management to support their valuation, including the report issued by the independent expert involved by Management for the estimation of the recoverable amount; • verification of the adequacy of the valuation method and their consistency with the accounting standards and valuation practices, also taking into account the specific context of each equity investments; • analysis of the reasonableness of the main assumptions and parameters used to determine the recoverable amount also through the verification of external data and information provided by Management; • assessing the mathematical accuracy of the model used to determine the recoverable amount of the equity investments in subsidiaries and associates; • verification of the adequacy of the disclosure provided by Directors in the financial statements and its compliance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 Company or for the termination of the operations or have no realistic alternative to such choices.

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Depositi e Prestiti S.p.A. has appointed us on March 19, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

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 Company 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 on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2022 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the preparation of the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the specific section related to the report on corporate governance and ownership structure of Cassa Depositi e Prestiti S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the specific section related to the report on corporate governance and ownership structure set forth in art. 123-bis, paragraph 4, of Legislative Decree 58/98 with the financial statements of Cassa Depositi e Prestiti S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the specific section related to the report on corporate governance and ownership structure are consistent with the financial statements of Cassa Depositi e Prestiti S.p.A. as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 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.

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS

pursuant to art. 154-*bis* of Legislative Decree no. 58/1998

1. The undersigned Dario Scannapieco, in his capacity as Chief Executive Officer, and Fabio Massoli, in his capacity as Manager in charge with preparing the company's financial reports of Cassa Depositi e Prestiti S.p.A., hereby certify, taking into account the provisions of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with respect to the characteristics of the company; and
   - the actual application

   of the administrative and accounting procedures for the preparation of the separate financial statements during 2022.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the separate financial statements at 31 December 2022 was based on a process developed by Cassa Depositi e Prestiti S.p.A in line with the CoSO model and COBIT model (for the IT component), which make up the generally-accepted internal control framework at the international level.

3. In addition, it is hereby certified that:
   3.1 the separate financial statements at 31 December 2022:
      a) have been prepared in compliance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b) correspond to the information in the books and other accounting records;
      c) give a true and fair view of the performance and financial position of the issuer;

   3.2 the report on operations contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 20 April 2023

Chief Executive Officer

Dario Scannapieco

Manager in charge with preparing the company's financial reports

Fabio Massoli

3 SHAREHOLDERS' RESOLUTION

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SHAREHOLDERS' RESOLUTION

Having heard the Chairman's presentation, in unanimous acceptance of the Board of Directors' proposal for the allocation of profits and the proposal of the shareholder Ministry of Economy and Finance, by roll call and show of hands, the Shareholders' Meeting

resolved

to approve the following proposal for the allocation of the net profit for the year 2022, amounting to Euro 2,490,482,609:

i) Euro 122,395 to the unavailable reserve pursuant to Article 6, paragraph 2, of Italian Legislative Decree no. 38/05;
ii) Euro 1,368,817,995.60, equal to Euro 4.05 per share, as dividend to be distributed to the shareholders, to be paid within 30 days of the date of the Shareholders' Meeting;
iii) Euro 1,121,542,218.40 as residual earnings to be carried forward.

Below is the summary table of the allocation of net profit for the year:

SUMMARY TABLE OF THE ALLOCATION OF NET PROFIT FOR THE YEAR

(euro)	
Net profit for the year	2,490,482,609.00
Dividend	1,368,817,995,60
Unavailable reserve pursuant to Art. 6, para. 2, of Italian Legislative Decree no. 38/05	122,395.00
Retained earnings	1,121,542,218.40
Dividend per share (*)	4.05

(*) Excluding treasury shares.

4 2022 CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated financial statements at 31 December 2022

2. Notes to the consolidated financial statements

3. Annexes

4. Report of the Independent Auditors

5. Certification of the consolidated financial statements pursuant to Art. 154-bis of Legislative Decree no. 58/1998

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

The consolidated financial statements at 31 December 2022 have been prepared in compliance with applicable regulations and consist of:

- Consolidated balance sheet;
- Consolidated income statement;
- Consolidated statement of comprehensive income;
- Statement of changes in consolidated equity;
- Consolidated statement of cash flows;
- Notes to the consolidated financial statements.

The Notes to the Consolidated Financial Statements are composed of:

- Introduction
- Part A - Accounting policies
- Part B - Information on the consolidated balance sheet
- Part C - Information on the consolidated income statement
- Part D - Consolidated comprehensive income
- Part E - Information on risks and related hedging policies
- Part F - Consolidated capital
- Part G - Business combinations
- Part H - Transactions with related parties
- Part I - Share-based payments
- Part L - Operating segments
- Part M - Disclosure of leases

The following are also included:

- Annexes
- Independent Auditor's Report
- Certification pursuant to article 154-*bis* of Legislative Decree no. 58/98

In the section "Annexes", paragraph 1.1 "Scope of consolidation", which forms an integral part of the consolidated financial statements (Annex 1.1) and paragraph 1.2 "Disclosure pursuant to Law 124 of 4 August 2017, Article 1, paragraphs 125-129" (Annex 1.2) have been added.

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

CONSOLIDATED BALANCE SHEET

(thousands of euro)

Assets			31/12/2022	31/12/2021
10.	Cash and cash equivalents		6,502,515	5,234,932
20.	Financial assets measured at fair value through profit or loss:		3,679,559	3,567,508
	a)	financial assets held for trading	356,244	68,248
	b)	financial assets designated at fair value	194,962	456,966
	c)	other financial assets mandatorily measured at fair value	3,128,353	3,042,294
30.	Financial assets measured at fair value through other comprehensive income		12,029,385	15,768,288
40.	Financial assets measured at amortised cost:		348,435,188	360,831,187
	a)	loans to banks	23,207,230	39,777,904
	b)	loans to customers	325,227,958	321,053,283
50.	Hedging derivatives		4,595,099	298,125
60.	Fair value change of financial assets in hedged portfolios (+/-)		(2,986,650)	1,267,985
70.	Equity investments		27,108,963	20,830,618
80.	Reinsurers' share of technical reserves			
90.	Property, plant and equipment		42,556,001	41,108,394
100.	Intangible assets		13,358,680	12,551,033
	of which:			
	–	*goodwill*	*1,201,633*	*1,095,724*
110.	Tax assets:		2,579,168	1,974,745
	a)	current tax assets	502,449	179,732
	b)	deferred tax assets	2,076,719	1,795,013
120.	Non-current assets and disposal groups held for sale		155,645	38,653,095
130.	Other assets		20,086,227	15,008,330
	TOTAL ASSETS		**478,099,780**	**517,094,240**

(thousands of euro)

Liabilities and Equity	31/12/2022	31/12/2021
10. Financial liabilities measured at amortised cost:	406,248,889	415,458,134
a) due to banks	50,398,306	49,726,217
b) due to customers	316,994,542	321,700,769
c) securities issued	38,856,041	44,031,148
20. Financial liabilities held for trading	330,856	135,199
30. Financial liabilities designated at fair value	16,627	34,383
40. Hedging derivatives	1,367,670	3,143,800
50. Fair value change of financial liabilities in hedged portfolios (+/-)		2,067
60. Tax liabilities:	2,796,659	2,789,088
a) current tax liabilities	117,927	124,538
b) deferred tax liabilities	2,678,732	2,664,550
70. Liabilities associated with non-current assets and disposal groups held for sale	26,828	40,707,805
80. Other liabilities	24,584,948	16,432,044
90. Staff severance pay	172,566	208,817
100. Provisions for risks and charges:	2,815,373	2,741,140
a) guarantees issued and commitments	698,370	450,288
b) pensions and other post-retirement benefit obligations		
c) other provisions	2,117,003	2,290,852
110. Technical reserves		
120. Valuation reserves	(973,113)	455,643
130. Redeemable shares		
140. Equity instruments		
145. Interim dividends (-)		
150. Reserves	13,219,537	11,619,920
160. Share premium reserve	2,378,517	2,378,517
170. Share capital	4,051,143	4,051,143
180. Treasury shares (-)	(322,220)	(322,220)
190. Non-controlling interests (+/-)	15,968,043	14,279,211
200. Net income (loss) for the year (+/-)	5,417,457	2,979,549
TOTAL LIABILITIES AND EQUITY	**478,099,780**	**517,094,240**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

Items		2022	2021
10.	Interest income and similar income	7,901,221	7,720,775
	– *of which: interest income calculated using the effective interest rate method*	*8,212,830*	*7,976,027*
20.	Interest expense and similar expense	(5,594,736)	(5,138,169)
30.	**Net interest income**	**2,306,485**	**2,582,606**
40.	Commission income	471,298	503,540
50.	Commission expense	(1,231,043)	(1,453,928)
60.	**Net commission income (expense)**	**(759,745)**	**(950,388)**
70.	Dividends and similar revenues	49,738	56,405
80.	Profits (losses) on trading activities	64,199	53,135
90.	Net gains (losses) on hedge accounting	84,055	(39,085)
100.	Gains (losses) on disposal or repurchase of:	52,185	475,219
	a) financial assets measured at amortised cost	31,887	354,883
	b) financial assets at fair value through other comprehensive income	34,613	126,769
	c) financial liabilities	(14,315)	(6,433)
110.	Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(72,820)	89,298
	a) financial assets and liabilities designated at fair value	(8,793)	(5,949)
	b) other financial assets mandatorily at fair value	(64,027)	95,247
120.	**Gross income**	**1,724,097**	**2,267,190**
130.	Net adjustments/recoveries for credit risk relating to:	(9,192)	(53,985)
	a) financial assets measured at amortised cost	(10,351)	(55,189)
	b) financial assets at fair value through other comprehensive income	1,159	1,204
140.	Gains/losses from changes in contracts without derecognition	(39)	(377)
150.	**Financial income (expense), net**	**1,714,866**	**2,212,828**
160.	Net premium income		
170.	Net other income (expense) from insurance operations		
180.	**Net income from financial and insurance operations**	**1,714,866**	**2,212,828**
190.	Administrative expenses:	(12,628,745)	(11,675,540)
	a) staff costs	(2,636,797)	(2,617,767)
	b) other administrative expenses	(9,991,948)	(9,057,773)
200.	Net accruals to the provisions for risks and charges:	41,965	(35,354)
	a) guarantees issued and commitments	45,060	13,014
	b) other net accrual	(3,095)	(48,368)
210.	Net adjustments to/recoveries on property, plant and equipment	(1,917,809)	(1,879,075)
220.	Net adjustments to/recoveries on intangible assets	(1,261,559)	(878,687)
230.	Other operating income (costs)	17,812,921	17,414,541
240.	**Operating costs**	**2,046,773**	**2,945,885**
250.	Gains (losses) on equity investments	4,364,249	1,737,709
260.	Net gains (losses) on property, plant and equipment and intangible assets measured at fair value		
270.	Goodwill impairment	(48,337)	
280.	Gains (losses) on disposal of investments	23,259	948,213
290.	**Income (loss) before tax from continuing operations**	**8,100,810**	**7,844,635**
300.	Income tax for the year on continuing operations	(1,297,302)	(1,350,768)
310.	**Income (loss) after tax on continuing operations**	**6,803,508**	**6,493,867**
320.	Income (loss) after tax on discontinued operations	(1,013)	(1,170,202)
330.	**Net income (loss) for the year**	**6,802,495**	**5,323,665**
340.	Net income (loss) for the year pertaining to non-controlling interests	1,385,038	2,344,116
350.	**NET INCOME (LOSS) FOR THE YEAR PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY**	**5,417,457**	**2,979,549**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items		2022	2021
10.	**Net income (loss) for the year**	**6,802,495**	**5,323,665**
	Other comprehensive income (net of tax) not transferred to income statement	**(533,403)**	**222,588**
20.	Equity securities designated at fair value through other comprehensive income	(527,494)	163,841
30.	Financial liabilities designated at fair value through profit or loss (change in the entity's own credit risk)		
40.	Hedging of equity securities designated at fair value through other comprehensive income		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit	26,342	18,120
80.	Non-current assets and disposal groups held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method	(32,251)	40,627
	Other comprehensive income (net of tax) transferred to income statement	**(526,905)**	**(127,651)**
100.	Hedging of foreign investments		
110.	Exchange rate differences	65,405	56,269
120.	Cash flow hedges	474,984	(186,547)
130.	Hedging instruments (elements not designated)		
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(647,721)	(156,605)
150.	Non-current assets and disposal groups held for sale		
160.	Share of valuation reserves of equity investments accounted for using equity method	(419,573)	159,232
170.	**Total other comprehensive income (net of tax)**	**(1,060,308)**	**94,937**
180.	**Comprehensive income (items 10 + 170)**	**5,742,187**	**5,418,602**
190.	Consolidated comprehensive income pertaining to non-controlling interests	1,673,926	2,453,180
200.	**CONSOLIDATED COMPREHENSIVE INCOME PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY**	**4,068,261**	**2,965,422**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the year		
							Equity transactions	
(thousands of euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Reserves	Dividends and other allocations (*)	Changes in reserves	Issues of new shares	Purchase of own shares
Share capital:								
a) ordinary shares	7,366,942		7,366,942			(506)	4,525	
b) other shares	1,350		1,350				3,182	
Share premium reserve	3,942,201		3,942,201	(13,626)			1,253	
Reserves:								
a) income	18,867,888		18,867,888	2,529,889		(357,034)	(3,410)	
b) other	756,883		756,883			(1,084)		
Valuation reserves	257,909		257,909			(80,891)		
Equity instruments								
Interim dividends	(498,192)		(498,192)	498,192				
Treasury shares	(576,883)		(576,883)					210,947
Net income (loss) for the year	5,323,665		5,323,665	(3,014,455)	(2,309,210)			
TOTAL EQUITY	**35,441,763**		**35,441,763**		**(2,309,210)**	**(439,515)**	**5,550**	**210,947**
Equity Group	**21,162,552**		**21,162,552**		**(1,284,323)**	**(707,008)**		
Equity non-controlling interests	**14,279,211**		**14,279,211**		**(1,024,887)**	**267,493**	**5,550**	**210,947**

(*) Dividend per share distributed by the Parent Company equal to 3.8 euro as an ordinary dividend.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY: PREVIOUS FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the year		
							Equity transactions	
(thousands of euro)	Balance at 31/12/2020	Changes in opening balance	Balance at 01/01/2021	Reserves	Dividends and other allocations (*)	Changes in reserves	Issues of new shares	Purchase of own shares
Share capital:								
a) ordinary shares	7,211,883		7,211,883			95,317	11,266	
b) preference shares	1,350		1,350					
Share premium reserve	3,919,731		3,919,731			1,358		
Reserves:								
a) income	21,401,189		21,401,189		(2,459,528)	(108,846)		
b) other	836,830		836,830			(532)		
Valuation reserves	201,415		201,415			(44,359)		
Equity instruments								
Interim dividends	(466,177)		(466,177)	466,177				
Treasury shares	(575,139)		(575,139)					(1,744)
Net income (loss) for the year	1,164,689		1,164,689	(466,177)	(698,512)			
TOTAL EQUITY	**33,695,771**		**33,695,771**		**(3,158,040)**	**(57,062)**	**11,266**	**(1,744)**
Equity Group	**20,436,207**		**20,436,207**		**(2,220,527)**	**(97,696)**		
Equity non-controlling interests	**13,259,564**		**13,259,564**		**(937,513)**	**40,634**	**11,266**	**(1,744)**

(*) Dividend per share distributed by the Parent Company equal to 6.57 euro as an ordinary dividend

Changes for the year									
Equity transactions									
Interim dividends	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Compre-hensive income for 31/12/2022	Share-holders' Equity at 31/12/2022	Group's Equity at 31/12/2022	Equity Non-controlling interests at 31/12/2022
					50,476		7,421,437	4,051,143	3,370,294
							4,532		4,532
					23,349		3,953,177	2,378,517	1,574,660
	(16,358)				570,579		21,591,554	13,243,219	8,348,335
				4,728	3,409		763,936	(23,682)	787,618
					513	(1,060,308)	(882,777)	(973,113)	90,336
		989,037					989,037		989,037
(538,091)							(538,091)		(538,091)
							(365,936)	(322,220)	(43,716)
						6,802,495	6,802,495	5,417,457	1,385,038
(538,091)	**(16,358)**	**989,037**		**4,728**	**648,326**	**5,742,187**	**39,739,364**	**23,771,321**	**15,968,043**
					531,839	**4,068,261**	**23,771,321**	**23,771,321**	
(538,091)	**(16,358)**	**989,037**		**4,728**	**116,487**	**1,673,926**	**15,968,043**		**15,968,043**

Changes for the year									
Equity transactions									
Interim dividends	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Compre-hensive income for 31/12/2021	Share-holders' Equity at 31/12/2021	Group's Equity at 31/12/2021	Equity Non-controlling interests at 31/12/2021
					48,476		7,366,942	4,051,143	3,315,799
							1,350		1,350
					21,112		3,942,201	2,378,517	1,563,684
	(19,500)				54,573		18,867,888	11,643,090	7,224,798
				3,418	(82,833)		756,883	(23,170)	780,053
					5,916	94,937	257,909	455,643	(197,734)
(498,192)							(498,192)		(498,192)
							(576,883)	(322,220)	(254,663)
						5,323,665	5,323,665	2,979,549	2,344,116
(498,192)	**(19,500)**			**3,418**	**47,244**	**5,418,602**	**35,441,763**	**21,162,552**	**14,279,211**
					79,146	**2,965,422**	**21,162,552**	**21,162,552**	
(498,192)	**(19,500)**			**3,418**	**(31,902)**	**2,453,180**	**14,279,211**		**14,279,211**

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(thousands of euro)	2022	2021
A. OPERATING ACTIVITIES		
1. Operations	**(1,640,243)**	**6,340,012**
Net income for the year (+/-)	6,802,495	5,323,665
Gains (losses) on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	49,961	(80,076)
Gains (losses) on hedging activities (-/+)	594,844	25,076
Net impairment adjustments (+/-)	(35,868)	65,509
Net value adjustments to property, plant and equipment and intangible assets (+/-)	3,227,705	2,759,802
Net provisions and other costs/revenues (+/-)	143,783	24,144
Net premiums not received (-)	(18,978)	(24,576)
Other insurance income not received (-/+)	(25,167)	177,202
Unpaid charges, taxes and tax credits (+/-)	(358,823)	(888,042)
Writedowns/writebacks of equity investments (+/-)	(4,071,207)	(1,687,984)
Income (loss) after tax on discontinued operations (+/-)	3,772	1,288,563
Other adjustments (+/-)	(7,952,760)	(643,271)
2. Cash generated by/used in financial assets	**6,434,041**	**(1,784,321)**
Financial assets held for trading	(278,375)	972,034
Financial assets designated at fair value	236,695	15,901
Other financial assets mandatorily measured at fair value	(109,455)	(175,144)
Financial assets measured at fair value through other comprehensive income	2,469,900	(2,271,333)
Financial assets measured at amortised cost	14,993,194	2,346,221
Other assets	(10,877,918)	(2,672,000)
3. Cash generated by/used in financial liabilities	**(26,112,466)**	**3,752,930**
Financial liabilities measured at amortised cost	(7,997,872)	1,868,982
Financial liabilities held for trading	204,505	(117,071)
Financial liabilities designated at fair value	(1,240)	3,814
Other liabilities	(18,317,859)	1,997,205
Cash generated by/used in operating activities	**(21,318,668)**	**8,308,621**
B. INVESTMENT ACTIVITIES		
1. Cash generated by	**2,719,462**	**2,894,806**
Sale of equity investments	964,416	79,639
Dividends from equity investments	1,186,209	1,034,572
Sale of property plant and equipment	115,472	218,220
Sale of intangibles	431,869	1,562,375
Sales of subsidiaries and business units	21,496	
2. Cash used in	**(10,224,689)**	**(5,676,393)**
Purchase of equity investments	(4,693,469)	(1,281,322)
Purchase of property, plant and equipment	(3,172,231)	(3,131,787)
Purchase of intangible assets	(1,353,557)	(1,195,689)
Purchases of subsidiaries and business units	(1,005,432)	(67,595)
Cash generated by/used in investing activities	**(7,505,227)**	**(2,781,587)**
C. FINANCING ACTIVITIES		
Issue/purchase of treasury shares	(14,804)	(15,146)
Issue/purchase of equity instruments	989,037	
Dividend distribution and other allocations	(2,863,658)	(3,443,222)
Sale/purchase of third-party control	2,860	
Cash generated by/used in financing activities	**(1,886,565)**	**(3,458,368)**
CASH GENERATED/USED DURING THE YEAR	**(30,710,460)**	**2,068,666**

Key:
(+) generated
(-) used

RECONCILIATION

Items (*)	2022	2021
Cash and cash equivalents at beginning of the year	**194,060,741**	**191,985,578**
Total cash generated/used during the year	(30,710,460)	2,068,666
Cash and cash equivalents: foreign exchange effect	2,230	6,497
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**163,352,511**	**194,060,741**

(*) The cash and cash equivalents reported in the Cash flow statement comprise the balance of item 10 "Cash and cash equivalents" (Euro/000 6,502,515 vs Euro/000 5,234,932 as of 31/12/2021), the balance on the current account held with the Central Treasury (Euro/000 156,842,624 vs Euro/000 157,207,306 as of 31/12/2021), and the balance of the cash and cash equivalents reported under item 120 "Non-current assets and disposal groups held for sale" (Euro/000 19,325 vs Euro/000 31,645,525 as of 31/12/2021), net of current accounts with a negative balance reported under item 10 "Financial liabilities measured at amortised cost" under liabilities (Euro/000 11,953 vs Euro/000 27,022 as of 31/12/2021).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Cassa Depositi e Prestiti S.p.A. (the Parent Company), abbreviated to CDP, and its subsidiaries form the Cassa Depositi e Prestiti Group (hereinafter also referred to as the "CDP Group" or the "Group").

Cassa Depositi e Prestiti S.p.A. is a joint-stock company organised under the laws of the Republic of Italy and controlled by the Ministry of Economy and Finance.

Its registered office is at Via Goito 4, 00185 Rome, Italy.

The CDP Group is a catalyst for Italian and international resources to support the growth of the Italian system, through the financing of public sector infrastructure and investment and support for business development. In particular, the Group:
- is a leader in the financing of public sector investments and promotes infrastructure development;
- is a central operator supporting Italy's business system throughout the lifecycle of companies, encouraging the birth of start-ups, the growth of SMEs, the turnaround of mature or historic companies, investing as a medium- to long-term partner and supporting their expansion via export and international expansion;
- promotes property development and acts as Italy's leading operator in social and smart housing.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

As in previous years, the consolidated financial statements of the CDP Group have been prepared according to the provisions of the Bank of Italy, as applicable, specified in the "Credit and Financial Supervision" circular issued on 22 December 2005, in the version updated on 29 October 2021, on "Bank financial statements: presentation formats and rules", which regulates the preparation of the financial statements of banks according to the IFRS International Accounting Standards, supplemented by the provisions set out in the Bank of Italy Communication of 21 December 2021 on the impact of Covid-19 and measures to support the economy and amendments to IAS/IFRS[71].

With Regulation (EC) 1606/2002 of 19 July 2002, the European Union made it compulsory, as of the 2006 financial year, to adopt the IAS/IFRS in preparing the financial statements of EU companies that issue equity or debt securities on a regulated market in the European Union.

Italian Legislative Decree 38 of 28 February 2005 was then issued in order to govern the application of:
- the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB);
- the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC);

and interpretation sources adopted by the International Financial Reporting Interpretations Committee ("IFRIC", formerly SIC - Standing Interpretations Committee).

The currency used for the preparation of the consolidated financial statements is the euro. 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 equity, the Consolidated statement of cash flows, and these Notes to the consolidated financial statements with the relevant annexes also accompanied by the Board of Directors' Report on operations.

[71] On 17 November 2022, the Bank of Italy issued the VIII update to Circular no. 262 of 22 December 2005, applicable from the financial statements ended or in progress as at 31 December 2023. The main new aspects introduced concern the alignment of the consolidated financial statements and related disclosures in the notes with the provisions of IFRS 17, which amended IAS 1 and IFRS 7, and the alignment with the provisions issued by IVASS. For the above, this update will not be applicable to the 2022 Annual Report.

The consolidated financial statements clearly present, and give a true and fair view of, the Group's financial performance and results of operations for the year.

BASIS OF PRESENTATION

The consolidated financial statements and the tables of the notes to the consolidated financial statements are expressed in thousands of euros, unless otherwise specified.

Items with zero balances for both the current and prior financial year have been excluded. In the income statement, income is indicated as positive numbers, while expenses are shown in brackets.

The figures of the items, sub-items, and the "of which" specifications in the consolidated financial statements and in the tables of the notes to the financial statements have been rounded as appropriate, while ignoring the fractions of amounts equal to or less than 500 euro and raising fractions greater than 500 euro to the next highest thousand. The rounded amounts for the various items are the sum of the rounded balances of sub-items.

The cash and cash equivalents reported in the Statement of cash flows comprise the balance of item 10 "Cash and cash equivalents", inclusive of the positive balance of bank current accounts on demand, the balance on the current account held with the Central State Treasury reported under item 40 b "Loans to customers", the balance of the cash and cash equivalents reported under item 120 "Non-current assets and disposal groups held for sale", net of current accounts with a negative balance reported under item 10 a "Due to banks" of liabilities.

With reference to the requirements set out in paragraph 33 of IFRS 5, note that the contribution of discontinued operations (represented by SACE, SACE BT, SACE FCT, SACE SRV and the investment entity FSE) to the cash generated by operating activities amounts to 691 million euro (273 million euro in 2021), while that absorbed by investing activities amounts to 0.4 million euro (65 million euro absorbed in 2021). With specific reference to the SACE group companies sold in March 2022, the cash attributable to them at the deconsolidation date amounted to 32,297 million euro.

COMPARISON AND DISCLOSURE

As detailed below, the Notes to the financial statements provide all information required by law, as applicable to CDP and its Group, as well as any supplemental information deemed necessary in order to give a true and fair view of the company's financial performance and standing.

The mandatory tables and other details required by the Bank of Italy, where applicable, have been numbered in accordance with the parts and sections specified in Annex "B" of the supervisory instructions issued by the Bank of Italy.

The statement of cash flows, prepared using the indirect method and in accordance with the format set out in the above-mentioned Bank of Italy circular No. 262/2005, includes, under cash generated by/used in financial liabilities, the changes in liabilities arising from financing activities, as provided by par. 44 B of IAS 7.

With regard to the requirements of the afore-mentioned Circular 262/2005 on presentation of data and information for the scope of "prudential consolidation", we note that, in line with the Italian and EU regulatory framework, the CDP Group is not subject to prudential supervision on a consolidated basis. Therefore, the Parent Company CDP S.p.A. and the following companies, subject to supervision on an individual basis, were included where reference is made to the scope of "prudential consolidation": CDP Real Asset SGR, CDP Venture Capital SGR and Fondo Italiano d'Investimento SGR.

Where significant, detailed information has been provided distinguishing between "prudential consolidation" (which can be referred to alternatively as "banking group"), and "other companies".

All fully consolidated subsidiaries, other than those already included in the scope of the "prudential consolidation", or "banking group", are included in the "other companies" scope.

Pursuant to Art. 5, Decree Law no. 269, 30 September 2003, on the transformation of CDP into a joint-stock company, the provisions of Title V, Legislative Decree no. 385, 1 September 1993 ("Consolidated Law on Banking") for intermediaries in the list referred to in Art. 106 of the same legislative decree, "taking into account the characteristics of the supervised entity and the special regulations applicable to the separate account [...]" shall apply to CDP.

On this point, it should be noted that since 2004 the Bank of Italy has been exercising mainly "informational" supervision over CDP, conducted by using management data based on sectorial legislation, geared to acquiring aspects of knowledge and assessment on the business and organisation of CDP.

"Section F – Consolidated capital" was therefore not prepared.

Tables with zero amounts both for the reporting period and for the comparison year were omitted.

AUDITING OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the CDP Group are subject to statutory audit pursuant to Legislative Decree 39/2010 by the independent auditing firm Deloitte & Touche S.p.A., following award of the audit engagement for the 2020-2028 period by the Shareholders' Meeting of CDP S.p.A., held in ordinary session on 19 March 2019.

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include Annex 1.1 "Scope of consolidation" and Annex 1.2 "Disclosure pursuant to Law 124 of 4 August 2017, Article 1, paragraphs 125-129".

PART A - ACCOUNTING POLICIES

A.1 - GENERAL INFORMATION

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These consolidated financial statements as of and for the year ended 31 December 2022 have been prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, in force at 31 December 2022, endorsed by the European Commission, as provided by Regulation (EC) 1606 of 19 July 2002, published in the Official Journal L 243 on 11 September 2002.

These consolidated financial statements have been prepared, as applicable, in accordance with Bank of Italy Circular no. 262 issued on 22 December 2005, in the version updated on 29 October 2021, on the "Bank financial statements: presentation formats and rules", which regulates the preparation of the financial statements of banks according to the IFRS.

The IFRS applied for preparation of these consolidated financial statements are listed in "Section 5 – Other issues".

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The consolidated financial statements of the CDP Group include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows (prepared according to the "indirect method"), and these notes to the financial statements, and are also accompanied by the Board of Directors' Report on operations. These documents, the separate financial statements and the annexes to both separate and consolidated financial statements, make up the annual report.

The consolidated financial statements and tables in the notes to the consolidated financial statements present not only the amounts related to the current financial period but also the corresponding comparative values.

The consolidated balance sheet does not contain those items having a zero amount as of 31 December 2022 and 31 December 2021. The consolidated income statement and the consolidated statement of comprehensive income do not contain items that have a zero amount in the reporting and comparative period.

In the consolidated income statement, in the consolidated statement of comprehensive income, and in the tables in the notes to the consolidated financial statements, revenues are shown as positive, while costs are shown as negative in brackets, when presented in tables in combination with revenues.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC interpretations;
- Interpretative documents on the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC) and the Italian Banking Association (ABI);
- Documents issued by the EBA, ESMA and Consob concerning the application of specific IFRS rules;

- Documents issued by ESMA, IOSCO and Consob with regard to assessments and disclosures required in respect of the impacts of: (i) the Covid-19 outbreak, (ii) climate-related matters, (iii) Russia's invasion of Ukraine, (iv) issues related to the macroeconomic environment[72].

Where the information required by the IFRS and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the notes to the financial statements also provide supplemental information for such purpose.

These consolidated financial statements have been prepared in accordance with the following general requirements of IAS 1 - "Presentation of financial statements":

- Going concern basis: pursuant to the provisions of the joint document no. 2 of 6 February 2009 issued by Bank of Italy/Consob/ Isvap concerning disclosures on the going concern basis, in compliance with the requirements on the same issue contained in IAS 1 Revised and in accordance with the recommendations provided by ESMA in the priorities for annual financial reports for 2020 (Public Statement of 28 October 2020), for 2021 (Public Statement of 29 October 2021) and for 2022 (Public Statement 32-63-1320 of 28 October 2022), the CDP Group has performed an assessment of its ability to continue to operate as a going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous years, CDP deems appropriate to prepare its consolidated financial statements on a going concern basis;
- Accruals basis: operations are recognised in the accounting records and in the consolidated financial statements of the CDP Group (except for the disclosure about cash flows) when they accrue, regardless of the payment or collection date. Costs and revenues are recognised in profit or loss in accordance with the matching principle;
- Materiality and aggregation: all items containing assets, liabilities, revenues and expenses of a similar nature and with similar characteristics are presented separately in the financial statements, unless they are immaterial;
- Offsetting: no assets have been offset with liabilities, nor income with expenses, unless expressly required or allowed by the instructions of the Bank of Italy or by an accounting standard or a related interpretation;
- Frequency of reporting: the CDP Group has prepared these consolidated financial statements, presenting the related disclosures, on an annual basis. No changes occurred with respect to the reporting date, which remains at 31 December of each year;
- Comparative information: comparative information is disclosed in respect of the previous financial period. Comparative information, at the same reporting date, is provided for each document comprising the financial statements, including the notes thereto.

USE OF ESTIMATES

The application of International Financial Reporting Standards in preparing the consolidated financial statements requires the CDP Group to make accounting estimates that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year.

Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the consolidated financial statement items and earnings result in the future periods.

[72] These references, for the 2022 financial statements, are represented by:
- Bank of Italy, CONSOB, IVASS and FIU Communication of 7 March 2022 "Reminder regarding compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine";
- CONSOB warning notice of 18 March 2022 "CONSOB draws the attention of supervised issuers to the impact of the war in Ukraine on inside information and financial reporting";
- ESMA Public Statement of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-yearly financial reports" relating to the effects of the invasion of Ukraine by Russia on 2022 half-yearly financial reports prepared in accordance with IAS 34 "Interim financial reporting";
- CONSOB warning notice no. 3/22 of 19 May 2022 on the conflict in Ukraine – Warning notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia;
- ESMA statement dated 28 October 2022 'European common enforcement priorities for 2022 annual financial reports';
- IOSCO Statement of 14 November 2022 'Financial Reporting and Disclosure during Economic Uncertainty'.

RELEVANT ACCOUNTING POLICIES AND UNCERTAINTIES ABOUT THE USE OF ESTIMATES IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (IN ACCORDANCE WITH IAS 1 AND THE RECOMMENDATIONS CONTAINED IN BANK OF ITALY/CONSOB/ISVAP DOCUMENTS NO. 2 OF 6 FEBRUARY 2009 AND NO. 4 OF 3 MARCH 2010)

The application of certain accounting standards necessarily involves the use of estimates and assumptions that have an effect on the values of assets, liabilities, costs and revenues recognised in the financial statements and on the reporting on potential assets and liabilities.

The underlying assumptions of the estimates take into account all the information available at the date of preparation of the consolidated financial statements, as well as hypothesis considered reasonable, also in light of historical experience. Because of their nature, it cannot therefore be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios the CDP Group will operate in. The results that will be achieved in the future may therefore differ from the estimates made for the purposes of preparing the consolidated financial statements and it may therefore be necessary to make adjustments that cannot be foreseen or estimated to date with respect to the carrying value of the assets and liabilities recognised in the financial statements. In this respect, it should be noted that adjustments to the estimates may be necessary as a result of changes in the circumstances on which the estimates were based, as a result of new information or increased experience.

The main areas in which management is required to make subjective assessments are:
- the calculation of impairment losses on loans, equity investments and, in general, other financial assets subject to impairment;
- the use of measurement techniques to determine the fair value of derivative instruments and financial instruments not listed on an active market;
- the calculation of employee benefits and provisions for risks and charges;
- the estimates and assumptions used in assessing the recoverability of deferred tax assets and interpretative issues concerning tax treatment;
- the statistical and financial assumptions used in estimating repayment flows on postal savings products;
- the assessment of the recoverability of goodwill and other intangible assets;
- the valuation of work in progress and inventories of raw materials, semi-finished and finished goods.

The description of the accounting policies used for the main consolidated financial statement items provides details on the main assumptions and assessments used in preparing the consolidated financial statements.

The current market environment, characterised by uncertainty arising from the residual impacts of the Covid-19 pandemic, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates and the general deterioration of the macroeconomic environment, requires making in-depth forecasts on the timing and magnitude of the economic recovery that could occur in the coming years. For further information on the uncertainties of the current context, see also the Report on Operations as well as the 'Section 5 - Other issues' in the Notes to the Financial Statements.

SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

Subsidiaries are consolidated on a line-by-line basis, while companies subject to joint control or significant influence are accounted for using the equity method. An exception is made for a number of equity investments in companies in liquidation or subsidiaries in the start-up phase without assets and liabilities or of insignificant value, whose contribution to the consolidated financial statements is immaterial.

The financial statements of the subsidiaries used for line-by-line consolidation are those at 31 December 2022, except as specified below regarding "Fondo Italiano Consolidamento e Crescita" (FICC) and its subsidiaries, as approved by competent corporate bodies of consolidated companies, adjusted as necessary to harmonise them with Group accounting policies and reclassified on the basis of the formats established by the Bank of Italy in Circular no. 262 of 22 December 2005, updated to 29 October 2021.

The following statement shows the companies consolidated on a line-by-line basis.

1. SUBSIDIARIES

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment		% of votes [2]
				Investor	% holding	
1. ACE Marine LLC	Green Bay, WI	Madison, WI	1	Fincantieri Marine Group LLC	100.00%	100.00%
2. Arsenal S.r.l.	Trieste	Trieste	1	Fincantieri Oil & Gas S.p.A.	100.00%	100.00%
3. Asset Company 2 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
4. Avvenia The Energy Innovator S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
5. Alfiere S.p.A.	Rome	Rome	1	Fondo Sviluppo Comparto A	100.00%	100.00%
6. Alivieri Power Units Maintenance SA	Athens	Athens	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
7. Ansaldo Energia Gulf	Abu Dhabi	Abu Dhabi	1	Ansaldo Energia S.p.A.	100.00%	100.00%
8. Ansaldo Energia IP UK Ltd	London	London	1	Ansaldo Energia S.p.A.	100.00%	100.00%
9. Ansaldo Energia Iranian LLC	Tehran	Tehran	1	Ansaldo Russia LLC	30.00%	30.00%
			1	Ansaldo Energia S.p.A.	70.00%	70.00%
10. Ansaldo Energia Muscat LLC	Muscat	Muscat	1	Ansaldo Energia Switzerland AG	50.00%	50.00%
			1	Ansaldo Energia S.p.A.	50.00%	50.00%
11. Ansaldo Energia Netherlands BV	Breda	Breda	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
12. Ansaldo Energia S.p.A.	Genoa	Genoa	1	CDP Equity S.p.A.	88.29%	88.29%
13. Ansaldo Energia Spain S.L.	Zaragoza	Zaragoza	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
14. Ansaldo Energia Switzerland AG	Baden	Baden	1	Ansaldo Energia S.p.A.	100.00%	100.00%
15. Ansaldo Green Tech S.p.A.	Genoa	Genoa	1	Ansaldo Energia S.p.A.	100.00%	100.00%
16. Ansaldo Nigeria Limited	Lagos	Lagos	1	Ansaldo Energia S.p.A.	60.00%	60.00%
17. Ansaldo Nucleare S.p.A.	Genoa	Genoa	1	Ansaldo Energia S.p.A.	100.00%	100.00%
18. Ansaldo Russia LLC	Moscow	Moscow	1	Ansaldo Energia S.p.A.	100.00%	100.00%
19. Società Agricola Ariano Biometano S.r.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	98.00%	98.00%
20. Asia Power Project Private Ltd	Chennai	Chennai	1	Ansaldo Energia S.p.A.	100.00%	100.00%
21. Asset Company 10 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
22. Auto Sport Engineering Limited	United Kingdom	United Kingdom	4	Marval S.r.l.	100.00%	100.00%
23. BOP6 S.c.ar.l.	Trieste	Trieste	1	Fincantieri SI S.p.A.	95.00%	95.00%
			1	Fincantieri S.p.A.	5.00%	5.00%
24. Bacini di Palermo S.p.A.	Palermo	Palermo	1	Fincantieri S.p.A.	100.00%	100.00%
25. Bioenerys S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
26. Biogas Bruso Società Agricola ar.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	99.90%	99.90%
27. Biowaste CH4 Anzio S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
28. Biowaste CH4 Foligno S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
29. Biowaste CH4 Group S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
30. Biowaste CH4 Tuscania S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
31. Biowaste Ch4 Genova S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
32. Bludigit S.p.A.	Milan	Milan	1	Italgas S.p.A.	100.00%	100.00%
33. Bonafous S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
34. Brugg Cables (India) Pvt. Ltd.	Haryana	Haryana	1	Brugg Kabel GmbH	0.26%	0.26%
			1	Brugg Kabel AG	99.74%	99.74%
35. Brugg Cables (Shanghai) Co. Ltd.	Shanghai	Shanghai	1	Brugg Kabel AG	100.00%	100.00%
36. Brugg Cables (Suzhou) Co. Ltd.	Suzhou	Suzhou	1	Brugg Cables (Shanghai) Co,. Ltd,	100.00%	100.00%
37. Brugg Cables Company	Riyad	Riyad	1	Brugg Kabel AG	100.00%	100.00%
38. Brugg Cables Italia S.r.l.	Milan	Milan	1	Brugg Kabel Manufacturing AG	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment: Investor	% holding	% of votes [2]
39. Brugg Cables Middle East DMCC	Dubai	Dubai	1	Brugg Kabel AG	100.00%	100.00%
40. Brugg Cables Middles East Contracting LLC	Dubai	Dubai	1	Brugg Kabel AG	100.00%	100.00%
41. Brugg Cables. Inc.	Chicago	Chicago	1	Brugg Kabel AG	100.00%	100.00%
42. Brugg Kabel AG	Brugg	Brugg	1	Brugg Kabel Services AG	90.00%	90.00%
43. Brugg Kabel GmbH	Schwieberdingen	Schwieberdingen	1	Brugg Kabel AG	100.00%	100.00%
44. Brugg Kabel Manufacturing AG	Brugg	Brugg	1	Brugg Kabel Services AG	100.00%	100.00%
45. Brugg Kabel Services AG	Brugg	Brugg	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
46. C.S.I S.r.l.	Follo (La Spezia)	Milan	1	Fincantieri NexTech S.p.A.	75.65%	75.65%
47. C2MAC Group S.p.A.	Montorso Vicentino	Montorso Vicentino	4	Melt 1 S.r.l. a socio unico	57.00%	57.00%
48. CDPE Investimenti S.p.A.	Milan	Milan	1	CDP Equity S.p.A.	77.12%	77.12%
49. CDP Equity S.p.A.	Milan	Milan	1	CDP S.p.A.	100.00%	100.00%
50. CDP Immobiliare S.r.l.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
51. CDP Real Asset SGR S.p.A. (già CDP Immobiliare SGR S.p.A.)	Rome	Rome	1	CDP S.p.A.	70.00%	70.00%
52. CDP RETI S.p.A.	Rome	Rome	1	CDP S.p.A.	59.10%	59.10%
53. CDP Technologies AS	Alesund	Alesund	1	Seaonics AS	100.00%	100.00%
54. CDP Technologies Estonia OÜ	Tallinn	Tallinn	1	CDP Technologies AS	100.00%	100.00%
55. CDP Venture Capital SGR S.p.A.	Rome	Rome	1	CDP Equity S.p.A.	70.00%	70.00%
56. Ca' Bianca Società Agricola ar.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	70.00%	70.00%
57. Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Genoa	Genoa	1	Fincantieri NexTech S.p.A.	86.10%	86.10%
58. Changsha Xi Mai Mechanical Construcion Co. Ltd	China	China	4	Marval S.r.l.	98.78%	98.78%
59. Cinque Cerchi S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
60. Consorzio Stabile Ansaldo Newclear	Genoa	Genoa	1	Nuclear Engineering Group Limited	10.00%	10.00%
			1	Ansaldo Nucleare S.p.A.	70.00%	70.00%
			1	Ansaldo Energia S.p.A.	20.00%	20.00%
61. Constructora Finso Chile S.p.A.	Santiago	Santiago	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
62. Cubogas S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam 4 Mobility S.p.A.	100.00%	100.00%
63. DEDA S.A.	Athens	Athens	1	DEPA Infrastructure S.A.	100.00%	100.00%
64. DEPA Infrastructure S.A.	Athens	Athens	1	Italgas Newco S.p.A.	100.00%	100.00%
65. E-phors S.p.A.	Milan	Milan	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
66. EBS Società Agricola ar.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	94.53%	94.53%
67. EDA Attikis S.A.	Lykovrisi	Lykovrisi	1	DEPA Infrastructure S.A.	100.00%	100.00%
68. EDA Thess S.A.	Menemeni	Menemeni	1	DEPA Infrastructure S.A.	100.00%	100.00%
69. Esperia-CC S.r.l.	Rome	Rome	1	Terna S.p.A.	1.00%	1.00%
70. Ecoprogetto Milano S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	45.00%	45.00%
			1	Renerwaste Lodi S.r.l.	55.00%	55.00%
71. Ecoprogetto Tortona S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
72. Elettra One S.p.A.	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	90.20%	90.20%
73. Emiliana Agroenergia Società Agricola ar.l.	Piacenza	Piacenza	1	IES Biogas S.r.l.	100.00%	100.00%
74. Empoli Salute Gestione S.c.ar.l.	Florence	Florence	1	SOF S.p.A.	4.50%	4.50%
			1	Fincantieri Infrastrutture Sociali S.p.A.	95.00%	95.00%
75. Enersi Sicilia	Caltanissetta	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
76. Ensco 1053 Ltd	United Kingdom	United Kingdom	4	Marval S.r.l.	100.00%	100.00%
77. Enura S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	55.00%	55.00%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment: Investor	Equity investment: % holding	% of votes [2]
78. Ergon Projects ltd	Gzira	Gzira	1	Fincantieri Infrastrutture Sociali S.p.A.	99.00%	99.00%
			1	SOF S.p.A.	1.00%	1.00%
79. Estaleiro Quissamã Ltda	Rio de Janeiro	Rio de Janeiro	1	Vard Promar SA	49.50%	49.50%
			1	Vard Group AS	50.50%	50.50%
80. Evolve S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
81. Fincantieri Infrastrutture Sociali S.p.A.	Florence	Rome	1	Fincantieri Infrastructure S.p.A.	90.00%	90.00%
82. Fincantieri Marine Group LLC	Washington, DC	Carson City, NV	1	Fincantieri Marine Group Holdings Inc,	100.00%	100.00%
83. Fincantieri Oil & Gas S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
84. FIV Comparto Extra	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
85. FIV Comparto Plus	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
86. FMSNA YK	Nagasaki	Nagasaki	1	Fincantieri Marine Systems North America Inc,	100.00%	100.00%
87. FNAS - Fondo Nazionale Abitare Sostenibile	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
88. FNT Fondo Nazionale per il Turismo - Comparto A	Rome	Rome	1	CDP S.p.A.	80.11%	80.11%
89. FOF Private Debt	Milan	Milan	1	CDP S.p.A.	62.50%	62.50%
90. FT1 Fondo Turismo 1	Rome	Rome	1	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	100.00%
91. Fincantieri (Shanghai) Trading Co. Ltd	Shanghai	Shanghai	1	Fincantieri S.p.A.	100.00%	100.00%
92. Fincantieri Australia Pty Ltd	Sydney	Sydney	1	Fincantieri S.p.A.	100.00%	100.00%
93. Fincantieri Dragaggi Ecologici S.p.A.	Rome	Rome	1	Fincantieri S.p.A.	55.00%	55.00%
94. Fincantieri Holding B.V.	Amsterdam	Amsterdam	1	Fincantieri S.p.A.	100.00%	100.00%
95. Fincantieri India Private Limited	New Delhi	New Delhi	1	Fincantieri Holding B,V,	99.00%	99.00%
			1	Fincantieri S.p.A.	1.00%	1.00%
96. Fincantieri Infrastructure Florida Inc.	Miami, FL	Miami, FL	1	Fincantieri Infrastructure USA. Inc,	100.00%	100.00%
97. Fincantieri Infrastructure Opere Marittime S.p.A.	Valeggio sul Mincio (VR)	Trieste	1	Fincantieri Infrastructure S.p.A.	100.00%	100.00%
98. Fincantieri Infrastructure S.p.A.	Verona	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
99. Fincantieri Infrastructure USA. Inc.	Middletown, DE	Middletown, DE	1	Fincantieri Infrastructure S.p.A.	100.00%	100.00%
100. Fincantieri Marine Group Holdings Inc.	Washington, DC	Wilmington, DE	1	Fincantieri USA Inc,	87.44%	87.44%
101. Fincantieri Marine Repair LLC	Wilmington, DE	Wilmington, DE	1	Fincantieri Marine Systems North America Inc,	100.00%	100.00%
102. Fincantieri Marine System LLC	Wilmington, DE	Wilmington, DE	1	Fincantieri Marine Systems North America Inc,	100.00%	100.00%
103. Fincantieri Marine Systems North America Inc.	Chesapeake, VI	Wilmington, DE	1	Fincantieri USA Inc,	100.00%	100.00%
104. Fincantieri NexTech S.p.A.	Follo (La Spezia)	Milan	1	Fincantieri S.p.A.	100.00%	100.00%
105. Fincantieri S.p.A.	Trieste	Trieste	1	CDP Equity S.p.A.	71.32%	71.32%
106. Fincantieri SI Impianti S.c.ar.l.	Milan	Milan	1	Fincantieri SI S.p.A.	60.00%	60.00%
107. Fincantieri SI S.p.A.	Trieste	Trieste	1	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	100.00%
108. Fincantieri Services Doha LLC	Qatar	Qatar	1	Fincantieri S.p.A.	100.00%	100.00%
109. Fincantieri Services Middle East LLC	Doha (QFC)	Doha (QFC)	1	Fincantieri S.p.A.	100.00%	100.00%
110. Fincantieri Services USA LLC	Miami, FL	Plantation, FL	1	Fincantieri USA Inc,	100.00%	100.00%
111. Fincantieri Sweden AB	Stockholm	Stockholm	1	Fincantieri S.p.A.	100.00%	100.00%
112. Fincantieri USA Holding LLC [3]	Washington, DC	Wilmington, DE	1	Fincantieri S.p.A.	100.00%	100.00%
113. Fincantieri USA Inc.	Washington, DC	Wilmington, DE	1	Fincantieri S.p.A.	65.00%	65.00%
			1	Fincantieri USA Holding LLC	35.00%	35.00%
114. Finso Albania S.h.p.k.	Tirana	Tirana	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
115. Fintecna S.p.A.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
116. Fly One S.p.A.	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	67.30%	67.30%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment: Investor	Equity investment: % holding	% of votes [2]
117. Flytop S.r.l. in liquidazione	Rome	Rome	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
118. Fondmatic Hydraulic Machining S.r.l.	Crevalcore	Crevalcore	4	C2MAC Group S.p.A.	100.00%	100.00%
119. Fondo Italiano Consolidamento e Crescita (FICC)	Milan	Milan	1	CDP S.p.A.	65.99%	65.99%
120. Fondo Italiano d'Investimento SGR S.p.A.	Milan	Milan	1	CDP Equity S.p.A.	55.00%	55.00%
121. Fondo Sviluppo Comparto A	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
122. GNL Italia S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
123. Gannouch Maintenance S.àr.l.	Tunis	Tunis	1	Ansaldo Energia Netherlands BV	99.00%	99.00%
			1	Ansaldo Energia Switzerland AG	1.00%	1.00%
124. Gasrule Insurance D.A.C.	Dublin	Dublin	1	Snam S.p.A.	100.00%	100.00%
125. Geoside S.p.A.	Casalecchio di Reno	Casalecchio di Reno	1	Toscana Energia S.p.A.	32.78%	32.78%
126. Gestione Bacini La Spezia S.p.A.	La Spezia	La Spezia	1	Fincantieri S.p.A.	99.89%	99.89%
127. Golar LNG NB13 Corporation	Marshall Islands	Marshall Islands	1	Snam FSRU Italia S.r.l.	100.00%	100.00%
128. HMS IT S.p.A.	Rome	Rome	1	Fincantieri NexTech S.p.A.	60.00%	60.00%
129. Halfbridge Automation S.r.l.	Rome	Rome	1	LT S.r.l.	70.00%	70.00%
130. IDS Australasia PTY Ltd	Brendale	Brendale	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
131. IDS Ingegneria dei Sistemi (UK) Ltd	Fareham	Fareham	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
132. IDS Ingegneria dei Sistemi S.p.A.	Pisa	Pisa	1	Fincantieri NexTech S.p.A.	90.00%	90.00%
133. IDS Korea Co. Ltd	Daejeon	Daejeon	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
134. IDS North America Ltd	Ottawa	Ottawa	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
135. IDS Technologies US Inc.	Littleton	Littleton	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
136. IES Biogas S.r.l.	Pordenone	Pordenone	1	Bioenerys S.r.l.	100.00%	100.00%
137. Immogas S.r.l.	Florence	Florence	1	Toscana Energia S.p.A.	100.00%	100.00%
138. Infrastrutture Trasporto Gas S.p.A.	Milan	San Donato Milanese (MI)	1	Asset Company 2 S.r.l.	100.00%	100.00%
139. Iniziative Biometano S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys S.r.l.	51.00%	51.00%
140. Isotta Fraschini Motori S.p.A.	Bari	Bari	1	Fincantieri S.p.A.	100.00%	100.00%
141. Issel Nord S.r.l.	Follo	Follo	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
142. Italgas Acqua S.p.A.	Caserta	Milan	1	Italgas S.p.A.	100.00%	100.00%
143. Italgas Newco S.p.A.	Milan	Milan	1	Italgas S.p.A.	90.00%	90.00%
144. Italgas Reti S.p.A.	Turin	Turin	1	Italgas S.p.A.	100.00%	100.00%
145. Italgas S.p.A.	Milan	Milan	2	Snam S.p.A.	13.48%	13.48%
			2	CDP RETI S.p.A.	26.01%	26.01%
146. ITsART S.p.A. (4)	Milan	Milan	1	CDP S.p.A.	51.00%	51.00%
147. Janagas S.r.l.	Rome	Rome	1	Medea S.p.A.	100.00%	100.00%
148. LT S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	75.00%	75.00%
149. Marine Interiors Cabins S.p.A.	Pordenone	Trieste	1	Marine Interiors S.p.A.	100.00%	100.00%
150. Marine Project Solutions S.r.l.	Vittorio Veneto (TV)	Vittorio Veneto (TV)	1	MI S.p.A.	100.00%	100.00%
151. MI S.p.A.	Arluno	Trieste	1	Marine Interiors S.p.A.	100.00%	100.00%
152. MZ Biogas Società Agricola ar.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	99.90%	99.90%
153. Maiero Energia Società Agricola ar.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	100.00%	100.00%
154. Marina Bay S.A.	Luxembourg	Luxembourg	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
155. Marine Interiors S.p.A.	Ronchi dei Legionari (GO)	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
156. Marinette Marine Corporation	Marinette, WI	Green Bay, WI	1	Fincantieri Marine Group LLC	100.00%	100.00%
157. Marval S.r.l.	Turin	Turin	4	Stark Two S.r.l.	69.47%	69.47%
158. Mecaer America Inc.	Montreal	Montreal	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%
159. Mecaer Aviation Group Inc.	Philadelphia	Philadelphia	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%
160. Mecaer Aviation Group S.p.A.	Rome	Rome	4	Fly One S.p.A.	75.80%	75.80%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment: Investor	Equity investment: % holding	% of votes [2]
161. Mecaf S.r.l.	Rolo	Rolo	4	C2MAC Group S.p.A.	100.00%	100.00%
162. Medea S.p.A.	Sassari	Sassari	1	Italgas Reti S.p.A.	51.85%	51.85%
163. Melt 1 S.r.l. a socio unico	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	100.00%	100.00%
164. Mieci S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
165. Motta Energia Società Agricola a.r.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	94.80%	94.80%
166. Niehlgas GmbH	Oberursel	Oberursel	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
167. Nuclear Engineering Group Limited	Warrington/ Egremont	Wolverhampton	1	Ansaldo Nucleare S.p.A.	100.00%	100.00%
168. Nuova Torneria Zanotti S.r.l.	Castel San Pietro Terme (BO)	Crevalcore	4	C2MAC Group S.p.A.	100.00%	100.00%
169. Pentagramma Piemonte S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
170. Pentagramma Romagna S.p.A. in liquidazione unipersonale	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
171. Perucchini S.p.A.	Omegna (VB)	Omegna (VB)	4	C2MAC Group S.p.A.	100.00%	100.00%
172. Piacentina Agroenergia Società Agricola ar.l.	Piacenza	Piacenza	1	IES Biogas S.r.l.	100.00%	100.00%
173. Reicom S.r.l.	Padova	Milan	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
174. Ravenna LNG Termina S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam FSRU Italia S.r.l.	100.00%	100.00%
175. Renerwaste Cupello S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	85.00%
176. Renerwaste Lodi S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste S.r.l.	100.00%	100.00%
177. Renerwaste S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys S.r.l.	100.00%	100.00%
178. Renovit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	CDP Equity S.p.A.	30.00%	30.00%
			1	Snam S.p.A.	60.05%	60.05%
179. Residenziale Immobiliare 2004 S.p.A.	Rome	Rome	1	Fondo Sviluppo Comparto A	100.00%	100.00%
180. Rete S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
181. Rob.Int S.r.l.	Pisa	Pisa	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
182. S.L.S. - Support Logistic Services S.r.l.	Guidonia Montecelio	Guidonia Montecelio	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
183. SAT S.p.A.	Ascoli Piceno	Ascoli Piceno	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%
183. Snam Rete Gas S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
184. Snam S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	2	CDP RETI S.p.A.	31.35%	31.35%
185. SOF S.p.A.	Florence	Florence	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
186. SPE Transmissora de Energia Linha Verde I S.A.	Belo Horizonte	Belo Horizonte	1	Terna Plus S.r.l.	75.00%	75.00%
187. Scaranello S.r.l.	Rovigo	Rovigo	4	C2MAC Group S.p.A.	100.00%	100.00%
188. Seanergy a Marine Interiors Company S.r.l.	Cordignano (TV)	Pordenone	1	Marine Interiors Cabins S.p.A.	85.00%	85.00%
189. Seaonics AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
190. Seaonics Polska Sp.zo.o.	Gdansk	Gdansk	1	Seaonics AS	100.00%	100.00%
191. SIMEST S.p.A.	Rome	Rome	1	CDP S.p.A.	76.01%	76.01%
192. Skytech Italia S.r.l.	Rome	Rome	1	IDS Ingegneria dei Sistemi S.p.A.	100.00%	100.00%
193. Snam 4 Mobility S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
194. Snam FSRU Italia S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
195. Snam International B.V.	Amsterdam	Amsterdam	1	Snam S.p.A.	100.00%	100.00%
196. Società Agricola Agrimetano ar.l.	Faenza (RA)	Faenza (RA)	1	IES Biogas S.r.l.	100.00%	100.00%
197. Società Agricola Agrimezzana Biogas ar.l.	San Rocco al Porto (LO)	San Rocco al Porto (LO)	1	IES Biogas S.r.l.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment		% of votes [2]
				Investor	% holding	
198. Società Agricola Asola Energie Biogas ar.l.	Asola (MN)	Asola (MN)	1	IES Biogas S.r.l.	100.00%	100.00%
199. Società Agricola Biostellato 1 ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
200. Società Agricola Biostellato 2 ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
201. Società Agricola Biostellato 3 ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
202. Società Agricola Biostellato 4 ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
203. Società Agricola Carignano Biogas ar.l.	Bologna	Bologna	1	IES Biogas S.r.l.	100.00%	100.00%
204. Società Agricola G.B.E. Gruppo Bio Energie ar.l.	Pordenone	Pordenone	1	Società Agricola Sangiovanni ar.l.	100.00%	100.00%
205. Società Agricola La Valle Green Energy S.r.l	Cerea (VR)	Cerea (VR)	1	IES Biogas S.r.l.	100.00%	100.00%
206. Società Agricola SQ Energy ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
207. Società Agricola San Giuseppe Agroenergia ar.l.	Bologna	Bologna	1	IES Biogas S.r.l.	100.00%	100.00%
208. Società Agricola Sangiovanni ar.l.	Pordenone	Pordenone	1	Società Agricola SQ Energy ar.l.	50.00%	50.00%
			1	IES Biogas S.r.l.	50.00%	50.00%
209. Società Agricola Santo Stefano Energia ar.l.	Casalmoro (MN)	Casalmoro (MN)	1	IES Biogas S.r.l.	100.00%	100.00%
210. Società Agricola T4 Energy ar.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
211. Società Agricola Tessagli Agroenergia ar.l.	Commessaggio (MN)	Commessaggio (MN)	1	IES Biogas S.r.l.	100.00%	100.00%
212. Società Agricola Zoppola Biogas ar.l.	Pordenone	Pordenone	1	Società Agricola Sangiovanni ar.l.	100.00%	100.00%
213. Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
214. Stark Two S.r.l.	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	75.14%	75.14%
215. Stogit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
216. Terna Crna Gora d.o.o.	Podgorica	Podgorica	1	Terna S.p.A.	100.00%	100.00%
217. Terna PLUS S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
218. Terna Rete Italia S.p.A.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
219. TRS Sistemi S.r.l.	Rome	Rome	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
220. Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	Magarpatta City, Hadapsar, Pune	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
221. Tamini Transformers USA L.L.C.	Sewickley	Sewickley	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
222. Tamini Trasformatori S.r.l.	Legnano (MI)	Legnano (MI)	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
223. Team Turbo Machines SAS	La Trinité De Thouberville	La Trinité De Thouberville	1	Fincantieri S.p.A.	85.00%	85.00%
224. Tep Energy Solution S.r.l.	Milan	Rome	1	Renovit S.p.A.	100.00%	100.00%
225. Terna 4 Chacas S.A.C.	Lima	Lima	1	Terna Chile S.p.A.	0.01%	0.01%
			1	Terna Plus S.r.l.	99.99%	99.99%
226. Terna Chile S.p.A.	Santiago	Santiago	1	Terna Plus S.r.l.	100.00%	100.00%
227. Terna Energy Solutions S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
228. Terna Forward S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
229. Terna Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	65.00%	65.00%
			1	Terna Rete Italia S.p.A.	5.00%	5.00%
230. Terna Peru S.A.C.	Lima	Lima	1	Terna Chile S.p.A.	0.01%	0.01%
			1	Terna Plus S.r.l.	99.99%	99.99%
231. Terna S.p.A.	Rome	Rome	2	CDP RETI S.p.A.	29.85%	29.85%
232. Terna USA LLC	New York	New York	1	Terna Plus S.r.l.	100.00%	100.00%
233. Tlux S.r.l.	Piancogno (BS)	Piancogno (BS)	1	Mieci S.p.A.	100.00%	85.00%
234. Toscana Energia S.p.A.	Florence	Florence	1	Italgas S.p.A.	50.66%	50.66%
235. VARD Marine Gdansk Sp.zo.o.	Gdansk	Gdansk	1	Vard Engineering Brevik AS	100.00%	100.00%
236. Vard Accommodation AS	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
237. Vard Accommodation Tulcea S.r.l.	Tulcea	Tulcea	1	Vard Accommodation AS	99.77%	99.77%
			1	Vard Electro Romania S.r.l.	0.23%	0.23%
238. Vard Braila SA	Braila	Braila	1	Vard Group AS	5.88%	5.88%

Company name	Operational headquarters	Registered office	Type of relation-ship (1)	Equity investment: Investor	Equity investment: % holding	% of votes (2)
			1	Vard RO Holding S.r.l.	94.12%	94.12%
239. Vard Design AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
240. Vard Design Liburna Ltd.	Rijeka	Rijeka	1	Vard Design AS	51.00%	51.00%
241. Vard Electrical Installation and Engineering (India) Private Limited	New Delhi	New Delhi	1	Vard Electro AS	99.50%	99.50%
			1	Vard Electro Romania S.r.l.	0.50%	0.50%
242. Vard Electro AS	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
243. Vard Electro Brazil (Instalaçoes Eletricas) Ltda	Niteroi	Niteroi	1	Vard Electro AS	99.00%	99.00%
			1	Vard Group AS	1.00%	1.00%
244. Vard Electro Canada Inc	Vancouver	Vancouver	1	Vard Electro AS	100.00%	100.00%
245. Vard Electro Italy S.r.l.	Trieste	Trieste	1	Vard Electro AS	100.00%	100.00%
246. Vard Electro Romania S.r.l.	Tulcea	Tulcea	1	Vard Electro AS	100.00%	100.00%
247. Vard Electro US Inc.	Delaware	Delaware	1	Vard Electro Canada Inc	100.00%	100.00%
248. Vard Engineering Brevik AS	Brevik	Brevik	1	Vard Group AS	100.00%	100.00%
249. Vard Engineering Constanta S.r.l.	Costanza	Costanza	1	Vard RO Holding S.r.l.	70.00%	70.00%
			1	Vard Braila SA	30.00%	30.00%
250. Vard Group AS	Alesund	Alesund	1	Vard Holdings Limited	100.00%	100.00%
251. Vard Holdings Limited	Singapore	Singapore	1	Fincantieri Oil & Gas S.p.A.	98.37%	98.37%
252. Vard Infraestrutura Ltda	Ipojuca	Ipojuca	1	Vard Promar SA	99.99%	99.99%
			1	Vard Group AS	0.01%	0.01%
253. Vard International Services S.r.l.	Costanza	Costanza	1	Vard Braila SA	100.00%	100.00%
254. Vard Marine Inc.	Vancouver	Vancouver	1	Vard Group AS	100.00%	100.00%
255. Vard Marine US Inc.	Houston	Dallas	1	Vard Marine Inc,	100.00%	100.00%
256. Vard Niteroi RJ S.A.	Rio de Janeiro	Rio de Janeiro	1	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	0.01%
			1	Vard Group AS	99.99%	99.99%
257. Vard Piping AS	Sovik	Sovik	1	Vard Group AS	100.00%	100.00%
258. Vard Promar SA	Ipojuca	Ipojuca	1	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.001%	0.001%
			1	Vard Group AS	99.999%	99.999%
259. Vard RO Holding S.r.l.	Tulcea	Tulcea	1	Vard Group AS	100.00%	100.00%
260. Vard Shipholding Singapore Pte Ltd	Singapore	Singapore	1	Vard Holdings Limited	100.00%	100.00%
261. Vard Singapore Pte. Ltd.	Singapore	Singapore	1	Vard Group AS	100.00%	100.00%
262. Vard Tulcea SA	Tulcea	Tulcea	1	Vard RO Holding S.r.l.	99.996%	99.996%
			1	Vard Group AS	0.004%	0.004%
263. Vard Vung Tau Ltd	Vung Tau	Vung Tau	1	Vard Singapore Pte, Ltd,	100.00%	100.00%
264. Yeni Aen Insaat Anonim Sirketi	Istanbul	Istanbul	1	Ansaldo Energia S.p.A.	100.00%	100.00%

Key
(1) Type of relationship:
1 = Majority of voting rights in ordinary shareholders' meeting;
2 = Dominant influence in ordinary shareholders' meeting (Article 2359 Civil Code);
3 = Agreements with other shareholders;
4 = other form of control;
5 = unitary management pursuant to Article 26.1 of Legislative Decree 87/92;
6 = unitary management pursuant to Article 26.2 of Legislative Decree 87/92.
(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes.
(3) 49% of the voting rights of Fincantieri USA Holding LLC is held through USA Marine Trust, a legally recognised independent trust based in the state of Delaware (USA).
(4) The effective voting rights in the ITsART shareholders' meeting correspond to 75.74% by virtue of multiple voting rights granted to the type A shares held by the investor CDP S.p.A.

The main changes in the scope of line-by-line consolidation compared with 31 December 2021 are shown below.

The most significant change concerns the definitive exit from the scope, following the completion on 21 March 2022 of the sale to the MEF, as extensively described in the 2021 Annual Financial Report to which reference is made, of the SACE group companies, and the transfer of the company SIMEST under the direct control of the Parent Company.

During the first half of 2022, CDP Venture Capital SGR, the asset management company that is 70% owned by CDP Equity and is engaged, through direct and indirect investments, in managing funds to support start-ups in all phases of their life cycle, was included in the scope of line-by-line consolidation.

As a result of a simplified merger approved during the last quarter of 2022 by the Boards of Directors of CDP and CDP Equity, the merger by incorporation of CDP Industria (company wholly owned by CDP) into CDP Equity took place on 31 December 2022. The consequent winding-up of CDP Industria led to CDP Equity taking over the legal relationships belonging to CDP Industria, including, by way of example, ownership of the investments in Fincantieri and Saipem. The transaction was recognised using the book value method applied in the "business combinations under common control", as it consists of a reorganisation of fully owned companies, thus constituting a neutral transaction and as such not resulting in the realisation or distribution of any capital gains and losses from the assets of the merged companies.

During 2022, the CDP Group also launched a real estate reorganisation plan, for which the new investment fund "Fondo Sviluppo - Sub-Fund A" was established and added to the full scope of consolidation, managed by CDP Real Asset SGR. As of 31 December 2022, 100% of the capital of the companies Residenziale Immobiliare 2004 S.p.A. and Alfiere S.p.A. were transferred into the fund's portfolio by CDP Immobiliare S.r.l., which owns all of the units.

The sub-holding company Fly One, which holds a controlling interest in the Mecaer Aviation Group, a group active in the aeronautical sector that participates in innovative industrial projects in the context of strategic partnerships with major industrial groups operating in the aerospace and defence sector, joined the scope of Fondo Italiano Consolidamento e Crescita (FICC), managed by the subsidiary Fondo Italiano d'Investimento SGR; its contribution to the consolidated financial statements of CDP is based on data made available and updated as at 30 September 2022.

FICC and its sub-holding companies (Melt 1, Stark Two) have instead been consolidated based on information updated to 30 June 2022. Elettra One in liquidation, also controlled by FICC, instead reported its data as at 18 November 2022, the date to which the initial liquidation balance sheet of the company refers.

As regards the Snam group, the following changes occurred in the scope of line-by-line consolidation:

- the acquisition by Snam FSRU Italia S.r.l. of the company Golar LNG NB13 Corporation, owner of the Golar Tundra FSRU, and of the company Ravenna LNG Terminal S.r.l., owner of the maritime terminal off the port of Ravenna and of the state concession, waived in favour of Snam FSRU Italia and necessary to commission the ship BW Singapore, which will be available to Snam at the end of 2023;
- the acquisition by the subsidiaries Bioenerys and IES Biogas of 16 companies specialised in constructing and managing plants and promoting circular economy projects for the generation of energy from the organic fraction of municipal waste and agricultural waste;
- the acquisition of control, instead of joint control, of Iniziative Biometano S.p.A., as a result of the increase in the equity investment from 50% to 51% of the share capital following the exercise of a call option under the contractual agreements between the shareholders.

The company Immogas, established on 15 April 2022 and 100% owned by the subsidiary Toscana Energia, becomes part of the Italgas group's full consolidation scope; in addition, on September 1, 2022, was finalized the acquisition, through Italgas Newco S.p.A., of the entire share capital share capital of DEPA Infrastructure Single Member S.A. (DEPA Infrastructure) company that controls fully Thessaloniki - Thessalia Gas Distribution S.A. (EDA Thess), Attiki Natural Gas Distribution Single Member Company S.A. (EDA Attikis) and Public Gas Distribution Networks Single Member S.A. (DEDA), the three major gas distribution companies in Greece, which manage a total of about 7,500 kilometres of network and 610,000 active re-delivery points, has been carried out.

In 2022, the Terna group, as per the agreement signed on 29 April 2022 with CDPQ (Caisse de dépôt et placement du Québec), began, through several closing phases, the sale of the entire portfolio of power lines in Brazil, Peru and Uruguay. More specifically, during 2022, Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., owners of three power lines in Brazil, were sold. The company Difebal S.A., owner of a power line in Uruguay, was also sold. Terna Forward, on the other hand, new company dedicated to technological innovation also through corporate venture capital investments, joined the group.

For the Fincantieri group, the following newly incorporated companies entered the full scope of consolidation:
- Fincantieri Marine Repair LLC (FMR) and Fincantieri Marine Systems LLC (FMS), based in Wilmington (USA), operating respectively in the sectors of ship repairs and mechanical production assistance;
- Fincantieri SI Impianti S.c.ar.l., operating in the field of plant engineering and industrial automation.

As a result of extraordinary transactions carried out during 2022 by the Fincantieri group, the following companies have exited the scope of consolidation:
- Seastema S.p.A., 100% controlled by Fincantieri NexTech S.p.A., merged by incorporation into its parent company;
- Vard Electro Braila S.r.l., 100% controlled by Vard Electro AS, was merged into Vard Electro Tulcea S.r.l.;
- subsidiary S.E.C. S.r.l. Sécurité des Environments Complexes was merged by incorporation into the company Fincantieri NexTech S.p.A.;
- the company Esseti Sistemi e Tecnologie S.r.l., wholly owned by Fincantieri NexTech S.p.A., was merged by incorporation into E-Phors S.p.A., 100% owned by Fincantieri NexTech S.p.A.;
- the company Vard Aqua Sunndal AS, wholly owned by Vard Group AS, and the companies Vard Aqua Chile SA and Vard Aqua Scotland Ltd, 95% and 100% owned by Vard Aqua Sunndal AS, were sold and consequently exited the group's scope of consolidation;
- subsidiary Fincantieri Infrastructure Wisconsin, Inc. wholly owned by Fincantieri Infrastructure USA, Inc. has been removed from the Companies' Register.

Please refer to "Part G - Business combinations" for detailed information regarding the entry of new subsidiaries in the scope of consolidation in 2022.

2. SIGNIFICANT ASSESSMENTS AND ASSUMPTIONS TO DETERMINE WHETHER THERE IS CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE

LINE-BY-LINE CONSOLIDATION

Line-by-line consolidation involves the line-by-line use of the aggregate amounts on the balance sheets and income statements of the subsidiaries. After the allocation to non-controlling interests, reported as a separate item, of their share of equity and net income, the value of the equity investment is cancelled against the residual value of the equity of the subsidiary.

Assets, liabilities, income and expenses between consolidated companies are totally eliminated.

Acquisitions of companies are accounted for using the "acquisition method" provided for under IFRS 3, as modified by Regulation 495/2009, under which the identifiable assets acquired and the identifiable liabilities assumed (including contingent liabilities) are recognised at their respective fair values at the acquisition date.

For newly acquired companies, the difference between the acquisition price and equity, net of goodwill, if any, recognised in the financial statements of the acquirees, is subject to provisional allocation. In accordance with IFRS 3, paragraphs 45 ff., within twelve months of the acquisition date the changes to be made to the accounting balances of the investee used for the preparation of the consolidated financial statements of the CDP Group shall be definitively identified to restate them at fair value at the date of acquisition of control by adjusting the initial provisional allocation where appropriate.

The acquisition method is applied as from the moment in which control of the investee is effectively acquired.

ACCOUNTING FOR COMPANIES USING THE EQUITY METHOD

Associates and joint ventures are accounted for using the equity method.

The equity method involves initial recognition of the equity investment at cost, which is subsequently adjusted on the basis of the share held in the equity of the investee.

The difference between the value of the equity investment and the share held of the equity of the investee is included in the carrying amount of the investee.

The share of profit or loss of the investee is recognised in a specific item of the consolidated income statement.

If there is evidence of impairment, the recoverable amount of the equity investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value. If the recoverable value is lower than the carrying amount resulting from the application of the equity method, the difference is recognised through profit or loss.

Equity investments in joint ventures or companies subject to significant influence with a value of less than 20 million euro are excluded from the valuation using the equity method due to the insignificance of the value of the investment and in order to avoid incurring disproportionate burdens for the production of reporting packages in accordance with the accounting policies of the CDP Group with respect to the benefits that would derive from their inclusion in the scope of consolidation.

The consolidation of joint ventures and investments in associates was based on the most recent (annual or interim) financial statements of the companies.

SUBSIDIARIES

Subsidiaries are entities, including structured entities, which are directly or indirectly controlled by the Group. Control over an entity is shown by the Group's capacity to exercise powers in order to influence variable returns to which the Group is exposed as a result of its relationship with the aforementioned entity.

In order to verify the existence of control, the Group considers the following factors:
- the purpose and structure of the investee, in order to identify the entity's objectives, the activities that generate its revenues and how such activities are governed;
- power, in order to understand whether the Group has contractual rights enabling it to govern relevant activities. To this end, only substantial rights that confer effective governance are considered;
- the exposure to the investee, in order to assess whether the Group has business relationships with the investee whose returns vary as a result of changes in the investee's performance;
- the existence of potential principal-agent relationships.

Where significant activities are governed through voting rights, the following factors show evidence of control:
- direct or indirect ownership — through a subsidiary — of over fifty per cent of voting rights of an entity, unless it can be demonstrated — in exceptional cases — that such ownership does not constitute control;
- ownership of fifty per cent or less of the votes that can be exercised in the Shareholders' Meeting and unilateral ability to govern the main activities through:
  - control of over half of voting rights by virtue of an agreement with other investors;
  - power to determine the financial and operational policies of the entity by virtue of a clause of the Articles of Association or an agreement;
  - power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of Directors or body;
  - power to exercise the majority of voting rights in the meetings of the Board of Directors or those of the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of Directors or body. Presence

of the aforementioned factors was verified for equity investments in Snam, Terna and Italgas, over which, therefore, de facto control was ascertained.

The presence and the effect of potential voting rights, where substantial, are taken into account when assessing whether the power of governing another entity's financial and operational policies exists.

Subsidiaries may include any "structured entities" in which voting rights are not significant with respect to control assessment, including special purpose entities and investment funds.

Structured entities are considered as subsidiaries where:
- the Group has power through contractual rights that enable governance of relevant activities;
- the Group is exposed to variable returns resulting from the aforementioned activities.

The carrying value of equity stakes in entities consolidated on a line-by-line basis held by the Parent Company or other Group companies is offset – against the assets and the liabilities of the investees – as a balancing entry of the relevant equity share pertaining to the Group.

Assets and liabilities, off-balance sheet transactions, income and expenses, as well as profits and losses between entities included into the scope of consolidation are fully eliminated, in line with the consolidation method adopted.

A subsidiary's revenues and costs are consolidated starting from the date on which control is acquired. Revenues and costs of a divested subsidiary sold are included into the consolidated income statement up to the divestment date, i.e. until the Group no longer controls the investee. The difference between the disposal price for the subsidiary and the carrying value of its net assets at the same date is recorded in the income statement under item 280. "Gains (Losses) on disposal of investments" for companies consolidated on a line-by-line basis.

Non-controlling interests are presented in the balance sheet under item 190. "Non-controlling interests", separately from liabilities and equity pertaining to the Group. In the income statement, non-controlling interests are also presented separately under item 340. "Net income (loss) for the year pertaining to non-controlling interests".

For companies included into the scope of consolidation for the first time, the fair value of the cost incurred to acquire control over the equity investment, including ancillary charges, is measured at the acquisition date.

Subsidiaries with total assets of less than 20 million euro are excluded from the scope of consolidation due to the non-significant value of assets and are evaluated at cost, in order to avoid incurring disproportionate burdens for the production of reporting packages in accordance with the accounting policies of the CDP Group with respect to the benefits that would derive from their inclusion in the scope of consolidation.

Also excluded from the scope of line-by-line consolidation, remaining at fair value, are UCIs over which control has been ascertained that invest in:
- other UCIs (funds of funds), provided that they have an asset side less than 200 million euro and that the cumulative value of the funds excluded from the line-by-line scope does not result in the failure to represent payables to third-party subscribers exceeding a predetermined threshold;
- primary assets, provided that they have an asset side less than 100 million euro and that the cumulative value of the funds excluded from the line-by-line scope does not result in the failure to represent payables to third-party subscribers exceeding a predetermined threshold.

The difference between the disposal price of an interest held in a subsidiary and the relevant carrying value of net assets is recognised as a balancing entry in Equity, when the disposal does not entail a loss of control.

JOINT ARRANGEMENTS

A joint arrangement is a contractual agreement in which two or more counterparties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

According to IFRS 11, joint arrangements must be classified as joint operation or joint venture depending on the Group's contractual rights and obligations.

A joint operation is a joint arrangement in which the parties have rights on the assets and obligations on the liabilities of the arrangement. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement in which the parties have rights on the net assets of the agreement. Equity investments in jointly controlled companies, which can be classified as Joint Ventures, are valued at equity.

ASSOCIATE COMPANIES

An associate is a company over which the owner exercises a significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed when the owner:
- owns, directly or indirectly, at least 20% of another company's share capital; or
- can, *inter alia* through shareholders' agreements, exercise significant influence through:
  - representation in the company's management body;
  - participation in the policy-making process, including in decision-making on dividends or other allocations;
  - existence of significant transactions;
  - exchange of managerial personnel;
  - provision of key know-how.

Equity investments in associates are measured at equity.

3. EQUITY INVESTMENTS IN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

For the purposes of preparing the following tables, an interest was considered significant if:
- non-controlling interests are equal to or greater than 50% of the share capital of the investee;
- the investee's accounts are of material significance for the reader of this report.

The information presented in the following tables refers to the date of 31 December 2022.

3.1 NON-CONTROLLING INTERESTS, AVAILABILITY OF NON-CONTROLLING INTEREST VOTES AND DIVIDENDS DISTRIBUTED TO NON-CONTROLLING INTERESTS

(thousands of euro) Company name	% of non - controlling interests	Availability of votes of non - controlling votes (1)	Dividends paid to non-controlling interests (2)
1. Terna S.p.A.	82.32%	70.08%	494,728
2. Snam S.p.A.	81.43%	68.57%	730,775
3. Italgas S.p.A.	82.12%	60.51%	196,179

(1) Available voting rights at Ordinary Shareholders' Meeting.
(2) Including interim dividend.

3.2 EQUITY INVESTMENTS IN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS: ACCOUNTING DATA

(thousands of euro) Company name	Total assets	Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial liabilities	Equity	Net interest income	Gross income	Operating costs	Income (loss) before tax from continuing operations	Income (loss) after tax on continuing operations	Income (loss) after tax on disposal groups held for sale	Income (loss) for the period (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3) = (1) + (2)
1. Terna S.p.A.	22,854,342	644,460	2,260,332	16,976,751	11,062,173	5,180,053	(92,078)	35,455	1,328,321	1,361,482	975,367	(20,346)	955,021	144,769	1,099,790
2. Snam S.p.A.	32,470,733	1,406,655	528,822	19,179,982	13,679,710	7,524,173	(89,426)	(130,853)	1,324,201	1,050,346	671,931		671,931	108,473	780,404
3. Italgas S.p.A.	11,274,665	450,894	82,664	8,865,256	6,545,675	2,390,570	(53,647)	(57,638)	607,546	588,495	436,126		436,126	52,014	488,140

4. SIGNIFICANT RESTRICTIONS

There are no significant restrictions except as possibly specified in paragraph 7.9 of these explanatory notes.

5. OTHER INFORMATION

No other information to be reported.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE

No events requiring changes to the figures approved occurred between the reporting date of these consolidated financial statements and the date of their approval by the Board of Directors, which took place on 30 March 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The other significant events after the reporting date are described below.

FINCANTIERI

On 18 January 2023, Fincantieri, through U.S. subsidiary Fincantieri Marine Group (FMG), signed a contract with CREST Wind, joint venture of Crowley and ESVAGT, for the design and construction of a Service Operation Vessel (SOV). The ship, which will be 88 metres long, will be built at the Bay Shipbuilding plant and will enter into service in 2026. The unit will serve, through a long-term rental, Coastal Virginia Offshore Wind, Dominion Energy's wind farm in the United States.

On 13 February 2023, as part of the collaboration with the local industrial ecosystem and strengthening of the collaboration between Italy and Greece, Fincantieri and Leonardo signed a series of memoranda of understanding (MoU) with potential new Greek suppliers, laying the foundations for the definition of possible commercial relationships.

On 22 February 2023, Abu Dhabi Ship Building (ADSB), a subsidiary of EDGE Group, leader in the design, construction, repair, maintenance, refitting and conversion of military and commercial vessels, and Fincantieri signed a cooperation agreement at IDEX 2023, one of the most important international exhibitions in the field of Defence. Under the terms of the agreement, EDGE and Fincantieri will join forces in the design, construction and management of the fleet for military and commercial vessels, as well as to create new business opportunities in the local and international market with high-value-added technological solutions.

On 3 March 2023, Fincantieri, through its subsidiary VARD, signed a contract with a new customer, Edda Wind, for the construction of four Commissioning Service Operation Vessels (CSOV). The first two ships will be delivered in the first quarter of 2025, the third in the second quarter of 2025 and the fourth in the first quarter of 2026.

On 7 March 2023 Fincantieri, again through VARD, signed a contract with an international shipping company for the design and construction of a new cable-laying vessel, with delivery scheduled for 2024.

TERNA

On 12 January 2023, Terna reached a new important result: in 2022, 29 projects were authorised by the Ministry of the Environment and Energy Security and the Regional Councils, for a total value of over 2.5 billion euro in investments, aimed at developing the national electricity grid. After surpassing one billion euro in authorised investments in 2021 for the first time in history, the company marked a new record in 2022, more than doubling the figure of the previous year, essentially tenfold the value of 2020 (266 million euro). The most important contribution to the achievement of this result comes from the go-ahead for the eastern branch of the Tyrrhenian Link, the section of the underwater power line that will connect Campania and Sicily, worth over 1.9 billion euro. Lombardy, with seven authorised interventions out of the total of 29 decrees issued (24 by the Ministry of the Environment and Energy Security and 5 by Regional Councils), is the Region with the highest number of new works, for about 130 million euro. It is followed by Campania with five interventions, Sicily and the Autonomous Province of Bolzano with four. Eight new Power Stations were also authorised, including two for converting the Tyrrhenian Link. After the Tyrrhenian Link underwater cable, which will be fully operational by 2028, the most economically significant intervention authorised in 2022 was the Dolo-Camin power line, to be installed between the provinces of Venice and Padua. The line, 16.5 km of underground cable at 380 kV, will allow the demolition of almost 32 km of overhead power lines involving seven municipalities. Subsequently, by value of investment: works for over 70 million euro envisaged in the southern quadrant of the Metropolitan City of Rome, with three new underground cable lines for over 30 km in total and a new Electrical Substation, and the 65 million euro Livigno-Premadio connection, fundamental to increase the reliability of the power supply and the resilience of the Lombardy network in view of the 2026 Milan-Cortina Winter Olympic and Paralympic Games.

On 7 February 2023, the acquisition of shares in SEleNe CC S.A. was completed, aimed at allowing the exit of Transelettrica from the shareholder structure. Therefore, the Company currently comprises the following shareholders (all having an equal number of shares: 66,666): IPTO S.A. (Greek TSO), ESO-EAD (Bulgarian TSO) and Terna S.p.A.

On 2 March 2023, Terna reinforced its commitment to combating climate change by setting new targets for reducing its direct and indirect greenhouse gas emissions. Indeed, the company has adopted a new Science Based Target (SBT) with which it undertakes to cut its CO2 emissions by 46% by 2030 compared to 2019, improving on the previous target that provided for a reduction in climate-altering emissions of about 30%. Consistently with its sustainability strategy and as set out in the Paris Agreement, Terna had adopted its first Science Based Target in 2021, committing to a cut in emissions from its direct ("Scope 1") and indirect ("Scope 2") activities in line with the "well below 2°C" scenario, which complies with the guidelines recommended by scientists to keep the increase in global temperatures well below the 2°C limit. The new commitment to decarbonisation adopted by Terna and validated by the SBTi (Science Based Target initiative) provides for targets in line with the "1.5°C" scenario, the most ambitious goal on temperature established by the Paris Agreement, which recommends limiting the increase in global warming to below 1.5°C. The Science Based Target signed by Terna also introduces a goal to reduce indirect "Scope 3" emissions, such as those related to employee mobility or the supply chain. The new target also extends the scope of application to subsidiaries Brugg and Tamini.

ITALGAS

On 19 January 2023, Italgas presented to the stakeholders the 2022-2028 Sustainable Value Creation Plan, "Builders of the future", approved by the Company's Board of Directors on 14 December 2022. This plan defines concrete actions and ambitious targets to create value for the Group's stakeholders and for the territories where it is present and operates; the document is part of the trajectory already traced by the 2022-2028 Strategic Plan, which includes investments for 8.6 billion euro.

In February 2023, Italgas Reti challenged Resolution no. 654/2022/R/com, with which the Authority confirmed the values of the WACC parameters common to all the infrastructure services of the electricity and gas sectors reported in Table 1 of TIWACC 2022-2027.

Following the application of the so-called trigger mechanism, provided for by Article 8 of the TIWACC 2022-2027 for the update of the WACC for the 2022-2024 sub-period, the calculation of the WACC deriving from the update of the relevant financial parameters shows in fact a variation of the WACC, for each service, lower than 50 bps (basis point spread) with respect to the value in force. Scheduling of the hearing is pending.

Also in February 2023, Italgas Reti challenged Resolution no. 679/2022/R/gas, with which the Authority redetermined the reference tariffs for natural gas distribution and metering services for the years 2009 to 2021. Scheduling of the hearing is pending.

During March 2023, Italgas entered into exclusive negotiations with the Veolia Environnement S.A. group for the potential acquisition of the interests held by the Veolia group in several companies active in the water service of the Lazio, Campania and Sicily regions. The planned transaction is part of the broader strategy outlined in the 2022-2028 Strategic Plan that provides for strengthening of the group's presence in the water sector.

In particular, the transaction regards the potential purchase of the Veolia group's equity investments in the following companies:
- 100% of the share capital of Acqua S.r.l. which in turn directly holds 98.5% of the share capital of Idrosicilia S.p.A. and, indirectly, 75% of the share capital of Siciliacque S.p.A.;
- 100% of Idrolatina S.r.l. which in turn holds approximately 49% of Acqualatina S.p.A.;
- 47.9% of Acqua Campania S.p.A.

On 21 March 2023, Snam and CDP Reti signed an agreement amending the Italgas Shareholders' Agreement. A copy of the amending agreement was filed with the Milan Companies' Register on 21 March 2023.

SNAM

With reference to the significant events that occurred after the end of the financial year, it should be noted that on 10 January 2023, Snam S.p.A. completed the purchase of 49.9% of the equity investments held (directly and indirectly) by Eni in the companies that manage the two groups of international gas pipelines that connect Algeria to Italy, in particular, the onshore gas pipelines that extend from the border between Algeria and Tunisia to the Tunisian coast (the so-called TTPC gas pipeline) and the offshore gas pipelines that connect the Tunisian coast to Italy (the so-called TMPC gas pipeline).

These equity investments were transferred by Eni to a newly incorporated Italian company (SeaCorridor S.r.l.), of which Snam acquired 49.9% of the share capital while the remaining 50.1% continues to be held by Eni. Eni and Snam exercise joint control over SeaCorridor S.r.l., based on the principles of equal governance.

The consideration paid at closing by Snam to Eni in relation to the transaction was approximately 405 million euro; the sale and purchase agreement relating to the transaction, signed between Eni and Snam on 27 November 2021, also provides for an earn-in and earn-out mechanism to be calculated on the basis of the revenues that will be generated by the investee companies.

The transaction allows Eni and Snam expertise to be enhanced in a synergistic way on a strategic route for the security of natural gas supplies in Italy, favouring potential development initiatives in the hydrogen value chain also thanks to the natural resources of North Africa.

On 16 February 2023, Decree-Law no. 11/2023 was issued, which, with Article 2, made important amendments to the interventions referred to in Article 121, paragraph 2, of Decree-Law no. 34 of 19 May 2020, converted, with amendments, by Law no. 77 of 17 July 2020 (so-called "Relaunch Decree"). In particular, the exercise of the options set forth in Article 121, paragraph 1, letters a) and b) of the same Decree-Law was denied in relation to the transfer of tax credit or the invoice discount for those works listed in paragraph 2 of the same Article. The group is concluding the assessment of the possible scenarios, but there are no impacts on the closed year and on the worksites in progress.

CDPE INVESTIMENTI

Following the capital increase, which took place as part of the broader plan of capital strengthening and restructuring of the financial debt of the Trevi Group, the stake held by CDPE Investimenti in the capital of Trevi Finanziaria Industriale drops to 21.3%.

It should also be noted that a financial manoeuvre is being finalised for the benefit of Valvitalia, necessary to support its development and rebalance its financial structure.

ANSALDO ENERGIA

In the initial months of 2023, the shareholder CDP Equity paid an amount of 14.3 million euro as a capital increase, as a residual tranche of the total stake of 50 million euro, previously resolved in the event of a break in the Minimum Available Liquidity (financial covenant), a circumstance that occurred on occasion of the December 2022 quarterly test. In early 2023, the Board of Directors of Ansaldo Energia continued its activities aimed at carrying out a manoeuvre to strengthen the company's capital and financial structure, with the objectives of: *(i)* restoring both the levels of share capital and equity consistent with the company's size, as well as adequate cash levels over the timeframe of the 2023-2027 Business Plan, *(ii)* accessing the availability of unsecured credit lines in order to support company operations and *(iii)* reducing the debt exposure to suppliers.

Drafting of the new 2022-2027 Business Plan and all the checks on market and business assumptions, carried out by Ansaldo Energia S.p.A with the support of specialised consultants, gave a positive result, and said plan shows concrete prospects for development and diversification of the business.

The progress of discussions with shareholder CDP Equity regarding the capital strengthening measure and negotiations with banks regarding the necessary financial support continue in a constructive manner, with the expectation of a definition in the near future and following positive opinions of the respective decision-making bodies.

CDP RETI

On 25 January 2023, the 2022 interim dividend distributed by SNAM of about 116 million euro was collected.

CDP IMMOBILIARE

On 9 February 2023, the property on Via Alessandria in Rome, headquarters of CDP Immobiliare and other Group companies, was contributed to Fondo Investimenti per la Valorizzazione – Comparto Plus, as part of the real estate Reorganisation Plan.

On 28 February 2023, the Board of Directors of CDP Immobiliare resolved on the sale to Fintecna S.p.A. of the business unit "Ramo Servizi" (Services Branch) (consisting of assets and rights, contracts including employment contracts, contractual relationships, cash, receivables including trade receivables, payables and liabilities) and the transfer to Fintecna and CDP Real Asset SGR of individual employment contracts relating to employees not included in the Services Branch, all with effect from 1 April 2023.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2022 AND IN FORCE SINCE 2022

As required by IAS 8 - "Accounting policies, changes in accounting estimates and errors", details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2022, are provided below.

- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in Official Journal L 234/90 of 2 July 2021, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET IN FORCE (DATE OF ENTRY INTO EFFECT FOR FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2023)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2022:

- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 17;
- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) no. 1126/2008 as regards International Accounting Standard 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) no. 1126/2008 as regards International Financial Reporting Standard 17.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2022

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of these consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

ACCOUNTING STANDARDS TO BE APPLIED: ESMA DISCLOSURE

The ESMA Public Statement containing the priorities for the 2022 financial statements recommends transparency in the first-time adoption of IFRS 17 "Insurance Contracts", also recalling the Public Statement of May 2022 "Transparency on implementation of IFRS 17 Insurance Contracts". Adequate qualitative and quantitative disclosure must therefore be provided in order to enable users of the financial statements to understand the impacts that the future adoption of IFRS 17 will have on the company's financial position and performance, as indicated in IAS 8, paragraph 30 letter b) and reiterated in the Bank of Italy/CONSOB/IVASS Joint Communication of 27 October 2022 on the disclosure to be provided in the 2022 financial statements with regard to the transition to IFRS 17.

The companies of the CDP Group carried out an analysis of the existing contracts (i.e. the contracts that reflect the definition of "insurance contracts"[73]) to identify the scope of application of the new IFRS 17 standard and, where deemed relevant, have developed implementation and assessment projects as a result of which they provided the required (albeit preliminary) disclosure in the respective 2022 financial statements.

DELEGATED REGULATION 2019/815 - ESEF (EUROPEAN SINGLE ELECTRONIC FORMAT)

Directive 2013/50/EU, which amended Directive 2004/109/EC (Transparency Directive), established that all Annual Financial Reports of Issuers whose securities are admitted to trading on a regulated market must be drawn up in a single electronic communication format. The European Commission has transposed these rules into Delegated Regulation 2019/815 (European Single Electronic Format – "ESEF Regulation"). This is in order to make the annual financial reports readable by both human users and automated devices and to improve the comparability and analysis of the information included in the annual financial reports.

The ESEF Regulation requires issuers that prepare consolidated financial statements in accordance with IAS/IFRS to prepare and publish their annual financial report in the eXtensible Hypertext Markup Language ("XHTML") format, using the Inline Extensible Business Reporting Language ("iXBRL"):

- starting from the financial year that began on 1 January 2021 - for marking of the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Financial Statement);
- starting from the financial year beginning on 1 January 2022 - for marking also of the information contained in the notes to the consolidated financial statements (therefore, for the CDP Group, these Consolidated Financial Statements at 31 December 2022).

On 29 November 2021, Delegated Regulation (EU) 2022/352 was published, amending the ESEF Regulation with reference to the 2021 update of the taxonomy established in the regulatory technical standards ("Regulatory technical standards" or "RTS") relating to the single electronic communication format and providing further guidance for marking of the IFRS financial statements. On 24 August 2022, the European Securities and Markets Authority ("ESMA") therefore published the final RTS reflecting the updates in terms of taxonomy and guidelines for the marking of financial statements.

Note that on 29 September 2022, Delegated Regulation (EU) 2022/2553 was published, disclosing the 2022 updates of the IFRS taxonomy and providing further guidance for the marking of financial statements. The new 2022 taxonomy is mandatory starting from the annual financial reports containing the financial statements for the financial years starting on 1 January 2023, but may be applied on a voluntary basis already to those starting on 1 January 2022. In addition, on 28 October 2022, the ESMA published the annual statement "European common enforcement priorities for 2022 annual financial reports" in which, among other things, it outlined the priorities on which listed companies should focus in the preparation of their 2022 annual financial reports and recalled the application of the ESEF Regulation.

Lastly, some information contained in the notes to the consolidated financial statements when extracted from the XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

OTHER INFORMATION

The annual consolidated financial statements are subject to approval by the CDP Board of Directors and will be published within the times and in the manner envisaged by the applicable legislation in force.

[73] A contract under which one party accepts significant insurance risk from another by agreeing to compensate the policyholder or the beneficiary if they are adversely affected by a specified event, i.e. the insured event.

DISCLOSURE ON THE IMPACTS OF CLIMATE-RELATED MATTERS

In recent years, evidence of the impact of climate change on various industrial sectors has increased considerably. Many economic sectors will be adversely affected by permanent changes in temperature, rainfall, sea level and more generally by the magnitude and frequency of extreme weather conditions.

In general, climate risks are systemic risks that cascade across the whole of society. In its annual "Global Risks Report" of 2023, the World Economic Forum considers extreme climate conditions and lack of action to address the climate crisis among the greatest dangers for humanity, both as probability of occurrence and as an impact. The fight against climate change for an increasingly de-carbonised economy is the main challenge facing the world today.

The objective of the CDP Group's activities is to provide a tangible contribution to the revitalisation of the Italian economy through an increasingly selective investment and financing assessment model geared towards Environmental Social & Governance (ESG) criteria. To this end, CDP's operations are guided, according to a risk-return-impact model, by clear strategic guidelines that identify the priority areas of action to fill the country's gaps and by (general and sectoral) lending and investment policies that define the ways in which CDP integrates sustainability into its action.

In particular, the Parent Company CDP and the companies subject to its management and coordination[74] have adopted an internal control system consisting of a set of controls, rules, policies, procedures and organisational structures designed to identify, assess, monitor and mitigate the risks identified in the various business segments and customer segments, as well as to ensure full regulatory compliance, observance of corporate strategies and the achievement of set targets.

With specific reference to CDP and the Group companies subject to management and coordination, as well as, where considered significant, to the other companies consolidated on a line-by-line basis (such as, for example, the Terna group, the Fincantieri group, the Snam group, the Italgas group, the Ansaldo Energia group), below is a description of how processes are structured for identifying risks associated with the activities carried out and how the consequent control and monitoring measures are designed and possibly strengthened.

DISCLOSURE ON RISKS, UNCERTAINTIES AND OTHER POTENTIAL IMPACTS OF CLIMATE CHANGE

SIGNIFICANT RISKS AND UNCERTAINTIES

The CDP Group pays particular attention to the emerging risks arising from climate change, in terms of both possible economic-financial impacts as well as potential reputational risks, given that the consequences of climate change and the transition process towards a green economy could have a far from negligible impact on credit risk, equity risk and operational risk. As evidence of the desire to explore the potential risks and opportunities linked to climate change, CDP Group submits - for the second consecutive year - the voluntary disclosure in line with the eleven recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), i.e. Governance, Strategy, Risk Management, Metrics and Objectives.

Climate and environmental risks can be grouped into the following categories:

- physical risk, meaning the risk of direct or indirect financial loss caused by recurring or extreme climate and natural events;
- transition risk, i.e. the business risk linked to global warming mitigation policies with a particular focus on the energy sector; and
- environmental risk, meaning the risk of environmental damage during business activities and the litigation risk connected with infringements of environmental protection regulations, with potential consequences in terms of reputational risk.

The monitoring of the above-mentioned risks also involves considering their possible impact on the estimates and, in particular, on the assumptions underlying the judgemental evaluations made by management.

[74] Being companies that share with the Parent Company the business model, policies, models and risk management tools as well as objectives and results produced in the areas relevant to each of them.

On the basis of the specific business areas of the other Group Companies, the following cases are noted:

- CDP RETI S.p.A. highlights that the risk profiles connected with climate change that may be significant, as an investment vehicle, are essentially of an indirect nature, i.e. risks that emerge in the assessment of the value of the controlling equity investments held in its portfolio. In this respect, the issues related to climate change have so far not impacted (nor are they reasonably expected to do so over the short term) the estimation of recoverable amount (equal to the greater of Fair Value and Value in Use[75]), also in consideration of the fact that the stock market prices of controlling interests in portfolios are significantly higher than book value.
  All the subsidiaries of CDP RETI are accelerating investments related to energy transition projects in order to meet the emission targets set by the European Union, as summarised below;

- the Terna group, as TSO (Transmission System Operator) operating in the transmission and dispatching services, is a player in supporting the system in achieving the challenging objectives related to the reduction of CO2 emissions. Indeed, in addition to emissions related to the consumption of electricity, Terna's most significant indirect emissions components is linked to grid losses, which in turn entail the indirect need to produce CO2 to offset these losses with new energy. In itself, the emissions of a TSO (Scope 1&2 of the "GHG emission protocol") are very modest compared to the potential reduction at the system level, enabled by the integration of renewable energy sources and electrification.
  With reference to the medium-long term, management identified risks mainly related to the role played (TSO), deriving from the adaptation of the electricity grid in terms of actions aimed at increasing its resilience and allowing an adaptation to the new profile and mix of energy sources introduced into the grid. Moreover, as defined in the Group Risk Framework, the latter is exposed to the risk related to the increase in severity of weather events (tornadoes, heavy snowfall, ice, flooding) with consequent impacts on the continuity and quality of the service supplied by Terna and/or damage to equipment, machinery and infrastructure of the grid. In response, the Terna group is continuing to carry out new investments designed to increase the resilience of the electricity grid and identify the tools to mitigate those risks.
  The Terna group, in fact, has included measures to respond to climate change in its strategic plans, identifying: (i) in the Ten-Year Development Plan the interventions for development and reinforcement of the electricity grid, including interconnections with the outside world, to guarantee the integration of renewable sources; (ii) in the Safety Plan, the tools to guarantee the safety and reliability of the electricity system in a context that sees increasing penetration of renewable sources and decommissioning of thermoelectric plants with consequent critical issues related to system inertia and voltage regulation and (iii) in the Renewal Plan of electricity assets, predictive, maintenance and renewal measures. Transversal to these plans is the Resilience Plan, which includes all initiatives to increase the resilience of the electricity grid towards severe climatic events that are occurring with increasing intensity and frequency, damaging the infrastructure and causing a loss of power in the plants connected to the NTG.
  Climate risk mitigation actions also consist of planning the maintenance of NTG plants in order to guarantee the quality of the service, safety of the assets managed (power lines and stations) and their consistent performance. In this regard, in addition to the operations included in the group's "standard maintenance campaign", the Terna group is increasingly required to carry out work on the grid, for specific components that, regardless of the age of the grid, make it possible to mitigate the intensification of harmful weather events. With reference to non-regulated activities, moreover, the Terna group is committed to developing innovative and digital technological solutions to support the ecological transition, also involving the development of expertise throughout the entire value chain and through services related to Energy Solutions and the connectivity offer, and is investing in digitisation and innovation.
  In conclusion, it is worth noting that the Terna group has ESG-linked financing programmes in place and has launched green bond issues. With regard to financing, there is a link with sustainability objectives relating to the interest payment mechanism, but the risk associated with achieving these objectives is not significant and the impact in terms of increasing the cost of debt would be negligible;

- the Snam group has identified the following risks and related mitigation actions:
  - physical risk, directly due to weather and climate changes, which are divided into: (i) acute risks, associated with the increased severity of extreme weather events, which can cause material damage to infrastructure, with impacts on the continuity and quality of service; and (ii) chronic risks, which are more predictable, predominantly associated with the increase in temperatures, leading to lower demand for gas. With reference to said risks, Snam continuously monitors the integrity of its infrastructure and plants as well as the condition and conservation status of the areas in which they are based, constantly

[75] Intended as the present value of the future cash flows that the equity investment is expected to generate.

updating the processes and systems used in order to identify, at an increasingly early stage, any critical issues through the introduction of new technologies capable of also reducing the environmental impact of the activities. These actions allow the company to limit its exposure to the risks associated with chronic natural events; moreover, in order to remedy unforeseeable extreme natural events, Snam has adopted innovative intervention strategies and action plans aimed at ensuring immediate safeguarding and resumption of activities in the shortest possible time. In addition, Snam has specific insurance contracts in place to cover some of these risks, in line with industry best practices.

- transition risks, divided into: (i) compliance risks (in terms of a tightening of the regulatory framework and the emerging regulatory framework to accelerate the reduction of pollutant and climate-altering emissions); (ii) market risk (in terms of greater penetration of renewable energies to the detriment of natural gas, of alternative uses of gas and the development of new businesses and/or the CNG market, as well as behaviours of consumers, financiers and investors, increasingly oriented towards sustainable products); and (iii) technological risk (in terms of the spread of new technologies that facilitate the use of intermittent energy sources and the need to adapt to new technological standards). With reference to these risks, Snam has started repurposing its infrastructure, has developed its international presence, has entered into a large number of partnerships and has launched numerous energy transition initiatives. Strengthened by the consolidated capabilities in regulated businesses and the skills acquired on green gases and new trends in energy transition, the company is developing towards a concept of "multi-commodity" infrastructure, that is, capable of transporting and storing different types of gas, leveraging and continuing to develop the hydrogen, biomethane, mobility and energy efficiency businesses. As part of the integrated management of enterprise risks, Snam adopts an Enterprise Risk Management (ERM) Model within which the risks related to climate change are also identified and managed after being assessed according to different time horizons and related objectives.

In January 2023, Snam presented the new 2022-2026 Strategic Plan and the Long-term Vision by 2030, highlighting its contribution to supporting the great transformation underway in the energy sector, leveraging the enabling role of the infrastructure to achieve a completely decarbonised economy through a growing investment plan;

- the Italgas group:
  - with reference to the Physical Risk, the Italgas group has implemented operational countermeasures that assist with the achievement of the objective of reducing net greenhouse gas emissions compared to 2020 by: (i) reducing Scope 1&2 emissions by 42% and Scope 3 emissions by 33% by 2030; (ii) achieving Net Carbon Zero by 2050. With regard to energy consumption, the company's aim is to achieve a net reduction of 33% compared to 2020 values;
  - as regards Transition Risk, the main mitigation actions implemented include: (i) adoption of internal SLAs for the repair of leakages more severe than those defined by the Regulator; (ii) process for transforming the network into digital infrastructure to enable the distribution of non-methane gases, such as hydrogen, biomethane and e-gas; (iii) development, implementation and deployment of digital applications for remote control of network and plant construction sites, development and maintenance; (iv) conversion to methane of distribution networks powered by LPG; (v) measures for the modernisation of the network; (vi) promotion of responsible business practices, through endorsement of the UN Global Compact; (vii) investments designed to increase the Italgas group's presence in the water and energy efficiency sectors; (viii) orientation activities to define sector association positions; (ix) active participation in consultations called by the Government or European Union bodies; (x) promotion of sustainable mobility; (xi) development of power-to-gas technology powered by renewable energy to produce renewable gas that can be used in existing networks; (xii) initiatives to analyse the network and plants to assess their adequacy and actions to enable the transport of gases other than methane, such as hydrogen, biomethane and e-gas.

The Italgas group, in its 2022-2028 Sustainable Value Creation Plan, defines concrete actions and ambitious targets to create value for the group's stakeholders and for the territories where it is present and operates, and through the report "Driving innovation for energy transition", deeps the relationship between the Italgas group's business and the impact of climate change, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The document represents not only the new opportunities identified in the climate transition and the potential risks, but also the adequacy of the climate strategy implemented by the Italgas group with reference to them.

With regard to environmental risk, although the Italgas group carries out its activities in compliance with laws and regulations, the possibility of incurring costs or liabilities, even of significant proportions, cannot be ruled out with certainty. It is, in fact, difficult to foresee any environmental damage, also given the possible effects of new environmental protection laws and regulations, the impact of technological innovations for environmental rehabilitation, the possibility of litigation and the difficulties in determining its possible consequences, including with regard to the liability of other parties and possible insurance compensation. The Italgas Group carefully monitors the different risks and consequent financial impacts (which to date could mainly concern

issues of impairment and recoverability of the value of assets and provisions under IAS 37) that could derive from environmental and climate change issues.
In recent years, the corporate strategy of the Italgas group has been increasingly influenced by climate change issues and several initiatives have been developed to reduce GHG emissions. In the short term, the main elements that influence the development of the Italgas strategy are the regulatory aspects of climate change, such as the European policy objectives, while in the short to medium term, the efficient procurement of natural gas, aimed at reducing its impacts. Italgas' strategy is outlined in the 2022-2028 Strategic Plan, which highlights the digital transformation and technological innovation that is expected to allow Italgas to play a key role in the energy transition.

With regard to the other companies of the CDP Group:

- in 2022, SIMEST S.p.A. launched specific projects with the aim of gradually integrating sustainability and ESG risks into the company's operations, both with regard to the business and the corporate ecosystem, in line with the CDP Group's approach and with the provisions of the 2023-2025 Strategic Plan. Specifically, the Plan strengthens the role of SIMEST in supporting the international expansion of Italian companies through four Pillars: (i) Sustainable and quality growth; (ii) Digitisation and operational efficiency; (iii) Development of People and corporate culture; and (iv) Impact on the territory and ESG. These areas of intervention are fully integrated with the priority areas included in CDP's Strategic Plan. Similarly, an initial benchmarking analysis was carried out on best practices with regard to the identification, measurement and monitoring of Climate and ESG risks with a view to strengthening the resilience of the investment loans portfolio, the efficient allocation of public resources and the mitigation of reputational risks.
  SIMEST will have to add ESG risk assessments, in particular on climate risk, to the traditional credit analyses, also following the entry into the scope of consolidation, as part of the process of integrating sustainability into the assessment processes, in line with the CDP Group. These drivers (creditworthiness and ESG aspects) will contribute to the evaluation of the economic-financial sustainability of the operations/projects to be financed, estimating their impact in terms of sustainability both ex ante and ex post. To this end, analyses have begun on possible ESG risk assessment models whose metrics will follow a progressive and evolving path in line with the reference regulatory framework and the Company's business model.
  In terms of the regulatory framework, SIMEST has envisaged a plan for the gradual adoption of the CDP Group's policies on sustainability and ESG risks; in particular, in fourth quarter 2022, the Board of Directors approved the Responsible Lending Principles that incorporate the CDP Group's guidelines, focusing investment activity on priority areas appropriately adapted to the specific characteristics of the Company's business model. These guidelines also define the objectives and priority areas towards which the CDP Group directs its strategic and operational approach, which are: a) climate change and ecosystem protection; b) inclusive and sustainable growth; c) digitisation and innovation; and d) rethinking of value chains;

- the Fincantieri group, in order to detect, assess and monitor the main corporate risks (Risk Universe), has incorporated in its Enterprise Risk Management (ERM) processes and systems the specific sustainability risks, covering the group's total exposure to "Climate Related" issues. More specifically:
  - physical risks (business interruption, climate change, commodity prices) are associated with increased economic costs and financial losses due to the greater severity and frequency of extreme weather events associated with climate change. These include acute risks and risks associated with long-term climate change, i.e. chronic risks;
  - transition risks (environmental impact of products and services, commodity prices, evolution of laws and regulations, investor and public relations) are associated with the transition to a low-carbon economy and are closely related to the evolution of the social, economic and political environment, changes in the CO2 emissions pricing framework, and regulatory restrictions. Transition risks also include reputational risks: not implementing a gradual decarbonisation process could in fact have a negative impact on reputation and consequently on operating and financial results.

  In order to mitigate exposure to physical risks, the main mitigation actions include: (i) annual testing of the Disaster Recovery infrastructure; (ii) identifying and analysing new potential and alternative suppliers through periodic direct and indirect scouting activities focused on critical areas; (iii) establishing specific internal emergency management rules in the event of adverse weather conditions (in order to limit the impact deriving from the occurrence of atmospheric events related to climate change, specific insurance policies have been stipulated to protect all shipyards from economic damage deriving from catastrophic events); (iv) the implementation of systems to monitor the price of raw materials and commodities in order to allow more informed decisions to be made and to integrate these assessments into the development of new products (and make the Fincantieri group less influenced by commodities price trends).

In terms of measures to mitigate transition risks, the Fincantieri group: (i) participates in national, European and international committees with the aim of monitoring and directing changes in the regulations and standards applicable to the maritime sector and subsequently applied to the development of new products and constantly monitors the new green technologies appearing on the market, with an ongoing focus on technologically innovative products and services with low environmental impact; (ii) constantly monitors current and future commodity price trends through coordination between order controllers and purchasing departments, to manage risk exposure via increased production efficiency and financial hedging policies; (iii) takes part in periodic meetings with Ministries, technical committees and ranking bodies to present its point of view as a shipbuilder on the IMO (International Maritime Organisation) regulations specific to its sector; (iv) oversees the drafting of the Sustainability Report and the additional disclosures required by rating companies to ensure their transparency and completeness, as well as constant updating of the website for greater disclosure of information for stakeholders;

- the Ansaldo Energia group has set up a dedicated ERM structure with the aim of identifying, assessing and managing the main corporate risks, in line with the objectives, strategies and risk appetite; all to support management in the sharing and handling of the risks themselves and in making informed decisions with a view to optimising performance. Among the risks related to climate change, the following are highlighted:
  - difficulties in adapting the products portfolio to the regulations on Energy Transition, related to possible insufficient alignment with existing environmental regulations, in particular with strategic new legislation on the energy transition and CO2 emission reduction;
  - contraction of the Core Business, due to the change in the macroeconomic and regulatory context;
  - uncertainty in business development/product diversification in relation to Energy Transition (Gas and Nuclear). The risk represents the possibility of inadequate definition of the strategic objectives in the Business Plan compared to the capabilities and business model of the Ansaldo group in relation to the diversification of the product portfolio and to the associated business;
  - risk related to possible difficulties in accessing credit or critical issues in negotiating favourable conditions for the Ansaldo group's loans.

  To mitigate the risks identified above, the Ansaldo Energia group has set up specific actions for: (i) periodic mapping of regulatory impacts on the current product portfolio for CO2 emissions, (ii) final implementation of the technical and economic feasibility analysis on the adjustment of the product portfolio, (iii) definition of a medium-long term sustainability strategy and (iv) possible search for alternative credit institutions (insurance market) and definition of sustainability plans.

  The international community's commitment to Energy Transition, with a rapid push towards decarbonisation and the goal of zero emissions in 2050, identifies Natural Gas and Nuclear Power as energy sources to support the transition.

  To ensure greater sustainability of its portfolio, the Ansaldo Energia group is focusing on research and development activities aimed at allowing the combustion of ever-increasing percentages of hydrogen in turbogases, in order to ensure stability of the network in the wake of growth of non-programmable energy sources, in compliance with the objectives of reducing carbon dioxide emissions.

  The new Business Plan, which envisages growth of the nuclear sector as a transition energy, includes the development and diversification of products on continuous segments with enhancement of the group's technological know-how, such as storage systems to integrate gas plants and the production of hydrogen generators.

  The products of the Ansaldo Energia group already represent a push towards decarbonisation, guaranteeing a significant contribution to the stability of electricity grids that will be increasingly affected by the unpredictability of electricity generation from renewable sources.

IMPAIRMENT OF ASSETS

Climate risks might potentially impact the useful life of non-current assets and the residual value of properties, and may constitute potential indicators of possible impairment of assets. Companies are, consequently, called upon to consider, where relevant: (i) any evidence that non-financial assets have suffered impairment as a result of climate risk or of measures implementing the Paris Agreement; (ii) using assumptions that reflect climate risks and (iii) including the sensitivity analyses on the effects of climate risk in the assumptions adopted. Changes in the environment in which an entity operates may be potential impairment indicators.

For this reason, when performing impairment testing, CDP Group takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis. Where relevant, factors relating to climate change, as well as to the reference context (marked by the Russian-Ukrainian conflict and the general deterioration in the macroeconomic environment), have been taken into account in the inputs and/or through sensitivity analyses on the variables determining the recoverable amount.

For more details on the assessment of CDP Group's equity investment portfolio (impairment test), please refer to the information provided in "Section 7 - Equity investments - Item 70".

With regard to specific features of the CDP Group companies, the following is highlighted:

- the Terna group, with regard to the existence of impairment risk on property, plant and equipment, considered that, although the measures to mitigate climate risk entail the need to plan the maintenance of the NTG plants, as in the past, to ensure the quality of the service, the safety of the assets managed (power lines and stations) and the maintenance of performance of the same, these activities nevertheless do not have a negative impact on the determination of fair value less disposal costs, since a market operator would consider these investments as part of the Fair Value Measurement process;
- the Snam Group considers that it has limited exposure to the impacts that possible climate risks could have on the valuation of non-current assets and other assets, including loans, also in consideration of the specific business and the sectors in which it operates;
- the Fincantieri group highlights that, with particular reference to the estimate of the recoverable amount of non-financial assets, the plans used for the impairment tests carried out take into account the assumptions by management on the subject of climate change, in line with the strategic initiatives included in the recently approved group business plan;
- the Ansaldo Energia group has carried out impairment tests to verify the existence of any impairment losses on the goodwill associated with the CGU (Energy Sector) and on the recoverability of the development costs incurred for the various technologies included in the group's product portfolio. The flows used to determine the recoverable amount of non-current assets derive from the estimates and assumptions included in the 2023-27 Business Plan update, with product market views updated to environmental regulations resulting from climate change. The volumes of investment required to upgrade products and the medium- to long-term growth rate reflect the risks associated with market issues related to climate change. The plan includes specific investments in R&D (Research and Development) to update the product portfolio, to support the estimated volume of orders and to maintain the market share. From the analyses carried out, no reductions emerged in the fair value of the assets recognised in the company's financial statements and directly related to climate change issues. However, the results of the impairment tests led to an impairment of the Ansaldo Energia group.

Expected credit losses

With regard to the measurement of the expected credit loss, climate risk is treated by assigning a rating to the creditworthiness of counterparties that considers all relevant information, including forward-looking information on climate risks and the transition process. This includes using the information from the impact assessment carried out using the Sustainable Development Assessment (SDA) tool, so as to formulate appropriately prudential assessments, also in light of the specific role and mission of CDP and of the Group companies.

CONTINGENT LIABILITIES AND ONEROUS CONTRACTS

There were no events that required CDP Group to set aside provisions for risks and charges, i.e. no current obligations that are likely to result in future cash outflows, attributable to non-compliance with environmental requirements and/or failure to achieve the required climate targets.

In addition, due to the systematic monitoring of assets, and of the areas where they are located, companies are concretely committed to identifying in advance possible situations that could potentially lead to contingent liabilities related to climate risks. In more general terms, it is also necessary to consider the risk associated with the supply chain due to significant changes in the strategy of key suppliers, exacerbated by the crisis in the global supply chain resulting from the pandemic and the Russian-Ukrainian war, and the energy transition process initiated in many countries, with a potential impact on construction and maintenance works and consequent impacts on the continuity and quality of the service and on the time frame to carry out the works.

DISCLOSURE ON THE IMPACTS OF RUSSIA'S INVASION OF UKRAINE

With its recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the proper level of transparency in financial reporting.

For this reason, companies of the CDP Group are asked to provide all the necessary information to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on their financial position, performance and cash flows, through a detailed disclosure of the process of identifying the main risks and uncertainties to which they are exposed.

Both qualitative and quantitative disclosure is therefore required on the information deemed relevant for representing in a clear, impartial and exhaustive way the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

GOING CONCERN, SIGNIFICANT RISKS AND UNCERTAINTIES, ITEMS SUBJECT TO ESTIMATION

The uncertainty arising from Russia's invasion of Ukraine may, in some cases, give rise to doubts about the ability to operate as a going concern. In this regard, it should be noted that the assessments carried out by CDP and the Group companies have not revealed situations in which the Russia-Ukraine conflict has raised doubts about the validity of the going concern basis and the ability of the companies to continue to operate as a going concern.

Russia's military intervention in Ukraine represented an unexpected shock that further exacerbated the European economic scenario, already negatively affected by the consequences of the Covid-19 pandemic. In this context, it is important to stress that the high uncertainty regarding the duration and continuation of the conflict, the extent of the sanctions, the consequent climate of confidence and the resulting repercussions on the economic environment, make it very difficult to predict the effects of the conflict on the macroeconomic scenario in the long term, as well as the impacts on the operations and future performance of the CDP Group.

Considering the current context, there is still a need to constantly monitor its evolution.

Sweeping, coordinated sanctions have been imposed on Russia, Belarus, and the areas involved in the conflict not under the Ukrainian government's control. Their aims include: (i) eroding the industrial base, (ii) preventing the wealth of the Russian elite from being hidden in safe havens in Europe, (iii) targeting the oil sector and preventing Russia from upgrading its oil refineries, and (iv) cutting off Russia's access to the world's most important financial markets. The two heaviest measures are in the financial sector: the ban of some of Russia's most important banks from the swift international payment system and the freezing of the Russian Central Bank's foreign currency reserves, held, for the most part, in China, France, Japan and Germany (exposure to the USA is limited).

With regard to the Parent Company's loan portfolio, CDP's direct exposure to counterparties in Russia, Belarus, Ukraine or other Eastern European countries potentially affected by the crisis is very small and, where present, largely guaranteed by SACE.

In the medium term, on the other hand, the impact of the current crisis on growth and inflation is likely to have a significant negative fallout on various sectors of the economy, with an adverse impact on both equity and the loan portfolio, across all sectors.

With regard to CDP Group companies, the following is highlighted:
- CDP Real Asset SGR, despite highlighting difficulties in finding essential materials to start and continue operations at construction sites, such as steel, lumber and clay, compounded by a significant increase in the price of the materials available, did not record any impact on its economic activity, financial position and earnings. The Company is monitoring the situation, not being able to make forecasts on what the future impacts linked to the evolution of the conflict may be;
- CDP Immobiliare S.r.l. is significantly impacted by the direct increase in the price of raw materials from the countries involved in the conflict (iron, steel, minerals and chemicals, machinery) and indirectly by the increase in energy costs. These phenom-

ena have already impacted the Company's business, also given the volatility of raw material prices and, in general, costs in the construction sector. Careful monitoring is underway by the technical structures in charge of the Company's existing sites, for which negotiations were carried out with the contractors aimed at containing, albeit to a limited extent, the increase in construction costs, which in any case were significant. Lastly, the general uncertainty generated by the Russian-Ukrainian conflict prevents the material adjustments to the book values of assets and liabilities starting from the second half of 2020 to be fully recovered, although according to the independent experts, no conditions that would constitute "concrete uncertainty" in the preparation of the assessments are present, also in consideration of the market recovery and growth in turnover from the end of 2021;

- in the context of managing the activity of the EFIM Separate Asset Pool, Fintecna S.p.A. monitors the inflationary trends related to the conflict, which could possibly lead to an increase in the costs associated with remediation and disposal activities. Any impact related to these trends - currently not quantifiable - may be affected by the possible continuation of the conflict and the effects this will have on the general macroeconomic environment;
- with regard to SIMEST, in order to support Italian companies exporting to Ukraine, Russia and Belarus, two new products managed by SIMEST were introduced from the resources of the 394/81 Fund, operating respectively from July and September 2022. The measures, which also provide for a lost fund share of up to 40% under the Temporary Crisis Framework, are intended for companies exporting to the aforementioned countries that have suffered losses in turnover and for exporting companies that source from those same countries in terms of raw materials, semi-finished and finished products instrumental to the production cycle, with the aim of helping them to cope with the negative impacts deriving from the conflict;
- in the context of high uncertainty resulting from the repercussions of the conflict on the performance of the main macroeconomic market variables, SIMEST has initiated a series of activities to (i) analyse and quantify outstanding exposures, (ii) verify the sanctions and the possible effects on the portfolio, and (iii) adjust, from a prudential standpoint, underwriting criteria in the origination and monitoring/management phases with respect to the areas impacted by the conflict. SIMEST's equity investment portfolio connected with risk areas is marginal;
- in terms of credit risk, despite having estimated limited impacts, a more prudential provisioning policy was applied to mitigate the risk;
- similarly, in order to assess any indirect risks on its portfolio, the Company has begun collecting information on the counterparties in the portfolio, the evidence of which has shown limited impacts;
- CDP RETI S.p.A., as the holder of significant equity investments, is exposed to the risks typically associated with investee companies. It follows that, given its nature as a financial holding company, the performance and liquidity of the company are conditioned not only by the market values of its investee companies, but also by their ability to pay dividends (and by their dividend policies), which is in turn influenced by financial performance and profit or loss. At the current time, the issues related to the conflict have not impacted the estimation of recoverable amount (equal to the greater of Fair Value and Value in Use), also in consideration of the fact that the stock market prices of controlling interests in portfolios are significantly higher than book value. Any impact on the economic and financial situation of the investee companies resulting from the continuation of the conflict, could, however, have negative effects on the financial performance and profit or loss of CDP RETI. As regards the availability of funding sources and the related costs, the continued geopolitical tensions between Russia and Ukraine (and the interest rate fluctuations) led to persistently high market volatility that resulted in a limited deferral of issuance of the New Bond Loan from the first half of 2022 to October 2022. However, the increase in prices and the related rise in interest rates recorded in recent months did not affect the cost of the Term Loan subscribed in 2020 thanks to the interest rate swaps hedging derivative in place with the parent company CDP. Considering the maturity of the Bridge Loan scheduled for 25 May 2023 (subject to the possibility of extending its duration for a further 6 months), CDP RETI will carry out, in coordination with the competent CDP structures, the necessary assessments and in-depth studies in order to identify the best strategy for refinancing the amount still outstanding under the Bridge Loan;
- the Terna Group, aware of the alarming international geopolitical context, from the earliest phases of the Russian-Ukrainian crisis, promptly took action to monitor the possible impacts/risks, in light of the continuous evolution of geopolitical scenarios and the legislation in force on international sanctions programmes adopted following the start of the Russian-Ukrainian conflict. To this end, specific task forces have been set up in a timely manner to ensure both constant monitoring of sanctioning regulations and the strengthening of due diligence and ordinary controls. The areas of potential impact according to which constant monitoring groups have been activated are:
  - cyber security: through continuous Info sharing with Institutional Bodies and to the priority flows activated with Cyber Threat Intelligence providers, rules and digital signatures have been implemented on the Terna group's cyber protection systems with

the aim of preventing any harmful actions. All checks relating to the absence of cyber security products and services linked to the Russian Federation have also been carried out with positive results, and a project has been launched to further raise the level of cyber security relating to the data flow required for monitoring the defence systems active on the Ukrainian network;
  - economic and financial: on this front, the current crisis has led to significant fluctuations in some macroeconomic variables. On the basis of the current regulation of the Terna group, which provides for the indexation of the operating costs recognised in the tariff and of the Regulatory Asset Base - RAB (the latter is revalued on the basis of the evolution of the investment deflator), no negative economic impacts are expected from the increase in the price index, although a significant change in the macroeconomic parameters (interest rates, inflation, performance of the Italian governments and indices relating to the cost of the European debt) could cause a change in the cost of the capital recognised in the tariff, to offset the impacts generated by the variables themselves;
  - electrical system: current evidence shows no impact on the adequacy of this system. The Italian Government and the Gas Emergency Committee are currently carrying out some assessments in order to establish the prospect of managing a possible significant reduction in gas supplies; to this end, it should be noted that the Terna group's transition objectives are consistent with the European strategy of gradually achieving independence from Russian gas supplies;
  - procurement plan: as a result of international sanctions, the Terna group has suspended the qualification of only one Russian supplier, now definitely expired, mitigating the effect of this action through the greater use of other available contracts. Recovery and repositioning actions were carried out on line supplies, station equipment and power machinery. With regard to the procurement of metal sub-supplies, which are affected by price changes, the most important events were addressed. With regard to large projects, whose service agreements for stations will be performed shortly, discussed during the tender phase, etc., there is a potential impact deriving from the uncertainty on the increase in commodity prices and any requests for extension of construction times due to force majeure;
- with regard to the Snam group, it should be noted that:
  - as part of the business of designing and building biomethane plants, the conflict generated difficulties in finding raw materials (in particular construction materials for IES Biogas), with a simultaneous increase in prices and an extension of delivery times. Biomethane plants are not currently experiencing substantial impacts, although the continuation of the conflict in 2023 could have repercussions that cannot currently be determined;
  - with reference to the Energy Efficiency business, the generalised increase in the costs of raw materials has not led to significant economic effects since, in general, the contracts signed with customers include specific indexation clauses that protect companies from price escalation. Nevertheless, there was a slight slowdown in collection times due to the aforementioned increase in costs, albeit with minimal impact. However, if this situation continues in the coming months, it could lead to more significant indirect effects on the working capital and cash flows of the Snam group companies;
  - with regard to the Sustainable Mobility business, the production and marketing activities of compressors were affected by the Russia-Ukraine conflict as, during the first half of 2022, there were significant difficulties in procuring the main raw materials used in the production phase, mainly stainless steel and components for integrated boards, due to delays in the supply chain. However, in the second half of the year, there was a resumption of orders for the supply of compressors;
  - with reference to refuelling station business, the significant increase in natural gas prices has led to a lower growth in consumption and therefore gas supply by stations;
  - within the Transport, Regasification and Storage business, no direct impact from the Russia-Ukraine conflict has been identified to date. With reference to the indirect impacts, it should be noted that the Snam group has committed to undertaking a series of actions aimed at achieving the storage filling targets set by the Ministry of the Environment and Energy Security, as well as allowing greater diversification of supply sources.

  It should be noted that Snam is not active in the Russian market and does not hold any equity investments in Russian companies, not even in joint-ventures. With regard to several foreign investee companies, given a significantly changing operating context, the continuation of the conflict has led to a significant reduction in gas flows from Russia during 2022, with a consequent reduction in imported volumes. During 2022, the Snam group used its interconnection points with Germany to ensure the security of supply in Austria and, at the same time, achieve the national storage filling target. In addition, the company has long-term transport capacity contracts in place. With regard to the Italian investee companies, no direct impacts from the Russia-Ukraine conflict were identified. Finally, there was a significant and general increase in the interest rates used to estimate the recoverable amount as part of the impairment tests;
- the Italgas group does not have any production activities or employees located in Russia, Ukraine or in countries geo-politically aligned with Russia, nor does it have any commercial and/or financial relationships with these countries. The Italgas group con-

tinues not to detect any materially relevant restrictions on executing financial transactions through the banking system, also as a result of Russia's exclusion from the international SWIFT payment system. However, in a market already characterised by restrictions and slowdowns in the supply chain, especially regarding components, it cannot be ruled out that the political and economic tension caused by the conflict could exacerbate these difficulties and have implications, in a way that cannot yet be estimated or predicted, on the effectiveness and timeliness of the Italgas group's procurement ability. In particular, following a survey of a significant part of its suppliers, it was found that none of the suppliers surveyed mentioned impacts with the Russian market (while only one supplier reported sub-supplies of Ukrainian origin, for which initiatives have been taken to seek alternatives).
At the same time, the survey confirmed the growing critical importance of the supply of electronics and components related to steel, in terms of prices, delivery terms and availability. The subsequent increase in utility costs is creating price tensions; at the moment there are no significant production critical issues in the energy/commodities markets. With regard to indirect risks related to sales companies using the networks of the Italgas group, should they suffer, in a deteriorated international scenario, from adverse commodity supply conditions, it should be noted that the rules for user access to the gas distribution service are established by ARERA and regulated in the Network Code, which defines the system of financial guarantees in place to protect the distributor.
With reference to the tensions in the financial markets, Italgas continues to be only marginally exposed to the exchange rate risk and, in any case, only to the US dollar currency;

- the Fincantieri group has no current activities or investments in Russia and Ukraine, nor financing relationship with companies or financial institutions operating in those countries.
The Fincantieri group has limited business relations with Russian customers for specific niches of services and products. In the first months of the year, these contracts developed business volumes of non-significant amount. Receivables from Russian customers are also limited.
With reference to the effects of the price increases, the Fincantieri group continues to implement hedging policies on the purchase of copper, gas and electricity, as well as marine fuel, and is constantly implementing the risk mitigation plan, already launched in the early days of the conflict, related to the supply of strategic materials such as steel, in part from Ukraine. The plan includes strategies to diversity suppliers, also by scouting for new international partners. It should be noted that the whole-life cost estimates of the orders in the portfolio have been updated to reflect current expected price levels of raw material, with a significant impact on margins and on profit/loss for the period.
With regard to the effects of inflation and the related increase in interest rates, these were considered impairment indicators, which made it necessary to carry out the impairment test on all the CGUs of the Fincantieri group. In terms of the CGUs containing goodwill, the impairment tests carried out did not lead to the recognition of impairment losses. It should be noted that the rise in interest rates recorded in 2022 has only partially affected the cost of new loans thanks to the pre-hedging strategy pursued by the Fincantieri group by negotiating interest rate swaps;
- the Ansaldo Energia group continues to monitor the potential impacts on the energy market and identifying potential countermeasures, pursuing commercial channels with less impacted areas and possible stepping up of cost containment actions and cash optimisation opportunities.
There were no significant direct losses on the activities carried out by the subsidiary Ansaldo Energia Russia operating in the local service market. Supplies for maintenance contracts did not fall under the activities subject to sanctions. The main indirect impacts resulting from the conflict that emerged in 2022 are the following: (i) availability of materials, delays in deliveries and increase in the prices of raw materials; (ii) tension on the gas market due to price uncertainty and future availability of gas.
The general macroeconomic context and the Russian-Ukrainian conflict, in particular, required a revision of the 2023-2027 Business Plan, from which business continuity issues also emerged, related to non-compliance with financial covenants that will require further analysis on debt restructuring and which could highlight a credit risk linked to the guarantees currently in place and the future need for their disbursement. Such risk is included in the business continuity analysis.
In addition, calculation of the ECL was updated with regard to equity investments, trade receivables, guarantees issued and cash and cash equivalents, without identifying any significant impacts in the determination of impairment of the assets, related to the type of trade receivables, customers and financial institutions with which the Ansaldo Energia group works.
An analysis of credit risk related to the existing guarantees payable was also carried out, mainly linked to the performance risks on active contracts, and the future need for the provision of bank and insurance guarantees on newly acquired contracts.
Charges relating to contract guarantees are accounted for in the operating margin of the sales orders and estimated in the full-cycle planning of the economic and financial budget of the orders.

IMPAIRMENT OF ASSETS

Given the uncertainty generated by Russia's invasion of Ukraine, the company continued to pay particular attention to the effects of the geopolitical situation on the context in which the CDP Group operates, in testing for trigger events for non-financial assets.

The lack of certainty arising from the complexity of predicting the short- and medium-term impacts of the war significantly increases the complexity and uncertainty of the estimates made, given that the underlying assumptions and conditions might be subject to further review, to take into account developments outside management's control, thus resulting in unexpected and unforeseeable impacts.

The determination of the recoverable amount of an asset, in view of the current situation of uncertainty, requires a careful assessment of cash flow projections with the possibility of considering different scenarios, the weighting of which should be calibrated based on reasonable, sustainable and realistic estimates and assumptions.

For this reason, taking into account this unique moment in time characterised, among other things, by geopolitical instability, with reference to the estimated recoverable amount of equity investments, CDP has adopted a range of key principles, including:

- a period of analysis of the rates to estimate the risk-free rate in line with a time horizon that allows the relevant market developments to be appreciated in light of the monetary policy decisions made by the central banks (e.g. recent increase in rates)[76];
- use of an Equity Risk Premium "consensus" in line with the average of the latest values available and a period of analysis of the market parameters (e.g. beta) that is such to mitigate and normalise any contingent factors in view of the medium/long-term perspective of the underlying cash flows;
- use of the average of the latest Country Risk Premiums instead of the latest available, only where deemed to be more significant.

In addition, CDP has conducted a sensitivity analysis, where deemed relevant, against the main variables that determine the subject asset's value, including for example:

- the price of oil (i.e. Brent) for companies operating mainly in the Oil & Gas sector, also in order to take into account any climate risks inherent in the business;
- the cost of capital, the margins and the long-term growth rate, if applicable, based on the value estimation method used.

For further information please refer to the more detailed description in the specific sections of the Notes to the Consolidated financial statements.

With regard to specific features of the CDP Group companies, the following is highlighted:

- CDP Equity has suffered the effects of the continued Russian-Ukrainian conflict indirectly, mainly due to the increase in the cost of raw materials, such as energy, metals and agricultural goods, and the delays in their procurement, with direct inflationary consequences. The Company has therefore paid particular attention to the dynamics and variables that characterise the current scenario, due to the impacts on financial markets and the international real economy, factoring the effects of the aforementioned events in the valuation of the equity portfolio, based on the specific characteristics of the portfolio;
- the impairment tests on the equity investments for which indicators emerged were carried out considering valuation parameters that incorporated the elements of uncertainty described above, while simultaneously acquiring updated financial information from the investee companies;
- against a background of significant uncertainties about the outcome and duration of the conflict, with actions already taken by some states that will lead to Europe's gradual independence from Russian gas, the Snam group has noted a significant and general increase in the interest rates used to estimate the recoverable amount as part of the impairment tests and has estimated the recoverable amount of the equity investment in TAG based on a multi-scenario approach, attributing a probability of occurrence to each of the scenarios considered. Multiplying the value in use emerging from each of the scenarios considered by the probability of occurrence assigned to them, the recoverable amount was thus calculated, which led to a significant impairment of the equity investment.

[76] This principle also applies if the country risk has been estimated directly through the yield of the government bond of the country of reference for the company.

- the Ansaldo Energia group has carried out and formalised an assessment to analyse recoverability, through an impairment test on the other assets. This analysis considered the economic and financial effects related to the macroeconomic scenario included in the revised 2023-2027 Business Plan, and highlighted indicators of impairment.

The increase in interest rates and the associated uncertainty affected the discount rates used in impairment tests. The tests showed significant impacts, leading to a reduction in the assets of the Ansaldo group.

ADDITIONAL DISCLOSURE APPLICABLE TO THE ANNUAL FINANCIAL REPORT

With regard to the additional areas of focus indicated by ESMA as potentially subject to any impacts related to Russia's invasion of Ukraine (such as deferred tax assets (IAS 12), fair value measurement (IFRS 13), foreign currency transactions (IAS 21), contingent liabilities (IAS 37), insurance contract liabilities (IFRS 4), there are no critical issues or impacts for CDP or for Group companies.

It should also be noted that there are no impacts for CDP and the Group companies on their ability to exercise their governance rights and their ability to participate in the decision-making processes of a subsidiary, associate or jointly controlled company, as well as the decision to dispose of an asset or group of assets (with the consequent classification of the same as available for sale).

DISCLOSURE OF IMPACTS OF THE MACROECONOMIC ENVIRONMENT

In the current context, financial markets and the global real economy are highly impacted by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments.

Indeed, during 2022, the macroeconomic scenario was strongly characterised by the discontinuity of global geopolitical and macroeconomic scenarios, especially following Russia's invasion of Ukraine. In particular, there was an increase in the volatility of the commodities and energy markets, especially for product categories whose production is concentrated in the areas affected by the conflict, also due to the suspension of energy supplies from Russia. This volatility helped fuel inflationary pressure and rising interest rates.

In order to cope with a severe inflationary environment, in 2022, the major central banks embarked on a significant process of normalisation of monetary policy with substantial and repeated hikes in the benchmark interest rate; in the Eurozone, the ECB began this process in July 2022.

In recent months, volatility in the commodity and energy markets has eased, with an essential stabilising of prices at levels higher than pre-pandemic levels.

In this context, characterised by uncertainty, high inflation and deterioration in the confidence of households and companies, the trend in GDP lost momentum during the year, having been able to rely less and less on the expansionary impulse deriving from the scaling back of measures to combat the pandemic.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context – Macroeconomic scenario" section of the Report on Operations), CDP and the Group Companies were required to assess and reflect the impacts that this context and the related uncertainties may have on its financial statements and its operations.

With regard to the specificities of the CDP Group companies, the following information is provided:

- For CDP Real Asset SGR, the current macroeconomic scenario has not generated risks other than those reported, as these types of events are considered within the risks already assessed and monitored; in particular, the key risk areas are:
  - counterparty risks due to the possible increase in the financial difficulties of tenants of the properties;
  - liquidity risks due to greater difficulties in raising capital from third party investors or credit institutions as a result of higher interest rates;

  - other risks such as but not limited to: delays or interruptions in the execution of works contracted on the real estate portfolio of funds managed as a result of supply difficulties, impossibility of carrying out real estate divestment operations due to market illiquidity.

  With specific reference to the managed real estate portfolio, the potential impacts were reflected in two areas:
  - sites in progress to be launched (e.g., increase in costs of raw materials, deferral of timing with respect to the current schedules): the increase in the cost of materials is closely monitored by the asset management company, also with regard to the potential impacts on the valuation of assets in the short term;
  - sales processes (e.g., slowdown): with regard to disposals, there is greater uncertainty on the time for completing transactions and a slowdown by Public Administration in the urban administrative procedures under way to finalise the urban planning, authorisation and agreement signing procedures;
- for CDP Immobiliare, the widespread stagnation of the production and extraction activities that characterised the pandemic year 2020, together with the subsequent economic recovery, has led to an excess of demand for building materials. As already highlighted at the end of 2021 and confirmed in 2022, these factors have resulted in scarcity and an associated increase in the cost of raw materials in construction sites, with an inflationary phenomenon that seems destined to continue for some time;
- these events have already impacted CDP Immobiliare's business, given the volatility of commodity prices and, in general, costs in the construction sector. Careful monitoring is therefore underway by the technical structures in charge of the existing sites, for which negotiations were carried out with the contractors aimed at containing, albeit to a limited extent, the increase in construction costs, which in any case were significant;
- for Fintecna S.p.A. it should be noted that, despite the overall current macroeconomic scenario that does not indicate particularly critical profiles: (i) the current inflationary scenarios could negatively impact the operating activities of the Separate Assets with higher management costs, reflected in the fair value valuations of these investments and (ii) vice versa, the increase in interest rates provides positive prospects in terms of reuse of available liquidity;
- with regard to SIMEST, with reference to the country's commitment to the NRRP, all the objectives envisaged for the technological, social and economic advancement of the Italian productive fabric were finalised in 2022. SIMEST has further consolidated its commitment to supporting the restart and/or relaunch of the country's productive sector by granting loans for the capitalisation of businesses and managing public funds (i.e. 394/81 Fund) to support small and medium-sized enterprises engaged in export and international expansion activities;
- the context of reference also confirms for SIMEST certain potential impacts in terms of: (i) credit risk due to the possible deterioration of creditworthiness (worsening of the rating/growth in expected defaults) and the related provisions; (ii) economic and financial risks (linked to budget reviews, forecasts, new lending, risk provisions, impairment) and; (iii) fraud, anti-money laundering and reputational risks, also linked to the public resources managed;
- for the Terna group, there are no risks of higher contract prices due to the strong inflationary environment and higher costs due to rising prices of materials, energy and wages and the risk that issuers may be unable to reflect these increases in the prices of their goods and services, as the price revisions granted by law are covered by tariff updates, which provide for an adjustment to inflation;
- for the Snam group, the rise in benchmark interest rates has led to a significant increase in the interest rates used to estimate the recoverable amount as part of the impairment tests;
- for the Italgas group, the most significant part of group revenues regards regulated activities, whose income is governed by the regulatory framework defined by the Regulatory Authority. Therefore, the financial conditions of the services provided are defined through regulatory frameworks and not by negotiation; it should be noted that the impacts deriving from the worsening macroeconomic context have not resulted in significant effects on Italgas' financial instruments and that there were no significant costs incurred for the fulfilment of a contract;
- for the Ansaldo Energia group, the revision of the 2023-2027 Business Plan was necessary (including a reduction in revenues compared to the previous Plan, due to a downward market forecast and a reduction in EBITDA over the term of the plan, mainly due to product cost and price dynamics in a highly competitive context), due to persistence of the pandemic and to the geopolitical scenarios created following the Russia-Ukraine conflict, which strongly impacted the activity and margins of the period.

  Similarly, the implications of the macroeconomic scenario and the pandemic were considered in estimating the total costs of the projects, making it necessary to evaluate the possible exclusion of some pandemic-related costs from the progress of the projects.

  In this context, the Ansaldo Energia group had to review and update the risks of possible direct and indirect impacts of Covid-19 and of the more general macroeconomic context by including in its sales order assessments the effects of the aforementioned slowdown in the supply of specific materials, and by updating those deriving from the inflationary dynamics that started to be recorded from the second half of 2021 and increased in 2022, also considering their expected further growth and applying them to the entire life of the contracts. Given this macroeconomic scenario, characterised by high inflation, rising interest rates, slowing markets and geopolitical risks, the impacts are significant and relevant for the analysis of the going concern assumption.

IMPAIRMENT TEST

Equity investments

Rising interest rates and the associated uncertainty can affect the discount rates used in impairment testing, potentially lowering recoverable amounts significantly and triggering, as a consequence, impairment indicators.

With reference to the estimated recoverable amount of the equity investments and other assets, as defined in the section on disclosure of the potential impacts of the Russia-Ukraine conflict, the Company considers a range of factors also relating to the unique circumstances characterised, among other things, by the instability of financial markets and the international real economy.

Specifically, at 31 December 2022, impairment triggers were activated on some of the key equity investments accounted for using the equity method (ENI, Poste Italiane, Open Fiber Holdings, Saipem, Webuild and Nexi), essentially for the actual results and/or the performance of market prices.

With reference to the estimated recoverable amount of the equity investments, to be understood as the higher of their fair value less costs to sell and their value in use, CDP has adopted a range of key principles, taking also into account this unique moment in time, impacted by a combination of factors linked to the residual effects of the Covid-19 pandemic, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates, general deterioration of the economic climate, geopolitical risks and the uncertainties on future development, the guidance consequently issued by national and international regulators as well as the guidelines issued by industry bodies. In this regard, the assumptions and the valuation parameters adopted to determine the recoverable amount included, where potentially relevant, factors concerning the updated macroeconomic framework. The key general principles used are as follows:

- a period of analysis of the rates to estimate the risk-free rate in line with a time horizon that allows the relevant market developments to be appreciated in light of the monetary policy decisions made by the central banks (e.g. recent increase in rates)[77];
- use of an Equity Risk Premium "consensus" in line with the average of the latest values available and a period of analysis of the market parameters (e.g. beta) that is such to mitigate and normalise any contingent factors in view of the medium/long-term perspective of the underlying cash flows;
- use of the average of the latest Country Risk Premiums instead of the latest available, only where deemed to be more significant.

In addition, CDP has conducted a sensitivity analysis, where deemed relevant, against the main variables that determine the subject asset's value, including for example:

- the price of oil (i.e. Brent) for companies operating mainly in the Oil & Gas sector, also in order to take into account any climate risks inherent in the business;
- the cost of capital, the margins and the long-term growth rate, if applicable, based on the value estimation method used.

Goodwill

Goodwill arising from the acquisition of subsidiaries is allocated to each identified "cash generating unit" (CGU). Within the CDP Group, CGUs correspond to the individual investee companies. As an intangible asset having an indefinite useful life, goodwill is not amortised but tested only for the recoverability of its carrying amount. An impairment test is performed annually on goodwill, or whenever there is evidence of impairment. This involves comparing the carrying amount of the CGU, including goodwill, and the recoverable amount of said CGU. If the value of the CGU is higher than its recoverable amount, the difference is recognised in the income statement first reducing goodwill until it reaches zero.

77 This principle also applies if the country risk has been estimated directly through the yield of the government bond of the country of reference for the company.

At each reporting date, the CDP Group conducts an assessment to detect the presence of indicators of impairment under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments, as well as the difficulties related to the current reference scenario, with a combination of factors linked to the residual impacts of the Covid-19 pandemic, the effects of the Russian-Ukrainian conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, cash flows from the CGUs, also due to the increased uncertainty in the assumptions and parameters at the basis of the CGU analyses.

For further information please refer to the more detailed description in the specific sections of the Notes to the Consolidated financial statements.

With regard to specific features of the CDP Group companies, the following is highlighted:

- for CDP Equity, the equity portfolio was resilient overall, with critical situations mainly affecting those investees that, operating on a contract basis, have suffered an increase in the costs of production factors, such as raw materials and energy, with a consequent deterioration in margins, as well as for those companies operating in the energy sector, and specifically in the gas sector, which have suffered a decrease in orders. On the other hand, the ECB's measures have had a major impact on the valuations of companies operating in high-growth sectors, such as the digital sector;
- the Fincantieri group has considered the effects of inflation and the related increase in interest rates as indicators of impairment and, therefore, decided to carry out the impairment test on all the CGUs;
- the Ansaldo Energia group has carried out and formalised an assessment to analyse recoverability, through an impairment test on the other assets. This analysis considered the economic and financial effects related to the macroeconomic scenario included in the revised 2023-2027 Business Plan, and highlighted impairment indicators. The increase in interest rates and the related uncertainty affected the discount rates used in impairment tests. Considering the above, the tests showed significant impacts, leading to a reduction in the group's assets;
- for Group companies operating in regulated businesses (Italgas group, Snam group, Terna group), the recoverable amount of property, plant and equipment and intangible assets with finite useful life belonging to the RAB (Regulated Asset Base) and the analysis of estimated future cash flows generated by these assets has shown that the macroeconomic effects, including those resulting from the outbreak of the Russian-Ukrainian conflict, have not given rise to impacts constituting trigger events that required the group to test for impairment. The RAB is calculated based on the rules defined by the competent regulatory authority in order to determine the benchmark revenues. Specifically, for the Terna group, the same conclusions also apply to the recoverable amount of investments accounted for using the equity method, referring to companies for which the above-mentioned impacts are expected to be marginally contained.

FINANCIAL INSTRUMENTS

There were no impacts on financial instruments as a result of the worsening macroeconomic environment.

In this respect, note that in measuring Expected Credit Losses, CDP applies the internally-developed methodology, which envisages:

- a reliable estimate of through-the-cycle probability of default, which incorporates not only historical data but also forward-looking information to ensure the reliability of the estimates even in situations of serious crisis, across the entire life of the financial instruments;
- an internal model for estimating the cyclical component of probability of default, to produce forward-looking estimates of point-in-time parameters.

The model applied to estimate the cyclical component is based on the main macroeconomic drivers including GDP and employment rate forecasts, with reference to the Eurozone and the USA. The quantitative model adopted internally has not changed and, in particular, no sector-based adjustments were made since it was deemed that alternative methods would not be more reliable in the current phase and might, at least potentially, introduce higher risks of arbitrariness. Although the effects of the changing economic framework have largely yet to be seen on counterparties in portfolio, CDP considered it necessary to continue applying the management overlay (introduced for the 2021 financial statements) for quantifying ECL, aimed at compensating for the effect of falling point-in-time default probabilities which would otherwise result from the trends in the macroeconomic and credit indicators observed in the model.

With regard to the specificities of the CDP Group companies, the following is highlighted:

- the Ansaldo Energia group carried a specific analysis on the impact of the macroeconomic scenario on the classification of financial instruments. The reference business model of the same is unchanged. The effects related to the macroeconomic environment contributed to the non-compliance of some financial covenants; in view of the aforementioned breaches, discussions were initiated with the majority shareholder and the financial institutions for the implementation of a financial measure necessary to restore the group's economic and financial balance. Ansaldo Energia updated the calculation of the ECL in accordance with IFRS 9, with regard to equity investments, trade receivables, guarantees issued and cash and cash equivalents, without identifying any significant impacts in the determination of impairment of the assets, related to the type of trade receivables, customers and financial institutions for which the Ansaldo Energia group works. An analysis of credit risk related to the existing guarantees was also carried out, mainly linked to the performance risks on active contracts, and the future need for the provision of bank and insurance guarantees on newly acquired contracts.

* * *

In relation to the above, note that the estimates also considered stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of markets. The evaluations were made using forecast data. Such forecasts are, by their nature, random and uncertain in that they are sensitive to changes in macroeconomic variables and to events outside the company's control. They are also based on a set of assumptions linked to future events and actions of management, which may not necessarily happen. In view of the uncertainty surrounding any future event - both as regards the actual occurrence of the event and in terms of when and to what extent it may happen - the differences between actual values and estimated values might be significant, even if the events at the basis of the forecast assumptions were to occur. This limit is even more pronounced in the current situation of uncertainty.

It is therefore necessary to reiterate the ongoing uncertainty arising from the instability of the current framework, which makes it difficult to predict the associated short-term and medium-term impacts. This significantly increases the complexity and uncertainty of the estimates made, whose results are described in the specific sections referred to, given that the underlying assumptions and conditions might be subject to further review, to take into account developments outside the management's control, thus resulting in unexpected and unforeseeable impacts. Thus, there is still a need to constantly monitor the evolution of these elements in the current context.

EMPLOYEE BENEFITS

The actuarial assumptions used, based on IAS 19, reflect the current economic outlook and are consistent with the current scenario.

CDP and the Group companies did not identify any legal obligations to employees relating economic prospects for which a liability could be recognised on the basis of IAS 19.

REVENUES FROM CONTRACTS WITH CUSTOMERS

With regard to the reference context, which may have called for specific considerations to be made with regard to capitalisation of the costs incurred for the fulfilment of a contract, dictated by the possibility of difficult recovery of costs deriving from the increase in the prices of raw materials and energy and salary increases, the following is highlighted:

- for the Ansaldo Energia group, with regard to the revenues deriving from contracts with customers, following the changing market conditions and the Covid-19 crisis, a review of the 2023-2027 Plan reflects the agreements between the parties, which could modify certain contractual aspects related to the object or price of transactions.
- the increase in the costs of transport, logistics and commodities resulting from the economic recovery and aggravated by rising inflation has also strongly impacted the profitability of orders.

TAX CREDITS CONNECTED WITH THE "CURA ITALIA" AND "RILANCIO" DECREE LAWS ACQUIRED FOLLOWING THE SALE WITHOUT RECOURSE BY PREVIOUS BUYERS

Decree Laws no. 18/2020 ("Cura Italia Decree") and no. 34/2020 ("Rilancio Decree"), hereinafter also referred to as the "Decrees", introduced into Italian law tax incentives for investment expenditure (e.g. eco bonus and earthquake bonus) and current expenditure (e.g. rents for non-residential premises). These tax incentives are available to households or businesses, are proportionate to a percentage of the expenditure incurred (in some cases up to 110%) and are granted in the form of tax credits or tax deductions (optionally convertible into tax credits). For the eco bonus and earthquake bonus, as well as other building subsidies, the incentive can also take the form of a discount on the price to be paid to the supplier, who in exchange receives a tax credit. Most of the tax credits granted through these incentive schemes are transferable to third-party purchasers, subject to the legal conditions in force, who can use those credits in compliance with specific rules. Indeed, since these tax credits are a form of subsidy, for which, unlike tax credits resulting from overpaid tax, their use is defined by the legislation introducing them.

Specifically, the holders of these credits may use them to offset taxes and contributions, at the same time intervals applying to the original beneficiary, or they may transfer them on to third parties (in whole or in part, in compliance with the legal restrictions in force). None of these credits are reimbursable (in whole or in part) directly by the State. In addition, depending on the case, the tax credits can be used for offsetting purposes (e.g., in 5 or 10 annual instalments), with no possibility of carrying forward or claiming a refund for the portion not offset in the reference year due to insufficient taxable income.

From an operational point of view, two business lines were mainly developed:

1. Cash advance for medium-sized and large enterprises: short-term financing for SMEs – managed directly through CDP's relationship managers and with the support of internal units – to meet the financial needs for the start-up of projects qualifying for the tax benefits provided by the Rilancio Decree. This credit line, sized according to the contracts acquired and the beneficiary company's credit rating, can also be repaid by transferring tax credits.
2. Direct transfer of tax credits for enterprises (including SMEs): with particular reference to SMEs, the purchase of tax credits – managed indirectly through a digital platform and with the support of financial intermediaries (banks and supervised credit consortia (Confidi) pursuant to Article 106 of the Consolidated Law on Banking) and leading qualified technical advisors – to meet the need to sell tax credits accrued on building renovation works and energy efficiency measures and recover the related cash quickly compared to the terms provided by the relevant legislation. This is the main activity that has increased significantly more than expected.

Operations under the aforementioned two business lines were largely negligible in 2022, limited to around 120 applications for a total nominal value of 20 million euro, relating to the completion of assessments started in the past and closed by December 2021.

At 31 December 2022, aggregate total credits acquired amounted to a nominal value of approximately 401 million euro, in relation to 1200 applications.

With regard to the direct transfer of tax credits for enterprises (including SMEs), in December 2021 and January 2022, CDP – together with other transferees – was subject to three emergency preventive seizures of certain tax credits acquired for a total nominal value of about 87.8 million euro. CDP promptly filed applications for review with the relevant courts, obtaining: (i) 2 orders for the release of tax credits for a total nominal value of about 83.1 million euro, and (ii) 1 order confirming seizure, later upheld by the Court of Cassation, for a nominal value of around 4.7 million euro.

With regard to the method of accounting for tax credits, CDP applies the provisions of the joint Bank of Italy/Consob/Ivass document no. 9[78] concerning the *"Accounting treatment of tax credits connected with the "Cura Italia" and "Rilancio" Decree Laws acquired following their transfer by the direct beneficiaries or previous buyers"*.

The specific characteristics of these tax credits are such that they do not fall within the scope of IAS/IFRS. Therefore, paragraph 10 of IAS 8 applies; this provision requires management to establish an accounting policy resulting in relevant and reliable information. In accordance with Document no. 9 published jointly by the Bank of Italy, Consob and Ivass on 5 January 2021, an accounting model

[78] "Coordination task force between Bank of Italy, Consob and Ivass on the application of IAS/IFRS"

based on IFRS 9 is deemed to be the most appropriate approach to provide a disclosure that meets these requirements.

Therefore, upon initial recognition, tax credits are recognised in the balance sheet under “Other assets” at a value equal to the purchase price assumed to represent a Level-3 fair value under the IFRS 13 fair value hierarchy. At the time of subsequent valuation, since the provisions of IFRS 9 relating to the HTC business model apply, the credits are measured at amortised cost with interest calculated on the basis of the internal rate of return under “Interest income and similar income”.

These credits are measured considering the utilisation flows through the estimated future offsetting; however, the accounting framework provided by IFRS 9 for the calculation of expected losses is not applicable to this specific case, i.e. ECL is not calculated on these tax credits, as there is no counterparty credit risk, taking into account that the credit is realised through offsetting against payables and not through collection.

Adjustments relating merely to deferral or advance in the estimates of offsetting against tax liabilities are recognised under “Interest and similar income”, while any value adjustments (up or down) relating to the total or partial non-use of tax credits are recognised under “Other operating income (costs)”.

In consideration of the ongoing developments in the regulatory framework, concerning practices and legal references that are not unequivocal, specific due diligence was conducted in addition to the work carried out as part of assessment processes for the acquisition of tax credits.

As a result of due diligence activities, value adjustments totalling approximately 141 million euro were recorded for the write-off of: (i) credits subject to by seizure/release orders and (ii) credits for which evidence able to confirm their validity and existence were not found by due diligence, as at the reporting date of these financial statements.

At 31 December 2022, the carrying amount of tax credit acquired, net of drawings and write-downs, totalled 199 million euro.

With regard to this disclosure, it should be noted that at 31 December 2022 this operation was carried out only by the Parent Company.

A.2 - THE MAIN FINANCIAL STATEMENT ITEMS

The consolidated financial statements of the CDP Group as of and for the year ended 31 December 2022 have been prepared by applying the same accounting policies as those used for preparation of the consolidated financial statements for the previous financial year, except for the amendments endorsed and in force with effect from the financial year 2022, as described in Section 5 – Other issues, A.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing these consolidated financial statements.

1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The item "Financial assets measured at fair value through profit or loss" includes:

a) "Financial assets held for trading" including debt securities, equities, loans, units of UCIs included in an Other/Trading Business Model, and also derivatives not designated as hedging instruments;
b) "Financial assets designated at fair value" including debt securities and loans, measured at profit and loss in accordance with IFRS 9 (i.e. the fair value option), which allows a financial asset to be irrevocably measured through profit or loss if, and only if, this will eliminate or significantly reduce an accounting mismatch;
c) "Other financial assets mandatorily measured at fair value" including debt securities, equity securities, units of UCIs and loans, i.e. those assets other than those measured at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income or which are not held for trading. They are substantially represented by those financial assets whose contractual terms provide for periodic flows that are not represented by solely payments of principal and interests (thus characterised by the failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio measured at amortised cost or at fair value through other comprehensive income.

Financial assets held for trading, as indicated, include financial derivatives not designated as hedging instruments, operational hedging derivatives, as well as embedded derivatives in complex financial contracts, whose host contract is a financial liability, which were recognised separately because:

- the financial characteristics and risks are not closely related to the characteristics of the underlying contract;
- the embedded instruments, even when separated, meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

Operational hedging derivatives are those derivatives which are not part of effective hedge accounting but are held to meet operational hedging requirements where the company aims to align the measurement criterion with respect to the assets and/or liabilities associated with them.

As with all financial assets held for trading, the fair value of which can be both positive and negative, derivatives are classified among Financial assets held for trading if their fair value is positive and among Financial liabilities held for trading if their fair value is negative.

Other financial assets mandatorily measured at fair value also include units of UCIs subscribed by Group companies with the aim of implementing initiatives geared to supporting the economy in the long term. Given the nature of these initiatives, these financial assets are held within a Held to Collect business model, but because of their structure and also in accordance with the clarifications provided by the IFRIC, their contractual terms do not enable them to pass the SPPI test.

Financial assets measured at fair value through profit or loss are initially recognised on the trade date for derivative contracts, at the settlement date for debt securities, equities, and units of UCIs, and at the disbursement date for loans. An exception is represented by those securities whose delivery is not governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which generally equals the transaction price, net of transaction costs or income that are immediately recognised through profit or loss.

Subsequent measurement is at fair value, with recognition of the measurement results: (i) in the item "Profits (losses) on trading activities" in the income statement in relation to financial assets held for trading, including those relating to derivatives associated with the fair value option and (ii) in the item "Profits (losses) on financial assets and liabilities measured at fair value through profit or loss" as regards other types. The fair value is determined based on the official prices as of the reporting date if the financial instruments are listed on active markets. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivative instruments not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the afore-mentioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

The interest arising from debt securities and loans classified as Financial assets measured at fair value through profit or loss are included in interest income and similar income, an item that also includes gains and losses and margins of operational hedging derivatives. The gains and losses and margins of trading derivatives are included in the "Profits (losses) on trading activities". Dividends and similar revenues of equity instruments classified among the "Financial assets measured at fair value through profit or loss" (including revenue from units of UCIs) are included in the item "Dividends and similar revenues".

Reclassifications to other categories of financial assets are not permitted, unless, as regards financial assets held for trading, the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through profit or loss are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

The item "Financial assets measured at fair value through other comprehensive income" includes financial assets represented by debt securities and loans that meet both of the following conditions:

- the financial asset is held within a Business Model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under this item are also recognised equity instruments, considered as such in compliance with the provisions of IAS 32, which are not held for trading and for which the option, granted by the standard, of recognising the subsequent changes in the fair value of the instrument through other comprehensive income (FVTOCI option[79]) has been irrevocably exercised.

[79] Fair Value Through Other Comprehensive Income option.

Initial recognition of the item under examination occurs on the settlement date for debt securities and equities and on the disbursement date for loans.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which generally corresponds to the transaction price, including any expenses and income attributable to the transaction.

Subsequent to the initial recognition, financial instruments traded in active markets are measured at their fair value determined on the basis of official prices on the reporting date. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, and values recorded in recent similar transactions. For equity securities not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the afore-mentioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

The profits and losses resulting from changes in fair value of debt instruments and loans are recognised in the statement of comprehensive income and recorded in the item Valuation reserves, in equity, until the financial asset is derecognised. If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Gains and losses on foreign exchange are included in the income statement among the Profits (losses) on trading activities.

Interest on the debt instruments and on receivables is recognised in the income statement according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset.

These instruments are also subject to tests on the significant increase in credit risk (impairment) under IFRS 9, with consequent recognition in profit or loss of an impairment loss to cover the expected losses. In particular, an expected loss for the 12 months following the reporting date is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures)[80].

For financial assets that are performing (stages 1 and 2) impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

Losses and recoveries arising from the impairment process are included under the item "Net adjustments/recoveries for credit risk". No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

With reference to equity instruments, their inclusion in the item Financial assets measured at fair value through other comprehensive income is linked to the irrevocable option adopted by the company holding the instrument. In particular, the Group includes in that item the investments that are made with strategic objectives over the long term.

80 The new rules under Article 178 of Regulation (EU) no. 575/2013 govern the definition of prudential default of an obligor. Specifically, a default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place:
- objective condition ("past-due criterion") – the obligor is past due more than 90 consecutive days on any material credit obligation (in the case of approach at obligor level, in order to determine whether the obligation is material, reference is made to all the obligations of the same obligor to the institution);
- subjective condition ("unlikeliness to pay") - the institution considers that the obligor is unlikely to pay its credit obligation (or obligations, in the approach at obligor level) without recourse by the institution to actions such as realising security.

The exercise of this option entails using different recognition rules from those described above for debt securities, because:

- the amounts recognised in the valuation reserve are never reclassified through profit or loss, even when they are derecognised;
- all exchange rate differences are recognised in the equity reserve and are therefore charged to other comprehensive income;
- IFRS 9 does not envisage impairment rules for these equity instruments.

Only dividends from these equity instruments are recognised in the income statement.

Financial assets measured at fair value through other comprehensive income are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

The item "Financial assets measured at amortised cost" includes debt securities and loans that meet both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, the following items are recognised:

- loans to banks (current accounts, deposits, security deposits, debt securities, repo transactions and other loans). This includes operating receivables associated with the provision of business and financial services. This also includes the amounts receivable from Central Banks (such as the reserve requirement), other than demand deposits included in "Cash and cash equivalents";
- loans to customers (current accounts, mortgage loans, factoring, debt securities, repo transactions and other loans). It also includes receivables due from Italian post offices and variation margins with clearing houses in respect of derivatives transactions, in addition to operating receivables associated with the provision of business and financial services. The item also includes cash and cash equivalents held with the Central State Treasury.

Loans disbursed using funds provided by the State or other government agencies and intended for particular uses and operations required and regulated by special laws ("loans with third-party funds in administration") are recognised under this item, provided that the loans and funds accrue interest respectively in favour of and at the expense of the providing agency. Conversely, loans disbursed using funds administered on behalf of the State or other entities are not included.

The loans granted to public entities and public-law bodies under CDP's Separate Account portfolio[81] have a number of features that distinguish them from loans granted by banks, which normally disburse the entire amount of the loan to its beneficiary at the time the loan is granted. Such loans are special-purpose loans generally granted to public entities for public works and are disbursed to the beneficiaries only in case of positively verified milestones of the above-mentioned works. Therefore, disbursements are intended to meet the debts actually accumulated by the entities in respect of suppliers as the work is performed.

[81] CDP is subject to a system of organisational and accounting separation under article 5, paragraph 8, of decree law 269 of 30 September 2003, converted with amendments by law 326 of 24 November 2003. In order to create an accounting separation system, the organisational structure of the Company was therefore divided into three operating units called, respectively, Separate Account, Ordinary Account and Joint Services, within which CDP's existing organisational units have been re-grouped. The role of the Separate Account is to pursue the mission of general economic interest entrusted to CDP by law. For more information on the contribution of the Separate Account to the results posted by CDP, see Annex 1.1 "Accounting separation statements" of the separate financial statements of CDP.

Upon signing the loan agreement, the debtor assumes the obligation to repay the entire principal granted, and this amount is used to determine an amortisation schedule separately from the amount actually disbursed. Amounts still to be disbursed by CDP earn interest that can be treated as a reimbursement of the interest income earned by CDP on the non-disbursed portion.

The special-purpose loans issued by CDP normally have an initial grace period, during which, in the absence of disbursements on the loan granted, the loan does not bear interest. With certain exceptions, the loan repayment schedule begins on 1 July or 1 January following the execution of the loan agreement. CDP's accounting policy for special-purpose loans is to recognise a commitment to disburse the sums granted upon signing the loan agreement and to recognise a receivable (with a consequent reduction in the disbursement commitments) for the entire amount granted only when repayment begins, regardless of the amount actually disbursed.

Any disbursements requested by borrowers during the grace period effectively reduce the commitment and result in a "short-term" receivable for the amount actually disbursed, with this amount accruing interest at the contractually agreed lending rate. The short-term receivable for advances on loans in their grace period is measured at cost as permitted by IFRS.

When repayment begins on a loan that has not yet been disbursed, both a payable and a receivable are recognised for the same amount in respect of the party responsible for repaying the loan. The receivable is measured at amortised cost (which, given the lack of transaction costs on the loans granted by CDP and with certain exceptions, equals cost), and the payable is a demand liability that decreases as the amounts are actually disbursed.

Loans granted to borrowers other than public entities or public-law bodies are treated in a manner analogous to that for loans granted by banks.

"Financial assets measured at amortised cost" are initially recognised on the settlement date as regards debt securities or on the disbursement date as regards loans.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

In some cases, the financial asset is considered impaired at initial recognition as the credit risk is very high and, if it is purchased, this may be done with significant discounts (assets known as POCI i.e. "Purchased or Originated Credit Impaired"). In that case, for purchased or originated financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the financial flow estimates.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance under IFRS 9 rules and the amount of such losses is recognised through profit or loss in the item "Net adjustments/recoveries for credit risk". In particular, an expected loss at one year is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures).

For financial assets that are performing (stages 1 and 2) impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

Non-performing assets include those financial instruments that have been attributed the status of bad debts, unlikely to pay or past due and/or overdrawn as defined by the current rules of the Bank of Italy for the purposes of supervisory reporting.

The expected cash flows take account of estimated recovery times and the expected realisable value of any guarantees.

The amount of the loss to be recognised through profit or loss is calculated based on an analytical assessment process or for categories of the same kind and thus attributed analytically to each position and takes account of forward-looking information and possible alternative recovery scenarios.

If the reasons for the impairment no longer apply following an event after initial recognition, then impairment reversals are charged through profit or loss.

Financial assets measured at amortised cost are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers to a third party all the risks and rewards connected with ownership of the transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

It is also possible, over the maturity of financial assets, and specifically for financial assets measured at amortised cost, that they are subject to renegotiation of the contract terms. In that case, it is necessary to determine whether the contractual amendments that cause a change in the amount and timing of future cash flows give rise to the derecognition of the original instrument, with consequent recognition of a new financial asset, or in the recognition through profit or loss of the difference between the gross carrying value of the pre-amended financial instrument and the restated financial asset (modification).

In the absence of specific guidance in IFRS 9, the analysis necessary to identify possible amendments that give rise to derecognition rather than modification may sometimes involve significant elements of valuation.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are of a substantial nature.

On this basis, a list has been identified, by way of non-limiting example, of the main changes that represent a substantial change to the terms of the existing financial asset, introducing a different nature of the risks and resulting in derecognition.

The list is as follows:

- change in the counterparty: this includes novation or the replacement of the counterparty by another obligor (succession), because these changes lead to a change in the credit risk;
- change in the reference currency (because it introduces a different risk profile than the original exposure);
- debt-to-equity swap: the lender and the obligor may, as an alternative to other types of renegotiation, agree to extinguish the original debt through a substantial change in the nature of the debt-to-equity swap;

- introduction of new contractual clauses that result in failure of the SPPI test (e.g. leverage, indexing to parameters not related to the time value of money and credit risk, inverse rates, and financial covenants that result in failure of the test or other similar clauses);
- acceptance in lieu, whose repayment depends on the fair value of an asset;
- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses that expose the obligor to new risk components, such as returns linked to equity or commodity components, leverage or other similar clauses;
- changes granted to performing customers, who do not show any economic and financial difficulties (not qualifying as forborne exposures) and which involve the use of market parameters for the restatement of the financial conditions of the loan agreement.

Specifically for CDP, the following changes also fall under the latter category:
- changes made to the contractual terms as part of renegotiations, including "bulk" renegotiations, to public entities carried out under the "financial equivalence" regime to entities other than defaulting entities and, for local entities, other than those in financial distress;
- changes made to contractual terms as part of renegotiations with performing customers that are not in financial difficulty (i.e., not qualifying as forborne exposures) on terms that would apply to new loans, which may also be for the purpose of retaining the customer.

Contractual changes to a financial asset for which the derecognition rules are applied will have the following accounting impacts:
- derecognition of the financial asset and recognition of a new financial asset;
- subjecting the new financial asset to a new assessment in terms of classification and measurement (business model and SPPI test);
- identification of the date of new recognition as the origination date;
- recognition of the new asset at its fair value; recognition of any gain or loss equal to the difference between the fair value of the new asset and its carrying value at the time of derecognition of the existing asset, except for level 3 fair value financial assets as required by IFRS 9;
- classification of the new asset in the relevant stage, at the initial recognition date, and verification, in subsequent reporting periods, of any deterioration in credit risk.

In the event of changes not deemed significant, the gross value is redetermined by calculating the current value of the cash flows resulting from the renegotiation, at the original internal rate of return of the exposure (modification).

Below is a non-exhaustive list of the main changes to the previous contractual terms:
- reduction of the interest rate;
- extension of the maturity of the loan;
- reduction of part of the exposure;
- introduction of payment holidays (grace period/payment moratorium);
- payment of interest only;
- capitalisation of arrears/interest.

If there are contractual changes to a financial asset for which the rules of modification without derecognition apply, in accordance with IFRS 9:
- reassessment in terms of classification and measurement is not required: the SPPI test is only performed on initial recognition of the instrument and there is no subsequent reassessment of this initial assessment;
- the gains or losses resulting from the modification are calculated as the difference between the gross carrying value of the pre-modified financial asset and its restated gross carrying value (corresponding to the present value of the renegotiated or modified cash flows, discounted at the financial asset's original effective interest rate, i.e. before the modification), adjusted where applicable in the case of hedging transactions;
- any deterioration in the credit risk of the modified financial asset is analysed by comparing it with the credit risk at the asset's original recognition date, before the modification.

4 - HEDGING TRANSACTIONS

Hedging transactions are executed to hedge contingent losses that are attributable to a specific risk and which can be found in a specific element or group of elements, should that particular risk effectively materialise.

As permitted by paragraph 7.2.21 of IFRS 9, the Parent Company CDP has decided to apply the provisions on hedging from IAS 39 rather than those from Chapter 6 of IFRS 9, to be used for its separate financial statements, the consolidated financial statements of the CDP Group, as well as its own half-yearly financial statements.

In accordance with IAS 39, hedging instruments are derivatives or, limited to the hedging of foreign currency risk, non-derivative financial assets or liabilities whose fair value or cash flows are expected to offset the changes in fair value or cash flows of a designated hedged position [IAS 39, paragraphs 72-77 and Appendix A, paragraph AG94]. A hedged item is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that:

- exposes the company to the risk of a change in fair value or future cash flows;
- is designated as being hedged [IAS 39, paragraphs 78-84 and Appendix A, paragraphs AG98-AG101].

The effectiveness of the hedge is the extent to which the changes in fair value or cash flows of the hedged position that are attributable to a hedged risk are offset by the changes in fair value or cash flows of the hedging instrument [IAS 39, Appendix A, paragraphs AG105-AG113].

When a financial instrument is classified as a hedging instrument, the following are to be formally documented:

- the relationship between the hedging instrument and the hedged item, including the risk management objectives;
- the hedging strategy, which must be in line with established risk management policies;
- the methods to be used in order to verify the hedge effectiveness.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged item.

A hedge is deemed to be highly effective if the changes in fair value of the hedged item or in the expected cash flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative, with the relationship of these changes falling within a range of between 80% and 125%.

At each annual or interim reporting date, the effectiveness is assessed through specific prospective and retrospective tests capable, respectively, of demonstrating the expected effectiveness and the level of effectiveness achieved.

If the hedge is not effective as described above, the hedging instrument is reclassified under financial instruments held for trading, while the hedged item continues to be measured in accordance with the criteria defined for its category. Hedge accounting also ceases when the hedging instrument expires, is sold or exercised or when the hedged item expires, is sold or is repaid.

Hedging derivatives are initially recognised at their fair value on the contract date. More specifically:

- for fair value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is accounted for by recognising the changes in value through profit or loss, in the item "Fair value adjustments in hedge accounting", relating both to the hedged item (for the changes generated by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently represents the net profit or loss effect. The recognition through profit or loss of the change in fair value of the hedged item, attributable to the risk hedged, is also applied if the hedged item is a financial asset measured at fair value through other comprehensive income; if there were no hedging, this change would be recognised in equity;
- for cash flow hedge, the changes in fair value of the derivative are recognised, net of the tax effect, in a specific "Valuation reserve" of equity, for the effective portion of the hedge, and are only recognised through profit or loss when there is a change in the cash flows to be offset for the hedged item. The amount of the gain or loss of the hedging instrument considered ineffective is

recognised through profit or loss, in the item "Fair value adjustments in hedge accounting". This amount is equal to any excess of the accumulated fair value of the hedging instrument with respect to the related fair value of the instrument hedged; in any event, the fluctuation of the hedged item and the related hedge must be kept within the range of 80%-125%;
- hedges of a net investment in a foreign operation are accounted for in the same way as cash flow hedges.

If the hedge is not fully effective, the fair value change of the hedging instrument, to the extent of the ineffective portion, is immediately recognised through profit or loss, in the item "Fair value adjustments in hedge accounting".

If, during the life of a derivative, the expected hedged cash flows are no longer considered as highly probable, the portion of that instrument recognised in the "Valuation reserves" of equity is immediately recycled through profit or loss. Conversely, if the hedging instrument is transferred or no longer qualifies as an effective hedge, the portion of the item "Valuation reserves" representing the changes in the fair value of the instrument recognised up to that point are retained in equity and reversed to profit or loss in accordance with the classification criterion described above, in conjunction with the recognition of the financial effects of the transaction originally hedged.

Item 50 of the consolidated balance sheet assets and item 40 of the consolidated balance sheet liabilities report financial and credit hedging derivatives, which at the reporting date have, respectively, a positive and a negative fair value.

For macro hedge, IAS 39 allows the object of a fair value hedge against interest rate risk to be not only an individual financial asset or liability, but also a monetary amount, included in a group of financial assets and liabilities (or their portions), so that a set of derivatives may be used to reduce the fair value fluctuations of the hedged items in response to changes in market interest rates. Net amounts resulting from the mismatch of assets and liabilities cannot be designated as subject to macro hedging. In the same way as for micro fair value hedges, a macro hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the monetary amount hedged are offset by changes in the fair value of the hedge derivatives and if the actual results are within a range of 80% to 125%. The positive or negative amount of the fair value changes, respectively, of the assets or liabilities subject of fair value macro hedge measured with reference to the risk hedged is recognised in Items 60 of the consolidated balance sheet assets or 50 of the consolidated balance sheet liabilities, with a balancing entry under "Fair value adjustments in hedge accounting" in the income statement.

The hedge ineffectiveness consists of the difference between the change in fair value of the hedging instruments and the change in fair value of the monetary amount hedged. The hedge ineffective portion is in any case included under "Fair value adjustments in hedge accounting" in the income statement.

If the hedging relationship ends, for reasons other than the sale of the hedged items, the accumulated revaluation/write-down recognised in items 60 of the consolidated balance sheet assets or 50 of the consolidated balance sheet liabilities is recognised through profit or loss under interest income or expenses, over the residual maturity of the hedged financial asset or liability.

If these assets and liabilities are sold or redeemed, the amount of fair value not amortised is recognised immediately in "Gains (Losses) on disposal or repurchase" in the income statement.

5 - EQUITY INVESTMENTS

"Equity investments" includes investments in associates (according to IAS 28) and in joint arrangements (according to IFRS 11).

Associates are companies in which the CDP Group holds, either directly or indirectly, at least 20% of the voting rights or, even with a lower voting interest, companies over which the CDP Group has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control.

Joint arrangements involve companies where control, by means of a contractual arrangement, is shared between CDP and one or more parties, or when decisions about the relevant activities, which have a significant impact on returns, require the unanimous consent of the parties involved in the contractual arrangement that have control over the company.

Equity investments are initially recognised at cost at the settlement date and subsequently measured using the equity method, where the original cost of the equity investment is adjusted (up or down) according to: (i) the investor's share of the profit (loss) for the portion realised by the investee after the acquisition, (ii) the investor's share of changes in the items of the other comprehensive income of the investee, realised after the acquisition, (iii) the dividends received from the investee and (iv) the investor's share of changes in the equity of the investee other than the previous ones.

The same provisions governing business combinations apply to acquisitions. Consequently, the difference between the acquisition price and the portion of acquired equity is allocated based on the fair value of the identifiable net assets of the associate. Any unallocated excess amount is considered as goodwill. The higher allocated price is not presented separately, but is included in the carrying value of the equity investment ("equity method").

Any positive difference between the value of the portion of equity of the investee and the cost of the equity investment is recognised as income. Application of the equity method also considers the treasury shares held by the investee.

The equity investments are tested for impairment at every annual or interim reporting date.

Evidence of impairment, based on the existence of qualitative and quantitative indicators, as illustrated hereunder, and in accordance with the internal policies, differs where these involve investments in companies whose shares are or are not listed on active markets.

An impairment test is performed when the aforementioned indicators exist, in accordance with the provisions of IAS 36. This test is aimed at estimating the recoverable amount of the equity investment and comparing it with its carrying value to determine the recognition of any impairment losses.

In particular, the impairment process for the consolidated financial statements is performed in line with what is done for the separate financial statements of the Group companies.

In particular, and for CDP, taking into account the characteristics of its investment portfolio, as well as its role of long-term investor, at least the following are considered indicators of impairment/objective evidence of impairment:

- the recognition of losses[82] or significantly lower results than budgeted (or forecast in multi-year plans), if, after specific analyses, they are relevant due to their effects on the estimate of expected future cash flows in any impairment test preparation;
- significant financial difficulty of the investee;
- probability that the investee will declare bankruptcy or enter into other financial reorganisation procedures;
- a carrying value of the investment in the separate financial statements that exceeds the carrying value, in the consolidated financial statements, of the net assets of the investment (including any goodwill);
- the distribution of a higher dividend by the investee than the income in the comprehensive income (or statement of comprehensive income for financial companies)[83] in the year when it is declared.

With reference to listed equity investments, the following are also considered indicators of impairment:

- a reduction in the market price exceeding the carrying value by over 40% or for more than 24 months;
- a downgrade of the rating of at least four notches from the time when the investment was made, if assessed as relevant together with other available information[84];
- a carrying value of the net assets in the consolidated financial statements higher than the market price of the equity investment.

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[82] The recognition of losses may not be considered relevant if in line with the budget and/or business plan objectives of the equity investment (e.g. investments recently made); on the contrary, losses attributable to cases provided for by the Italian Civil Code (e.g. Articles 2446, 2447) are always considered relevant.

[83] The indicator takes into consideration the distribution of a higher dividend than the income in the comprehensive income (or statement of comprehensive income for financial companies) for the year when the dividend is declared (i.e. dividends declared in 2017, representing the distribution of the net income for 2016, larger than the total comprehensive income for 2017). In order to conduct the impairment test for the reporting date of the financial statements, in the absence of homogeneous comparison data, the indicator is verified by referring to the data relating to the previous year.

[84] The downgrade of the equity investment's credit rating is not, in itself, evidence of impairment, although it may be an indication to that effect; therefore, such a trigger is considered relevant only when activated together with at least another impairment trigger.

If the recoverable amount is lower than the carrying amount, the difference is recognised through profit or loss. If the reasons causing the impairment cease to exist, the impairment losses are reversed. These reversals have to be recognised in the income statement up to the amount of the previous impairment. Consequently, the reduction in the previously recognised impairment loss upon write-back of the value of the equity investment may not exceed the carrying value that would have existed if no impairment had been previously recognised. Both the impairment and the reversals of impairment are recognised in the income statement under "Gains (losses) on equity investments".

The investor's interest in any losses of the investee that exceed the carrying value of the equity investment is recognised in a specific provision, to the extent that the investor is committed to meeting the legal or constructive obligations of the investee, or otherwise cover its losses.

Equity investments are derecognised when the contractual rights to the cash flows deriving from ownership of the equity investments expire or when they are sold, substantially transferring all risks and rewards connected with them.

6 - PROPERTY, PLANT AND EQUIPMENT

The item includes both the operating assets governed by IAS 16 and the investment property governed by IAS 40, as well as inventories of property, plant and equipment governed by IAS 2. As concerns in particular immovable property, this is distinguished according to its intended purpose as follows:

- operating or functional property, consisting of property that meets the requirements of IAS 16 for operating assets;
- non-operating property or investment property in accordance with IAS 40;
- property classified as inventories (IAS 2), which is held for sale in the ordinary course of business or in the process of construction or development for later sale.

Also included in property, plant and equipment are rights of use acquired under a lease and relating to the use of property, plant and equipment (for the lessees)[85], assets granted under an operating lease (for the lessors), as well as leasehold improvements, provided they relate to identifiable and separable property, plant and equipment.

Property, plant and equipment includes: (i) with regard to the natural gas transport segment, the value referring to the quantity of natural gas fed into gas pipelines to make them operational and (ii) with regard to the natural gas storage segment, the portion of gas injected into the storage wells as "Cushion Gas".

In accordance with IAS 16, property, plant and equipment is initially recognised at purchase cost, including expenses directly related to the purchase, non-deductible VAT and costs for bringing the asset to working condition, increased by revaluations carried out under the provisions of specific laws. Borrowing costs directly attributable to the acquisition, construction or production of an asset have to be added to the value of the asset itself and capitalised pursuant to IAS 23.

Special maintenance and repair costs, incurred after initial recognition, which result in an increase in the future economic benefits, are recognised as an addition to the value of the assets.

Ordinary maintenance costs that do not generate future economic benefits, on the other hand, are recognised in the income statement.

Subsequent measurement is at cost, net of depreciation and impairment (the latter in accordance with IAS 36).

These assets are systematically depreciated from the period they enter service in the production process and are, therefore, ready for use. They are depreciated on a straight-line basis over their residual life.

[85] Lease liabilities recognised by the Group as the lessee in lease transactions are recorded under financial liabilities measured at amortised cost.

Therefore, the depreciation allowances for each year charged to the income statement are calculated by the CDP Group at the rates considered adequate to represent the residual useful life of each asset, as listed below:

	Minimum rate	Maximum rate
Buildings	1.5%	33.0%
Movables	5.0%	25.0%
Electrical plant	7.0%	30.0%
Other:		
Power lines	2.2%	2.2%
Transformation stations	2.4%	6.7%
Gas pipelines	2.0%	2.0%
Power stations	5.0%	10.0%
Gas reduction and regulation	5.0%	5.0%
Pipelines	2.0%	2.0%
Processing stations	4.0%	20.0%
Compression stations	5.0%	5.0%
Storage wells	1.7%	20.0%
Regasification	4.0%	4.0%
Industrial and commercial equipment	2.5%	33.3%
Other assets	4.0%	33.0%
Other plant and equipment	2.0%	33.3%

Land and artwork are not depreciated as they have an indefinite useful life.

At every annual or interim reporting date, the recognised carrying amount of the operating assets is tested for impairment. If impairment indicators are identified, the carrying amount of the asset is compared with its recoverable amount, with the latter being the greater of fair value less any costs of disposal, and the associated value in use of the asset (that is the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised in the income statement under "Net adjustments to/recoveries on property, plant and equipment". If the reasons for which impairment was recognised cease to exist, the impairment loss is reversed. The adjusted value may not exceed the value that the asset would have had, net of the depreciation calculated in the absence of previous impairment.

Newly acquired assets are depreciated as from the period in which they enter service and are, therefore, ready for use.

Land and buildings are considered to be separable assets; therefore, they are treated as separate assets for accounting purposes, even if purchased together.

Each item of property, plant and equipment that has a significant value compared to the overall value of the asset it belongs to is recognised and depreciated separately.

"Investment property" is investment property made to earn rentals or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale, in the ordinary course of business.

These assets are initially recognised in accordance with IAS 40 at purchase or construction cost, including directly attributable purchase/construction costs. However, maintenance costs relating to these assets cannot be capitalised, but are recognised in the income statement.

Subsequent measurement of said property investments in the consolidated financial statements is at cost, net of depreciation and impairment, as set out in IAS 16 in relation to operating property, plant and equipment.

“Assets under construction and advances” are composed of advances or expenses incurred in respect of items of property, plant and equipment that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company’s production cycle, depreciation is suspended.

The “right-of-use assets” (RoU) under lease agreements are recognised by the lessee at the commencement date, namely on the date that the asset is made available to the lessee and is initially valued at cost. In order to match the asset consisting of the right of use, the lessee enters a liability corresponding to the current value of the payments due for the lease. The discount rate to be used is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee’s incremental borrowing rate shall be used. In the event of operating sublease agreements, the sub-lessor enters the right of use among the Investment property.

The right of use is amortised on a straight-line basis throughout the lease term which includes the non-cancellable period of a lease and the options for renewal, if the lessee has a reasonable certainty of exercising it.

During the lease term, the carrying value of the right of use is adjusted in the event of a change to the lease term or to the lease payments, and also for changes to the lease contract which increase or reduce the scope of the lease.

As regards property, plant and equipment recognised in accordance with IAS 2, these are measured at the lower of cost and net realisable value. The carrying amount of the asset is anyway compared with its recoverable amount, where there is some evidence that shows that the asset may have incurred an impairment loss. Any adjustments are recorded through profit or loss.

The carrying value of an operating item of property, plant and equipment is eliminated from the balance sheet upon disposal or when no future economic benefits are expected from its use or disposal.

7 - INTANGIBLE ASSETS

“Intangible assets” includes, pursuant to IAS 38, non-monetary assets that are identifiable and do not have physical substance. They are held to be used for a multi-year period or an indefinite period. They consist mainly of concessions, licenses and trademarks, contractual relationships with customers, research and development costs and industrial patent and intellectual property rights.

Intangible assets include goodwill, regulated by IFRS 3 and defined as the difference between the price paid for a transaction related to a business combination and the fair value of identifiable net assets acquired. If this difference is negative (badwill) or if the goodwill is not justified by the future earnings capacity of the investee, the difference is recognised in the income statement.

An intangible asset is recognised if the following conditions are satisfied:

- the asset is identifiable, i.e. it is separable from the rest of the enterprise;
- the asset is controlled, i.e. it is subject to the control of the enterprise;
- the asset generates future economic benefits;
- the cost of the asset can be measured reliably.

If one of these elements is missing, the purchase or realisation cost is fully recognised as a cost in the income statement in the financial year in which it is incurred.

The non-current intangible assets are initially recognised at purchase or development cost, including directly attributable transaction costs.

After initial recognition, the non-current intangible assets with a finite useful life are measured at cost, net of amortisation and any impairment (the latter governed by IAS 36).

The amortisation is charged based on the estimated useful life of the asset. This estimate of its useful life is assessed, at the end of each financial year, to check the adequacy of the estimate.

Concessions, licenses, trademarks and similar rights arising from an acquisition are recognised at current values at the date of the acquisition. The value of storage concessions, consisting of natural gas reserves in the fields ("Cushion Gas"), is determined in accordance with the Ministerial Decree of 3 November 2005 and recognised under "Other assets". This item is not amortised as the volume of gas is not modified by the storage activity and its economic value is not below the carrying amount. More specifically, trademarks are not amortised but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that they may be impaired.

Assets associated with public-private service concession agreements (Service Concession Arrangements) relating to the development, financing, management and maintenance of infrastructure under concession arrangements are represented by agreements under which the granting entity agrees to provide a public service (distribution of gas, dispatch of electricity), with the right to use the infrastructure. In such cases, the grantor: (i) controls or regulates the services provided by the operator through the infrastructure, and the prices charged; (ii) controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the concession.

Customer contracts arising from an acquisition are recognised at fair value as of the date of the acquisition. Contractual rights are amortised over the expected life of the relationship. Research costs are expensed in the period in which they are incurred. Costs for the development of new products and production processes are capitalised and recognised under intangible assets only if all of the following conditions are met:

- the project is clearly identified and the associated costs can be identified and measured reliably;
- the technical feasibility of the project has been established;
- there is a clear intention to complete the project and sell the intangible assets generated by the project;
- a potential market exists or, in the case of internal use, the usefulness of the intangible asset has been established;
- adequate technical and financial resources to complete the project are available.

The amortisation of any development costs recognised under intangible assets begins as from the date on which the result of the project is ready for sale and is carried out on a straight-line basis.

The costs incurred for the acquisition of industrial patents and intellectual property rights are amortised on a straight-line basis, allocating the acquisition cost over the shorter of the expected period of use and the term of the associated contracts, as from the time the right acquired can be exercised.

If, regardless of the amortisation, there is objective evidence that the intangible asset is impaired, a test is performed to determine the adequacy of the carrying amount of the asset. Consequently, the carrying amount of the asset is compared with its recoverable amount, with the latter being the greater of fair value less the costs of disposal, and the associated value in use of the asset (construed as the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised in the income statement under "Net adjustments to/recoveries on intangible assets". If the reasons for which impairment was recognised cease to exist, the value of the asset is written back. The adjusted value may not exceed the value that the asset would have had, net of the amortisation calculated in the absence of previous impairment.

Goodwill generated from the acquisition of subsidiaries is allocated to each identified cash generating unit (CGU). Within the CDP Group, CGUs correspond to the individual investee companies. Since it is an intangible asset having an indefinite useful life, goodwill is not amortised but tested only for the adequacy of its carrying amount. An impairment test is performed at least annually on goodwill, or whenever there is evidence of impairment. This involves comparing the carrying amount of goodwill and the recoverable amount of the CGUs to which the goodwill is attributed. If the carrying amount of goodwill is higher than the recoverable value of the CGU, the difference is recognised in the income statement at "Goodwill impairment". Any reversals of impairment of goodwill may not be recognised.

Goodwill related to investments in associated companies and joint ventures is included in the carrying amount of such companies. Negative goodwill is recognised in the income statement at the time of the acquisition.

Intangible assets are derecognised when sold or when future economic benefits are no longer expected.

8 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The balance sheet items “Non-current assets and disposal groups held for sale” and “Liabilities associated with disposal groups held for sale” include the assets or groups of assets/liabilities whose carrying value will be recovered mainly through a sales transaction rather than through their continuous use. These assets must be available for sale in their current condition and the CDP Group companies must be committed to plans to dispose of the asset (or group of assets) and must have initiated programmes to locate potential buyers, such that a sale can be considered highly probable.

To be able to classify an asset (or group of assets) as available for sale, the following is also required:
- the asset can be readily exchanged in the market at a price considered reasonable in relation to its fair value at the current date;
- the sale is expected to be completed within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5;
- the actions required to complete the plan to dispose of the asset do not indicate that it is unlikely to be completed.

Non-current assets (or disposal groups) are presented separately from balance sheet items “Other assets” and “Other liabilities”. Initial recognition is done in compliance with the specific IFRS as applicable to each associated asset and liability while, subsequently, they are recognised at the lower of their carrying value and fair value (net of costs to sell), without any depreciation/amortisation being recognised.

The individual assets of the companies classified as held for sale are not amortised, whereas financial expense and other expenses attributable to liabilities held for sale continue to be recognised.

Any subsequent impairment losses are recognised directly as an adjustment to the carrying amount of the non-current assets (or disposal groups) held for sale through profit or loss. The corresponding balance sheet values for the previous financial year are not reclassified. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is an investment exclusively acquired with a view to resale.

The profits and losses net of tax that can be related to disposal groups of assets and liabilities are shown in the specific income statement item “Income (loss) after tax on disposal groups held for sale”.

9 - CURRENT AND DEFERRED TAXES

Tax assets and liabilities are recognised in the balance sheet respectively under consolidated assets Item “Tax assets” and consolidated liabilities Item “Tax liabilities”.

The accounting entries related to current and deferred taxes include: (i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; (ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; (iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of deductible temporary differences; and (iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences.

Current taxes, consisting of corporate income tax (IRES) and regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year. They are calculated on the basis of applicable tax rates.

Deferred tax assets and liabilities are recognised according to the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation.

The term "deferred" tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes.

Deferred taxes are recognised:

- under Tax assets, if they relate to "deductible temporary differences", which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered;
- under Tax liabilities, if they relate to "taxable temporary differences" representing liabilities because they are related to accounting entries that will become taxable in future tax periods.

If the deferred tax items regard transactions that directly affected equity, they are recognised in equity.

Some of the Group's Italian companies joined the "national fiscal consolidation" mechanism regulated by articles 117-129 of the Consolidated Income Tax Law ("TUIR"), introduced into tax law by Italian Legislative Decree no. 344/2003. It consists of an optional tax system, according to which aggregate net taxable income or loss of each subsidiary that has joined the national fiscal consolidation mechanism – inclusive of any tax withholding, deductions and tax credits – is transferred to the Parent Company, for which a single taxable income or a single tax loss is carried forward (resulting from the algebraic sum of its income/losses and those of the subsidiaries) and, as a result, a single tax payable/receivable.

10 - PROVISIONS FOR RISKS AND CHARGES

This item consists of the provision set aside to cover specific types of liabilities whose existence is certain or probable, but whose amount or accrual date were uncertain at the reporting date.

Therefore, the provisions are recognised only when:

- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

When the time value is significant and the dates of payment of the obligation can be estimated reliably, the allowance is measured as the present value (discounted at market rates as of the reporting date) of the charges that are expected to be incurred in order to settle the obligation.

Contingent – not probable – liabilities are not recognised in the balance sheet. However, they are disclosed in the notes, unless the probability of an outflow of resources is remote or the event is deemed insignificant.

The provisions are used only to cover the costs for which they were originally recognised, and they are reversed in the income statement when the obligation is settled or when it is no longer probable that an outflow of resources will be required to settle the present obligation.

This item also includes provisions for credit risk for commitments to disburse funds and on financial guarantees that are subject to the rules of impairment in IFRS 9.

This item also includes the company pension plans and other post-retirement benefit obligations, i.e. the provisions for long-term employment and post-employment benefits. However, no value has been recognised for the sub-account in question because there were no net amounts attributable to that item at the reporting date of these financial statements. For more information see the section "Staff severance pay" in paragraph 16 "Other information".

11 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This item includes all amounts due to banks and due to customers of any kind (deposits, current accounts, loans), other than those in the items "Financial liabilities held for trading" and "Financial liabilities designated at fair value". This includes operating debts associated with the provision of business and financial services and variation margins with clearing houses in respect of transactions on derivatives, in addition to operating debts associated with the provision of financial services.

In particular, the Parent Company includes in these items the amounts still to be disbursed for loans being repaid, as well as liabilities in respect of postal funding products.

Postal savings bonds issued by CDP are reported under the item "Due to banks" and the item "Due to customers", including those that have matured but have not yet been redeemed at the reporting date. These instruments are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds can be redeemed upon request of the underwriter at any time prior to their contractual maturity, with principal and interest paid in accordance with the period for which the bond was held.

For Postal savings bonds, the adoption of the amortised cost method and of the effective interest rate used for calculating the amortised cost under examination must be equal to the internal rate of return from the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. CDP has therefore developed a statistical model for forecasting early redemption of postal savings bonds based on a time series of redemptions, which is used to price the new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of postal savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in the recalculation of the remaining amortisation schedule. In such cases, the IFRS state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of postal savings bonds as the discount rate. The effective rate for floating-rate interest-bearing postal savings bonds is updated every time the estimated cash flows are revised due to changes in the benchmark indices and the review of the flow of redemptions.

Financial liabilities measured at amortised cost also include the amount of funds provided by the State or other government agencies and intended for particular operations required and regulated by special laws ("third-party funds in administration"), provided that the loans and funds accrue interest respectively in favour of and at the expense of the providing agency. However, funds administered on behalf of the State or other government agencies are not included here if their management is exclusively remunerated by an all-in-one fee (commission) and that are, therefore, merely seen as a service.

In addition, this item also includes issued securities measured at amortised cost. The item is reported net of repurchased securities.

Financial liabilities measured at amortised cost are recognised for the first time on the date the raised funds are received or the debt instruments issued. These items are recognised at their fair value upon initial recognition. That value normally corresponds to the amount received or the issue price, inclusive of the costs directly attributable to the individual fund-raising operations or the costs incurred for the issue.

The financial liabilities are subsequently measured at amortised cost using the effective interest rate method, as defined in the preceding paragraphs. An exception is represented by short-term financial liabilities, which are recognised at the received value, given the negligible effect of the time factor.

In hybrid debt instruments (indexed to equity instruments, indices, foreign currencies, etc.) the embedded derivative is separated from the host contract, when the criteria for separation under IFRS 9 apply, and is recognised at its fair value under financial assets/liabilities held for trading (respectively positive or negative). The related changes in value are recognised through profit or loss. The host contract is instead allocated an initial value corresponding to the difference between the total amount of the proceeds received and the fair value allocated to the embedded derivative. The contract is recognised and measured according to the criteria envisaged by the classification portfolio.

The amounts under the item "Due to banks", "Due to customers", and "Securities issued" are derecognised when they mature or are extinguished. The derecognition also takes place when there is a repurchase of previously issued bonds, with simultaneous recalculation of the residual payable only for the securities issued. The difference between the carrying value of the liability and the amount paid to purchase it is recognised in the income statement.

12 - FINANCIAL LIABILITIES HELD FOR TRADING

This item includes all forms of financial liabilities (debt securities, loans, derivatives) designated as being held for trading purposes. It excludes any portion of the company's own issued debt securities that have not yet been placed with third parties.

This category of liabilities includes, in particular, financial derivatives not designated under hedge accounting, operational hedging derivatives and derivatives embedded in complex financial contracts, whose host contract is a financial liability, which have been recognised separately if their fair value is negative.

The criteria for initial recognition and measurement of these derivatives are illustrated with reference to the same instruments with positive fair value within the scope of Financial assets held for trading.

Financial liabilities are initially recognised at fair value, which generally equals the amount received net of transaction costs or revenues. When the amount paid differs from fair value, a financial liability is nevertheless recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is made at the contract date for derivative contracts and at the settlement date for debt securities, with the exception of those for which delivery is not governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Measurement after initial recognition is made at fair value, with recognition of any changes in value through profit or loss. If the fair value of a financial liability becomes positive, it is recognised as a financial asset held for trading.

Financial liabilities held for trading are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the financial liability are retained, the liabilities remain on the balance sheet even if official title has been transferred.

The gains and losses on sale or redemption and unrealised gains and losses resulting from changes in the fair value of the trading portfolio are reported under "Profits (losses) on trading activities" in the income statement.

13 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

This item includes financial liabilities, regardless of their technical form (debt securities, loans etc.), for which the option of measurement at fair value through profit or loss has been exercised ("Fair Value Option") in accordance with the requirements established by IFRS 9 for classification in this item.

This classification is made when one of the following conditions applies:
- the designation eliminates or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch) that would otherwise arise from the measuring of assets or liabilities or from the recognition of gains or losses on different bases;
- a group of financial liabilities, or a group of financial assets and liabilities is managed and the performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- the liabilities consist of hybrid instruments containing embedded derivatives that would otherwise have been separated (howev-

er, this rule does not apply if the embedded derivative is insignificant or if the separation of the embedded derivative cannot be applied).

As regards issued debt securities, these financial liabilities are recognised for the first time on the date of issue.

Initial recognition is at fair value, which generally equals the amount collected, without considering the transaction expenses and income attributable to the instrument issued, which are instead recognised in the income statement.

Subsequent to initial recognition, these financial liabilities are measured at fair value and charged as follows:
- the change in fair value that is attributable to changes in its creditworthiness is recognised in the statement of comprehensive income and recorded in the item Valuation reserves;
- the residual amount of change in fair value is recognised through profit or loss.

Financial liabilities at fair value are derecognised from the balance sheet when the contractual rights to the related cash flows expire or when the financial liability is sold, transferring substantially all risks and rewards connected with it to third parties.

14 - TRANSACTIONS IN A FOREIGN CURRENCY

Transactions in a foreign currency are initially recognised in euros by translating the amount in the foreign currency into euros at the spot exchange rate prevailing on the date of the transaction.

In preparing the annual or interim financial statements, assets denominated in a foreign currency are accounted for as follows:
- monetary instruments are translated at the spot rate quoted on the reporting date;
- non-monetary instruments, which are carried at cost, are translated at the exchange rate quoted on the date of the original transaction;
- non-monetary instruments, which are carried at fair value, are translated at the spot rate quoted on the reporting date.

Exchange rate differences in respect of non-monetary items are treated using the same rules for gains and losses on the original instruments.

The positive and negative exchange rate differences, relating to:
- financial assets and liabilities denominated in foreign currencies, other than those measured at fair value, those subject to fair value hedges (exchange rate or fair value risk) and cash flow hedges (exchange rate risk), as well as related hedging derivatives, are included in "Profits (losses) on trading". This item also includes the results of fair value measurement of any forward contracts associated with foreign currency transactions concluded for hedging purposes, net of the accrued contractual margins recognised in interest with the relevant + or - sign;
- financial assets and liabilities denominated in foreign currencies measured at fair value are included in the "Profits (losses) on financial assets and liabilities measured at fair value through profit or loss";
- financial assets and liabilities denominated in foreign currencies, subject to fair value hedge (exchange rate or fair value risk) and relating to hedging derivatives are included in the results of related measurements recognised in "Fair value adjustments in hedge accounting".

15 - INSURANCE ASSETS AND LIABILITIES

Insurance assets include amounts in respect of risks transferred to reinsurers under contracts governed by IFRS 4 and are classified on the balance sheet under item 80 "Reinsurers' share of technical provisions". Reinsurers' share of technical provisions is determined on the basis of the existing contracts/treaties, in accordance with the same criteria used for quantifying the technical provisions, unless a different valuation is deemed appropriate in consideration of the recoverability of the receivable.

Insurance liabilities represented by technical provisions are classified under the item "Technical provisions".

In accordance with IFRS 4, they may continue to be accounted for in line with local GAAP.

A review of the contracts written by the Group insurance companies found that they all qualify as insurance contracts.

Technical provisions also include any accruals made necessary by the liability adequacy test. Provisions for outstanding claims do not include compensation and equalisation provisions as they are not permitted under the IFRS. Provisions continued to be accounted for in compliance with the accounting standards adopted prior to IFRS, as all the existing policies fall within the scope of IFRS 4 (insurance contracts) and, specifically, this item includes:

- the provision for unearned premiums, which comprises two sub-items: provision for premium instalments, determined on a pro rata basis, pursuant to Article 45 of Italian Legislative Decree no. 173 of 26 May 1997 and the provision for current risks, composed of the amounts to be set aside to cover claims and expenses that exceed the provision for premium instalments on existing contracts for which no claims arose at year-end, to meet the liability adequacy test requirements imposed by IFRS 4;
- the provision for outstanding claims, which includes the net accruals for claims reported but not yet paid on the basis of the forecast cost of the claim, including settlement and management expenses. The provisions for outstanding claims are determined on the basis of an estimate of the ultimate cost of covering charges relating to the indemnity paid, direct costs and payment for each individual claim.

16 - OTHER INFORMATION

OTHER ASSETS

INVENTORIES

Inventories, including compulsory stock, are stated at the lower of their purchase or production cost and their net realisable value, represented by the amount that the business expects to obtain from their sale in the normal course of its activities. Cost is measured as the weighted average cost.

The net realisable value is the selling price in the ordinary course of business less the estimated completion costs and those necessary to sell the good. Work in progress and semi-finished goods are valued at production cost, excluding financial charges and overheads.

Sales and purchases of strategic gas[86], subject to prior authorisation by the MISE, do not generate an actual transfer of the risks and rewards associated with ownership and, therefore, do not result in changes in inventory.

CONTRACT WORK IN PROGRESS

The gross amount due from contract work in progress is shown in the balance sheet assets. Recognition in the financial statements of the activities deriving from contracts (orders) depends on the methodology by which the transfer of control to the customer of the asset or service takes place: if this occurs gradually as the asset is built or the services are rendered, the assets are recognised based on the value of the contractual fees agreed, increased by any contributions provided for by specific legal regulations reasonably accrued on the balance sheet date, according to the cost-to-cost method, taking into account the progress achieved and the expected contractual risks; if, on the other hand, transfer of control takes place at the time of final delivery of the asset or the completion of the provision of all promised services, the assets are recognised at purchase cost.

[86] The gas storage activity ensures the availability of strategic gas quantities, with the aim of compensating for any interruptions or reductions in non-EU supplies, or of overcoming temporary gas system crises.

Work in progress is recorded on the basis of the progress (or percentage of completion) method according to which costs, revenues and margin are recognised based on the progress of the production activity. Progress is determined through the ratio of costs incurred at the reporting date to the total costs expected. Differences between the value of completed contracts and payments on account received are recognised under balance sheet assets or liabilities, considering any impairment losses on the work carried out so as to take into account the risks of customers' refusal to recognise the work performed. Updates are periodically made to the assumptions that are the basis of the assessments and any economic effects are recorded in the year in which the updates are made.

In the event that the completion of a contract is expected to result in a loss of business margin, it will be recognised in its entirety in the financial year in which it becomes reasonably foreseeable within operating costs. Contract work in progress is shown net of any provisions for write-downs, losses on contracts and advances and down payments relating to the contract in progress.

Contract costs include all those costs that relate directly to the specific contract, as well as fixed and variable costs incurred by Group companies as part of normal operations.

CAPITALISED BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that qualify for capitalisation are capitalised as part of the cost of the asset. The qualifying assets (property, plant and equipment and intangible assets) involved are those that require at least one year before being ready for use. The directly attributable financial expenses are those that would not have been incurred if the expense for that asset had not been incurred.

Where funds are borrowed specifically, costs eligible for capitalisation are the actual financial expense incurred for that financing, less any income earned on the temporary investment of such borrowings. In regard to the general pool of assumed debt, the amount of financial expenses that can be capitalised is determined by applying a capitalisation rate to the expenses incurred for that asset which corresponds to the weighted average of the borrowing costs applicable to the general pool, excluding any specifically borrowed funds. The amount of borrowing costs capitalised during a financial year shall in any case not exceed the amount of borrowing costs incurred during that year.

The starting date of capitalisation is the date on which all of the following conditions were met for the first time: (a) the costs for the asset were incurred; (b) the financial expenses were incurred; and (c) the activities necessary to prepare the asset for its intended use or for sale were undertaken.

Capitalisation of the financial expenses ceases when the activities necessary to prepare the asset for its intended use or sale are substantially complete.

OTHER LIABILITIES

REVERSE FACTORING

Reverse Factoring is the service that allows suppliers to collect receivables from the debtor company in advance through a specific agreement therewith. This operation constitutes a "reversal" of the traditional Factoring process, since it is the debtor who decides to use this instrument in order to optimise the management of its liability cycle. The main characteristic of this contract is that the request for assignment of the receivable is made directly by the debtor company, so that the factor is entrusted with the complete management of the supply payable. The agreement with the factor may also provide for the advance payment of receivables or their payment when due. In the latter case, while the supplier immediately collects the receivable, the debtor company can take advantage of the deferred payment offered by the contract.

From an accounting standpoint point, the determining factor for classification of the payable for reverse factoring is the settlement of the original liability (with consequent de-recognition) and the stipulation of a new relationship or otherwise. Specifically, IAS 39 in paragraph AG57 and IFRS 9 in paragraph B3.3.1 provide that "*a financial liability (or part of it) is extinguished when the debtor either:*

- *discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or*
- *is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor. (If the debtor has given a guarantee this condition may still be met.)*".

In CDP's consolidated financial statements reverse factored supply payables are shown under Other liabilities together with all other operating payables.

STAFF SEVERANCE PAY

Staff severance pay (TFR) covers the entire entitlement accrued by employees at the end of the financial year, as provided by law (Article 2120 of the Italian Civil Code) and applicable employment agreements.

In accordance with IAS 19, staff severance pay is treated as a "Post-employment benefit" and is classified as:

- a "Defined benefit plan" for the portion of staff severance pay accrued by employees until 31 December 2006;
- a "Defined contribution plan" for the portion of staff severance pay accrued by employees beginning 1 January 2007.

The accounting standard envisages that these portions of staff severance pay be recognised at their actuarial value. The accruing and accrued obligations are considered for discounting purposes (these obligations are, respectively, the discounted value of the expected future payments related to benefits accrued during the current financial year and the discounted value of future payments resulting from amounts accrued in previous financial years).

It should be noted that a number of CDP Group companies with a small number of employees and an immaterial staff severance pay amount continued to report that liability as calculated on the basis of Italian statutory provisions (Article 2120 of the Italian Civil Code), given the immateriality of the effects of adopting IAS 19.

OTHER INCOME STATEMENT ITEMS

REVENUE RECOGNITION

Revenues are recognised in such a way as to accurately represent the process of transfer of goods and services to customers in an amount that reflects the consideration that one expects to receive in exchange for supplied goods and services, using a model consisting of five basic steps:

- step 1: identify the contract with the customer;
- step 2: identify the contractual obligations, noting the separable goods or services as separate obligations;
- step 3: determine the price of the transaction, i.e. the amount of the consideration that one expects to receive;
- step 4: allocate the transaction price to each obligation identified in the contract based on the sale price of each individual separable item of goods or services;
- step 5: recognise the revenue when (or if) each contractual obligation is fulfilled through the transfer of the good or service to the customer, i.e. when the customer obtains control of the good or service.

Revenue from regulated activities is governed by the regulations issued by the Italian Energy Networks and Environment Regulator (ARERA). Consequently, in these cases, the financial terms and conditions relating to the services provided are not defined by negotiation but in accordance with the relevant regulatory frameworks and the tariffs are set periodically by ARERA and used as a basis to define the tariff criteria for the reference period, which provide that the reference revenues in formulating the tariffs are determined in order to cover the costs incurred by the operator and allow an equitable return on the capital invested.

There are three cost categories recognised:

- the cost of the net invested capital for RAB (Regulatory Asset Base) purposes through applying a rate of return on that invested capital;

- the economic - technical amortisation covering the investment costs;
- the operating costs covering the running costs.

Payments collected on behalf of third parties, such as fees for other non-Group grid owners, as well as fees recognised for the balancing of the national electrical energy system, which do not increase equity, are shown net of the related costs.

INTEREST INCOME AND EXPENSE

Interest income and expense is recognised in the income statement, on a pro-rata basis over time for all instruments, based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Default interest, where provided for by contract, is recognised in the income statement only when it is actually received.

The interest also includes the net balance, either positive or negative, of the differentials and margins relating to the financial derivative instruments hedging assets and liabilities that generate interest, and derivatives recognised in the balance sheet in the trading book but operationally related to assets and/or liabilities designated at fair value (fair value option).

COMMISSION INCOME AND EXPENSE

Commission income for revenues from services provided and commission expense for the costs of services received are recognised, based on the existence of contractual agreements, on an accrual basis, i.e. in the year when the services are provided.

This item also includes the commissions received from guarantees issued in favour of third parties, and commissions paid for guarantees received.

When the amortised cost method is used, the commissions considered in calculating the effective interest rate are classified as interests.

DIVIDENDS

The dividends received from subsidiaries, associates or joint ventures, accounted for by using the cost method and not consolidated are recognised in the income statement in the year in which the distribution is approved.

The dividends from companies accounted for using the equity method reduce the carrying value of the equity investments.

SHARE-BASED PAYMENTS

These are payments to employees as consideration for their work services performed. When specific conditions are met, the cost of employee service is remunerated through stock option plans, whose value is measured according to the fair value of the options granted to employees at the grant date.

The fair value of options granted is recognised in the income statement, under the item “Staff costs” over the vesting period, with a corresponding increase in equity, considering the best possible estimate of the number of options that employees will be able to exercise. That estimate is revised where subsequent information indicates that the expected number of equity instruments that will vest differs from the estimate previously carried out, independently of market conditions.

The measurement method used to calculate fair value considers all the characteristics of the options (term, price and conditions for exercise, etc.), as well as the value of the underlying security at the grant date, volatility and the yield curve at the grant date, in line with the duration of the plan.

At maturity, the estimate is revised and recognised in the income statement to register the amount corresponding to the number of equity instruments that have effectively vested, independently of whether market conditions have been met.

GRANTS

The revenues are recognised when it is probable that the economic benefits of the operation will flow to the entity. However, where the recoverability of an amount already included in the revenues is uncertain, the unrecoverable amount or the amount whose recovery is no longer probable is recognised as a cost.

With regard to projects related to the transmission of electricity, grants received in relation to specific assets (whose value is recognised under non-current assets) are, for plants already in operation before 31 December 2002, recognised under other liabilities and recognised in the income statement over the depreciation period of the related assets. Since 2003, grants for new plants entering service are recognised as a direct reduction of the value of the related asset.

Grants for operating expenses are recognised in full in the income statement when the conditions for recognition are satisfied.

Capital grants provided by public entities are recognised when there is reasonable certainty that the conditions established by the granting authorities for obtaining the grant will be met. Their recognition reduces the purchase or transfer price or the production cost of the asset they refer to. Similarly, capital grants received from private parties are accounted for in accordance with the same accounting policies.

NET PREMIUM INCOME

This macro-item includes accrued premiums in respect of contracts classifiable as insurance contracts pursuant to IFRS 4 and investment contracts with discretionary participation in profits considered equivalent to insurance contracts by IFRS 4.

Insurance contracts comprise all contracts under which one party (the insurer) accepts significant insurance risk from another party by agreeing to compensate the other party (the policyholder or other beneficiary) if a specified uncertain future event adversely affects the policyholder or the other beneficiary.

All contracts written by the Group can be classified as insurance contracts pursuant to IFRS 4. Premiums are reported net of cessions in reinsurance.

EMISSION RIGHTS

Costs relating to emission rights, determined on the basis of market prices, are recorded solely for the amount of carbon dioxide emissions exceeding the allocated emission rights. Costs relating to the purchase of emission rights are capitalised and recorded among intangible assets net of any negative balance between emissions and allocated rights. Proceeds relating to emission rights are recorded at the moment of their realisation through the sale of rights. In the event of sale, any purchased emission rights are understood to have been sold first. Cash credits allocated instead of the free allocation of emission rights are recorded in “Other income” in the income statement.

BUSINESS COMBINATIONS

A business combination involves the transfer of control over a business activity or, more generally, a company.

Business combinations are recognised in accordance with the acquisition method, by which the assets transferred and liabilities assumed by the CDP Group at the business combination acquisition date are recognised at fair value. Transaction costs are generally recognised in the income statement in the years when those costs are incurred or the services are rendered.

For newly acquired companies, if the initial values for a business combination are incomplete by the end of the reporting period in which the combination occurs, the CDP Group reports in its consolidated financial statements provisional amounts for the item for which the accounting is incomplete.

In accordance with IFRS 3, paragraphs 45 ff., within twelve months of the acquisition date, the differences resulting from the business combination have to be allocated by recognising the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed.

The following items are an exception and are measured in accordance with their applicable standard:
- deferred tax assets and liabilities within the scope of IAS 12;
- assets and liabilities for employee benefits within the scope of IAS 19;
- liabilities or equity instruments related to share-based payment transactions involving shares of the acquiree or share-based payment transactions involving shares of the Group issued in replacement of contracts of the acquiree, as defined by IFRS 2;
- insurance contracts within the scope of IFRS 4;
- assets and liabilities arising from leases within the scope of IFRS 16 for which the acquiree is the lessee;
- assets held for sale and discontinued operations within the scope of IFRS 5.

Goodwill is determined as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree, and the fair value of any equity interest previously held by the acquirer in the acquiree over the fair value at the acquisition date of the net assets acquired and the liabilities assumed. If the fair value at the acquisition date of the net assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of any equity interest previously held by the acquirer in the acquiree, the excess is recognised in the income statement as a gain from the transaction.

After initial recognition, the goodwill acquired for consideration in a business combination is tested for impairment once annually or whenever there is evidence of impairment. For newly acquired companies, the difference between the acquisition price and equity is provisionally recognised as goodwill, if positive, or under liabilities if negative, net of goodwill, if any, recognised in the financial statements of the acquirees.

At the acquisition date, non-controlling interests are measured at fair value or as a proportionate share of the recognised amounts of the acquiree's identifiable net assets. The measurement method is selected on a transaction basis.

Any contingent consideration provided in the business combination is measured at the acquisition-date fair value and included in the amount of the consideration transferred in the business combination for the purposes of calculating goodwill. Any subsequent changes in that fair value, which qualify as adjustments occurring during the measurement period, are included in goodwill retrospectively. Changes in fair value that can be considered as measurement-period adjustments are those prompted by new information about facts and circumstances that existed at the acquisition date, that has been obtained during the measurement period (which shall not exceed one year from the business combination).

In the case of business combinations achieved in stages, the equity investment previously held by the Group in the acquiree is revalued at the fair value at the date control was acquired and any resulting gain or loss is recognised through profit or loss. Any changes in the value of the previously held equity investment that had been recognised in other comprehensive income are reclassified to the income statement as if the equity investment had been sold. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the CDP Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall adjust the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and that, if known, would have affected the measurement of the amounts recognised at that date.

Transactions involving two or more companies or business activities belonging to the Group that are carried out for reorganisation purposes are not considered business combinations. Such transactions (*"business combinations under common control"*) are excluded from the scope of application of IFRS 3 and, in the absence of a reference standard, are accounted for based on Assirevi's preliminary interpretations/guidelines, i.e. predecessor basis of accounting of the acquired entity in the financial statements of the acquirer when said transactions do not have a significant influence on future cash flows. More specifically, the values adopted are those resulting from the consolidated financial statements of the Group at the date of transfer of assets.

A.3 - DISCLOSURE OF TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

There were no transfers between portfolios of financial assets.

A.4 - DISCLOSURES ON FAIR VALUE MEASUREMENT

QUALITATIVE DISCLOSURES

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assumption is that this refers to an ordinary transaction between independent counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded.

In the definition of fair value, a key assumption is that an entity is fully operational and does not have the urgent need to liquidate or significantly reduce a position. Among other factors, the fair value of an instrument reflects its credit quality as it incorporates the default risk associated with the counterparty or the issuer.

The international accounting standards have established three levels of classification for a financial instrument (known as the "hierarchy of fair value"); the level of fair value measurement assigned depends on the observability and significance of the inputs used in the valuation model.

For financial instruments listed on active markets, fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1). An instrument is considered to be traded on an active market if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date. When there are no published prices on an active market or when, in reference to several indicators (e.g. the possibility of performing transactions at the quoted price and their number, the bid-ask spread, the effective trading volumes), it cannot be held that the price represents an active and regularly functioning market, the fair value of the financial instruments is determined by using measurement models and techniques whose purpose is to establish the price at which the asset or liability would be exchanged between market operators in an ordinary transaction at the valuation date. The fair value of unlisted financial instruments is classified under Level 2 or 3 according to whether or not the inputs used in the valuation model are observable and their significance within that model.

The Level 2 inputs are prices available on active markets or inputs based on observable market data, such as interest rates, credit spreads, or yield curves. If they are used in the pricing of an instrument, they must be available for the entire residual life of the instrument. The fair value of a financial instrument measured with techniques that use Level 2 inputs is classified in the same level for the fair value hierarchy.

In certain cases, the level 2 inputs need to be adjusted to enable their use, also in view of the characteristics of the financial instrument being measured. If the adjustment is made on the basis of parameters that cannot be observed in the market or is impacted to a greater or a lesser extent by the modelling choices needed to make it, for example through the use of statistical or "expert-based" techniques, the fair value measurement is classified under Level 3, if the inputs are not observable in the market or not directly inferable. This category also includes the parameters estimated on the basis of proprietary models or historic data and used for the fair value measurement of unlisted financial instruments, classified under the same level.

The valuation techniques used for Level 2 and Level 3 measurements are validated by the Risk Management Area of CDP. The development and validation of the techniques, and their application for accounting evaluations, are set out in specific process documentation.

A.4.1 FAIR VALUE LEVELS 2 AND 3: VALUATION TECHNIQUES AND INPUTS USED

The valuation techniques used for unlisted financial instruments may, in addition to interpolations and extrapolations, involve the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

The CDP Group takes the following into consideration when selecting the valuation models:
- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and implemented in the systems.

The market parameters used as inputs for Level 2 valuations are selected on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments listed on active markets.

Specifically, the consolidated financial statements use fair value measurements assigned to Level 2 for interest rate, currency and equity derivatives designated as accounting or operational hedges for assets or liabilities and of the items relating to the exchanges of collateral referring to them.

The fair value of derivatives incorporates the counterparty credit risk and current and potential exposure using a simplified credit value adjustment (CVA) methodology. However, in view of the generalised use of framework netting arrangements that provide for the exchange of collateral, and considering the frequency of exchange of the collateral and the fact that it is established in the form of cash deposits, as well as the minimum ratings required from the counterparties, no adjustments of this kind have been made at 31 December 2022.

With regard to the assets and liabilities measured at fair value on a recurring basis, the following are classified as Level 3 in the consolidated financial statements:
- bonds and tranches of Asset-Backed Securities that do not pass the SPPI test dictated by IFRS 9, for which the valuation requires the use of inputs that are not directly observable or representative of the creditworthiness;
- equity interests and other unlisted equity instruments that are measured using non-market parameters.

A.4.2 VALUATION PROCESSES AND SENSITIVITY

DESCRIPTION OF THE VALUATION PROCESS FOR THE FAIR VALUE MEASUREMENT OF INSTRUMENTS CLASSIFIED AT LEVEL 3 OF THE HIERARCHY OF FAIR VALUE INPUTS

Level 3 valuation techniques are also applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

The methods and processes adopted aim to ensure that the value assigned to each position appropriately reflects their current fair value, with a level of detail for the checks proportional to the quantitative significance of the assets and liabilities measured.

DESCRIPTION OF NON-OBSERVABLE INPUTS USED IN THE VALUATION PROCESS FOR THE FAIR VALUE MEASUREMENT ON A RECURRENT BASIS OF INSTRUMENTS CLASSIFIED AT LEVEL 3 AND THE SENSITIVITY OF THE FAIR VALUE TO CHANGES IN THOSE INPUTS

For fair value measurements for which significant non-observable inputs are used (Level 3), a sensitivity analysis is conducted to obtain a range of possible and reasonable alternative valuations. In general, the impact of unobservable inputs on the Level 3 fair value measurement depends on the interaction between the various inputs used in the valuation process.

ASSET-BACKED SECURITIES

For asset-backed securities that have not passed the SPPI test required by IFRS 9, there is no listing on an active market. Their fair value is established according to model-based prices produced by specialist providers in the sector, which, in view of the assumptions underlying certain relevant parameters for the valuation (such as default and prepayment rates, determining their amortisation profile, and pricing spreads), is classified at level 3 of the fair value hierarchy. Considering the low notional value of the securities and their limited residual life, the analysis of sensitivity to these parameters results in insignificant changes to the value of the assets.

REDEMPTION PROFILES

The redemption profile of postal savings bonds (postal saving bond) is a central estimate of the nominal amount of the bonds that will be redeemed within a series of future dates, between the valuation date and the final maturity date. The estimate is made by CDP through statistical analyses and expert-based valuations. This non-observable figure is significant for the Level 3 measurement of the fair value of the options separated out from the Risparmio Sostenibile postal saving bonds, linked to the performance of the Stoxx Europe 600 ESG-X index. If the investor asks for early redemption of the bond, they lose the entitlement to receive any component of remuneration linked to the index and, as a result, the equity option sold by CDP lapses. For this category of financial instruments, higher redemptions therefore result in a lower value of liabilities for CDP. Although the redemption profiles are non-observable inputs on the market, the changes in those profiles over time are closely linked to the changes in actual redemptions observed.

The sensitivity analysis considers changes of 10% in the remaining principal, applied to the relevant expected percentage for the expiry of each option. If redemptions are lower than estimated, a condition has been established that the current level of remaining principal cannot be exceeded.

Sensitivity analysis to the redemption profile

(million of euro) Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded Options Buono Risparmio Sostenibile	0.77	(0.77)

NAV ADJUSTMENT

The Net Asset Value (NAV) is the difference between the total value of a fund's assets and liabilities. In this case, the fair value corresponds to the NAV of the fund, adjusted, if necessary, to take into account certain specific characteristics, purely for illustrative and non-exhaustive purposes, such as elements occurring between the reference date of the last available NAV and the valuation date, transactions on the shares of the fund being valued, any discounts relating to potential illiquidity of the shares held and any other information that may be disclosed by the manager with a significant impact on the fair value of the assets held by the fund.

A.4.3 HIERARCHY OF FAIR VALUE

IFRS 13 requires the provision of a description, with regard to the financial and non-financial assets and liabilities measured at fair value on a recurring basis, of the policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred separately for financial assets and liabilities and non-financial assets and liabilities (IFRS 13, paragraph 95). For all classes of assets and liabilities, the policies adopted by the CDP Group require that the transfer from one level to another take place at the end of the reporting period.

The transfers are motivated by whether it becomes possible or impossible to reliably measure fair value, respectively, at Level 1, Level 2 or Level 3: for example, if the measurement of an instrument is classified as "Level 3" due to the non-observability of a significant input, if that input becomes observable in the market or if it becomes common to use a model that requires only observable inputs, or its estimate is not necessary, then the measurement is transferred to Level 2, and the transfer occurs at the end of the reporting period.

QUANTITATIVE DISCLOSURES

A.4.5 HIERARCHY OF FAIR VALUE

A.4.5.1 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE INPUTS

(thousands of euro)	31/12/2022			31/12/2021		
Assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets designated at fair value through profit or loss:	5	526,402	3,153,152		281,343	3,286,165
a) Financial assets held for trading		356,237	7		68,140	108
b) Financial assets designated at fair value			194,962			456,966
c) Other financial assets mandatorily at fair value	5	170,165	2,958,183		213,203	2,829,091
2. Financial assets at fair value through other comprehensive income	11,769,043	97	260,245	15,625,036		143,252
3. Hedging derivatives		4,595,099			298,125	
4. Property, plant and equipment						
5. Intangible assets						
TOTAL	**11,769,048**	**5,121,598**	**3,413,397**	**15,625,036**	**579,468**	**3,429,417**
1. Financial liabilities held for trading		323,128	7,728		126,770	8,429
2. Financial liabilities at fair value			16,627			34,383
3. Hedging derivatives		1,367,670			3,143,800	
TOTAL		**1,690,798**	**24,355**		**3,270,570**	**42,812**

There were no transfers between fair value levels during the year as a result of changes in the observability of prices or market data used to value instruments or the significance of observable inputs.

A.4.5.2 CHANGE FOR THE YEAR IN FINANCIAL ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

	Financial assets measured at fair value through profit or loss							
(thousands of euro)	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	Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**3,286,165**	**108**	**456,966**	**2,829,091**	**143,252**			
2. Increases	**732,201**	**1**		**732,200**	**130,293**			
2.1 Purchases	633,764			633,764	124,412			
2.2 Profits taken to:	96,332			96,332	2,590			
2.2.1 Income statement	96,332			96,332	145			
– *of which: capital gains*	*95,268*			*95,268*				
2.2.2 Equity		X	X	X	2,445			
2.3 Transfers from other levels								
2.4 Other increases	2,105	1		2,104	3,291			
3. Decreases	**865,214**	**102**	**262,004**	**603,108**	**13,300**			
3.1 Sales	23,723			23,723				
3.2 Repayments	432,474			432,474	8,902			
3.3 Losses taken to:	164,710		25,215	139,495	4,398			
3.3.1 Income statement	164,710		25,215	139,495				
– *of which: capital losses*	*127,249*			*127,249*				
3.3.2 Equity		X	X	X	4,398			
3.4 Transfers to other levels								
3.5 Other decreases	244,307	102	236,789	7,416				
4. CLOSING BALANCE	**3,153,152**	**7**	**194,962**	**2,958,183**	**260,245**			

A.4.5.3 CHANGE FOR THE YEAR IN FINANCIAL LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS (LEVEL 3)

(thousands of euro)	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance	**8,429**	**34,383**	
2. Increases	**11,707**	**1,655**	
2.1 Issues	11,707		
2.2 Losses taken to:			
2.2.1 Income statement			
– *of which: capital losses*			
2.2.2 Equity	X		
2.3 Transfers from other levels			
2.4 Other increases		1,655	
3. Decreases	**12,408**	**19,411**	
3.1 Repayments		659	
3.2 Buybacks			
3.3 Profits taken to:	4,908	17,980	
3.3.1 Income statement	4,908	17,980	
– *of which: capital gains*	*4,001*		
3.3.2 Equity	X		
3.4 Transfers to other levels	7,500		
3.5 Other decreases		772	
4. CLOSING BALANCE	**7,728**	**16,627**	

A.4.5.4 ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS: BREAKDOWN BY LEVEL OF FAIR VALUE INPUTS

(thousands of euro)	31/12/2022				31/12/2021			
Assets and liabilities not carried at fair value or carried at fair value on a non-recurring basis	Level 1	Level 2	Level 3	Carrying amounts	Level 1	Level 2	Level 3	Carrying amounts
1. Financial assets measured at amortised cost	348,435,188	45,001,635	6,477,485	283,006,972	360,831,187	36,026,643	22,674,340	320,408,164
2. Investment property, plant and equipment	840,947		619,236	221,216	779,309		547,000	232,309
3. Non-current assets and disposal groups held for sale	155,645				38,653,095	2,799,544	47,386	33,383,298
TOTAL	**349,431,780**	**45,001,635**	**7,096,721**	**283,228,188**	**400,263,591**	**38,826,187**	**23,268,726**	**354,023,771**
1. Financial liabilities measured at amortised cost	406,248,889	26,083,654	10,691,748	366,547,038	415,458,134	30,202,988	14,019,558	372,277,779
2. Liabilities associated with non-current assets and disposal groups held for sale	26,828				40,707,805	517,199	30,300	3,425,967
TOTAL	**406,275,717**	**26,083,654**	**10,691,748**	**366,547,038**	**456,165,939**	**30,720,187**	**14,049,858**	**375,703,746**

A.5 - DISCLOSURE OF DAY ONE PROFIT/LOSS

The carrying amount of financial instruments on recognition is equal to their fair value at the same date.

In the case of financial instruments other than those measured at fair value through profit or loss, the fair value at the recognition date is normally assumed to be equal to the amount received or paid.

In the case of financial instruments measured at fair value through profit or loss classified as Level 3, any difference with respect to the amount received, the so-called “day one profit/loss”, cannot be recognised immediately through profit or loss.

Subsequently, such difference must be recognised through profit or loss if it is generated by a change in the factors on which market participants base their valuations in determining prices (including the time effect).

If the instrument has a specified maturity and a model that monitors changes in the factors on which operators base prices is not immediately available, the day one profit/loss can be recognised through profit or loss over the life of the financial instrument.

CDP Group has not recognised any “day one profit/loss” on financial instruments in accordance with the provisions of IFRS 7.28 and other related IFRS provisions.

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN

(thousands of euro)	31/12/2022	31/12/2021
a) Cash	1,231	2,253
b) Current accounts and demand deposits with Central banks	2,450,136	
c) Bank current accounts and demand deposits	4,051,148	5,232,679
TOTAL	**6,502,515**	**5,234,932**

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2022						31/12/2021		
	Prudential consolidation			Other entities					
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets									
1. Debt securities					102				102
1.1 Structured securities									
1.2 Other debt securities					102				102
2. Equity securities									
3. Units in collective investment undertakings					2	7			6
4. Loans									
4.1 Repurchase agreements									
4.2 Other									
Total A					**104**	**7**			**108**
B. Derivatives									
1. Financial derivatives		356,036			97			68,140	
1.1 Trading		354,937			97			68,140	
1.2 Associated with fair value option									
1.3 Other		1,099							
2. Credit derivatives									
2.1 Trading									
2.2 Associated with fair value option									
2.3 Other									
Total B		**356,036**			**97**			**68,140**	
TOTAL (A + B)		**356,036**			**201**	**7**		**68,140**	**108**

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTOR/ISSUER/COUNTERPARTY

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
A. ON-BALANCE-SHEET ASSETS				
1. Debt securities		**102**	**102**	**102**
a) Central banks				
b) General governments				
c) Banks		102	102	102
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies				
2. Equity securities				
a) Banks				
b) Other financial companies				
– *of which: insurance companies*				
c) Non-financial companies				
d) Other issuers				
3. Units in collective investment undertakings		**9**	**9**	**6**
4. Loans				
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies				
f) Households				
Total A		**111**	**111**	**108**
B. DERIVATIVES				
a) Central Counterparties				
b) Others	356,036	97	356,133	68,140
Total B	**356,036**	**97**	**356,133**	**68,140**
TOTAL (A + B)	**356,036**	**208**	**356,244**	**68,248**

2.3 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Loans			194,962			456,966
2.1 Structured						
2.2 Other			194,962			456,966
TOTAL			**194,962**			**456,966**

The item includes the value of the separate assets of EFIM and IGED, incorporated into Fintecna following the merger of Ligestra Due.

2.4 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Debt securities				
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies				
2. Loans		**194,962**	**194,962**	**456,966**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies		194,962	194,962	456,966
f) Households				
TOTAL		**194,962**	**194,962**	**456,966**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2022						31/12/2021		
	Prudential consolidation			Other entities					
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities					18	63			42,249
1.1 Structured securities									
1.2 Other debt securities					18	63			42,249
2. Equity securities				5		17,272			13,975
3. Units in collective investment undertakings			2,520,751		170,147	307,520		213,203	2,609,814
4. Loans						112,577			163,053
4.1 Repurchase agreements									
4.2 Other						112,577			163,053
TOTAL			**2,520,751**	**5**	**170,165**	**437,432**		**213,203**	**2,829,091**

Financial assets mandatorily measured at fair value related to the Prudential Consolidation essentially include investments in units of the Parent Company's U.C.I. and fall into the following macro-categories: Enterprise Funds for 1,162 million euro, Infrastructure Funds for 465 million euro, International Cooperation Funds for 120 million euro and Real Estate Funds for the remaining part.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Equity securities		**17,277**	**17,277**	**13,975**
of which: banks				
of which: other financial companies		*10,769*	*10,769*	*4,397*
of which: non-financial companies		*6,508*	*6,508*	*9,578*
2. Debt securities		**81**	**81**	**42,249**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies		63	63	42,249
– *of which: insurance companies*				
e) Non-financial companies		18	18	
3. Units in collective investment undertakings	**2,520,751**	**477,667**	**2,998,418**	**2,823,017**
4. Loans		**112,577**	**112,577**	**163,053**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies		112,577	112,577	163,053
f) Households				
TOTAL	**2,520,751**	**607,602**	**3,128,353**	**3,042,294**

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

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,887,804			14,175,245		
1.1 Structured securities						
1.2 Other debt securities	10,887,804			14,175,245		
2. Equity securities	881,239	97	260,245	1,449,791		143,252
3. Loans						
TOTAL	**11,769,043**	**97**	**260,245**	**15,625,036**		**143,252**

3.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,518,942			13,177,809		
1.1 Structured securities						
1.2 Other debt securities	10,518,942			13,177,809		
2. Equity securities	325,261		69,915	652,928		69,158
3. Loans						
TOTAL	**10,844,203**		**69,915**	**13,830,737**		**69,158**

The financial assets relating to the Prudential consolidation at 31 December 2022 include:

- debt securities for a value of 10,887 million euro. This item includes Italian government securities with a value of approximately 8,542 million euro held by the Parent Company;
- investments in equity securities amount to approximately 1,142 million euro and mainly include the fair value measurement of equity interests in TIM (held by the Parent Company) and Euronext (held through CDP Equity).

3.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	368,862			997,436		
1.1 Structured securities						
1.2 Other debt securities	368,862			997,436		
2. Equity securities	555,978	97	190,330	796,863		74,094
3. Loans						
TOTAL	**924,840**	**97**	**190,330**	**1,794,299**		**74,094**

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ ISSUER

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Debt securities	**10,518,942**	**368,862**	**10,887,804**	**14,175,245**
a) Central banks				
b) General governments	9,130,872	368,862	9,499,734	12,958,816
c) Banks	696,824		696,824	692,415
d) Other financial companies	256,420		256,420	185,917
of which: insurance companies				
e) Non-financial companies	434,826		434,826	338,097
2. Equity securities	**395,176**	**746,405**	**1,141,581**	**1,593,043**
a) Banks	65,089		65,089	63,387
b) Other issuer:	330,087	746,405	1,076,492	1,529,656
– other financial companies		659,897	659,897	733,088
– *of which: insurance companies*				
– non-financial companies	330,087	19,823	349,910	680,615
– other		66,685	66,685	115,953
3. Loans				
TOTAL	**10,914,118**	**1,115,267**	**12,029,385**	**15,768,288**

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND ACCUMULATED IMPAIRMENT

	Gross value					Accumulated impairment				
(thousands of euro)	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Accumulated partial write-off (*)
Debt securities	10,900,565					(12,761)				
Loans										
TOTAL 31/12/2022	**10,900,565**					**(12,761)**				
Total 31/12/2021	**14,181,421**		**7,745**			**(13,640)**	**(281)**			

(*) Value to be shown for information purposes.

3.3a LOANS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND ACCUMULATED IMPAIRMENT

There are no loans measured at fair value through other comprehensive income 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

(thousands of euro) Type of transactions/ Values	Total 31/12/2022						Total 31/12/2021					
	Carrying amounts			Fair value			Carrying amounts			Fair value		
	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3
A. Loans to Central banks	**2,997,709**					**2,993,972**	**21,670,403**					**21,669,122**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,983,028			X	X	X	21,656,136			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	14,681			X	X	X	14,267			X	X	X
B. Loans to banks	**20,209,521**			**303,932**		**18,300,181**	**18,107,501**			**226,376**		**18,686,653**
1. Loans	15,908,665					14,390,767	15,166,117					15,878,873
1.1 Current deposit	11,074			X	X	X	37,322			X	X	X
1.2 Time deposits	2,361,512			X	X	X	1,939,365			X	X	X
1.3 Other financing:	13,536,079			X	X	X	13,189,430			X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	13,536,079			X	X	X	13,189,430			X	X	X
2. Debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
2.1 Structured												
2.2 Other debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
TOTAL	**23,207,230**			**303,932**		**21,294,153**	**39,777,904**			**226,376**		**40,355,775**

Loans to banks are primarily composed of:

- the Parent Company's balance on the management account of the reserve requirement, which amounted to 2,983 million euro (-18,673 million euro on the figure recorded in 2021), the sharp decrease of which, compared to the end of 2021, is due to the ECB's decision in September 2022 to suspend the two-tier system for the remuneration of excess reserves;
- other loans of approximately 13,536 million euro, mostly attributable to loans granted by the Parent Company to the banking system;
- term deposits for approximately 2,362 million euro, mainly for Terna investments;
- non-demand current account balances amounting to around 11 million euro.

4.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	Total 31/12/2022						Total 31/12/2021					
	Carrying amounts			Fair value			Carrying amounts			Fair value		
Type of transactions/ Values	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3
A. Loans to Central banks	**2,997,709**					**2,993,972**	**21,670,403**					**21,669,122**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,983,028			X	X	X	21,656,136			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	14,681			X	X	X	14,267			X	X	X
B. Loans to banks	**17,856,767**			**303,932**		**15,947,427**	**16,130,814**			**226,376**		**16,709,966**
1. Loans	13,555,911					12,038,013	13,189,430					13,902,186
1.1 Current deposit				X	X	X				X	X	X
1.2 Time deposits	19,986			X	X	X				X	X	X
1.3 Other financing:	13,535,925			X	X	X	13,189,430			X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	13,535,925			X	X	X	13,189,430			X	X	X
2. Debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
2.1 Structured												
2.2 Other debt securities	4,300,856			303,932		3,909,414	2,941,384			226,376		2,807,780
TOTAL	**20,854,476**			**303,932**		**18,941,399**	**37,801,217**			**226,376**		**38,379,088**

4.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Type of transactions/ Values	Total 31/12/2022						Total 31/12/2021					
	Carrying amounts			Fair value			Carrying amounts			Fair value		
	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3
A. Loans to Central banks												
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement				X	X	X				X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other				X	X	X				X	X	X
B. Loans to banks	**2,352,754**					**2,352,754**	**1,976,687**					**1,976,687**
1. Loans	2,352,754					2,352,754	1,976,687					1,976,687
1.1 Current deposit	11,074			X	X	X	37,322			X	X	X
1.2 Time deposits	2,341,526			X	X	X	1,939,365			X	X	X
1.3 Other financing:	154			X	X	X				X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	154			X	X	X				X	X	X
2. Debt securities												
2.1 Structured												
2.2 Other debt securities												
TOTAL	**2,352,754**					**2,352,754**	**1,976,687**					**1,976,687**

Loans to banks pertaining to Other companies mainly include term deposits (2,342 million euro), mainly attributable to the Terna group (1,812 million euro) and the Snam group (351 million euro).

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

(thousands of euro) Type of transactions/ Values	Total 31/12/2022						Total 31/12/2021					
	Carrying amounts			Fair value			Carrying amounts			Fair value		
	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Level 1	Level 2	Level 3
1. Loans	**263,383,783**	**428,389**		**144,749**		**258,144,622**	**260,926,659**	**405,704**				**275,767,469**
1.1 Current accounts	9,458			X	X	X	21,163			X	X	X
1.1.1 Cash and cash equivalents held with Central State Treasury	156,842,617			X	X	X	157,207,306			X	X	X
1.2 Repurchase agreements	229,412			X	X	X	122,286			X	X	X
1.3 Loans	100,128,001	419,842		X	X	X	98,021,290	388,527		X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from wages	250			X	X	X	230			X	X	X
1.5 Finance lease	126,179			X	X	X	127,092			X	X	X
1.6 Factoring				X	X	X				X	X	X
1.7 Other	6,047,866	8,547		X	X	X	5,427,292	17,177		X	X	X
2. Debt securities	**61,395,889**	**19,897**		**44,552,954**	**6,477,485**	**3,568,197**	**59,720,920**			**35,800,267**	**22,674,340**	**4,284,920**
2.1 Structured securities												
2.2 Other debt securities	61,395,889	19,897		44,552,954	6,477,485	3,568,197	59,720,920			35,800,267	22,674,340	4,284,920
TOTAL	**324,779,672**	**448,286**		**44,697,703**	**6,477,485**	**261,712,819**	**320,647,579**	**405,704**		**35,800,267**	**22,674,340**	**280,052,389**

Loans to customers, which essentially include the contribution of the Parent Company, mainly relate to:
- lending operations under the Separate Account and Ordinary Account;
- cash and cash equivalents held with Central State Treasury;
- investments in debt securities under the Held to collect business model.

The above table provides a breakdown of the positions by technical form.

With respect to the cash and cash equivalents held with the Central State Treasury, account no. 29814, called "Cassa DP S.p.A. - Gestione Separata", which comprises the liquidity generated by Separate Account transactions of CDP, the Ministry of the Economy and Finance pays CDP interest based on a rate equal to the lower between:
- the cost of Postal Savings incurred by CDP;
- the average cost of the stock (balance) of national government securities[87].

[87] The average cost of the stock (balance) of government securities and the cost of Postal Savings are determined as a forecast for the first half of the year and definitively, possibly adjusted for any difference, for the whole of the year.

The volume of mortgage loans amounted to approximately 100,548 million euro (+2,138 million euro compared to the end of 2021).

Reverse repurchase agreements amounted to approximately 229 million euro (+107 million euro compared to the end of 2021).

The volume of debt securities included in this item amounted to approximately 61,956 million euro, mainly pertaining to the Parent Company and including 56,111 million euro of Italian government securities.

4.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

(thousands of euro) Type of transactions/Values	Total 31/12/2022 Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Total 31/12/2021 Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets
1. Debt securities	**61,395,889**	**19,897**		**59,720,920**		
a) General governments	56,734,625			54,605,623		
b) Other financial companies	1,008,891			1,147,714		
of which: insurance companies						
c) Non-financial companies	3,652,373	19,897		3,967,583		
2. Loans	**263,383,783**	**428,389**		**260,926,659**	**405,704**	
a) General governments	238,597,327	66,759		239,030,750	44,699	
b) Other financial companies	5,547,385			4,672,334		
of which: insurance companies						
c) Non-financial companies	19,212,356	360,222		17,201,496	359,262	
d) Households	26,715	1,408		22,079	1,743	
TOTAL	**324,779,672**	**448,286**		**320,647,579**	**405,704**	

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: GROSS VALUE AND ACCUMULATED IMPAIRMENT

(thousands of euro)	Gross value Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Accumulated impairment Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Accu-mulated partial write-offs (*)
Debt securities	65,245,543		675,166	28,424		(91,888)	(132,076)	(8,527)		
Loans	271,700,611		11,285,254	638,362		(275,005)	(420,703)	(209,973)		
TOTAL 31/12/2022	**336,946,154**		**11,960,420**	**666,786**		**(366,893)**	**(552,779)**	**(218,500)**		
Total 31/12/2021	**347,896,787**		**13,554,718**	**546,872**		**(341,567)**	**(684,455)**	**(141,168)**		

(*) Value to be shown for information purposes.

4.4a LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND ACCUMULATED IMPAIRMENT

	Gross value					Accumulated impairment				
(thousands of euro)	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Accu-mulated partial write-offs (*)
1. Loans subject to moratoria compliant with the GL										
2. Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne										
2. Loans subject to forbearance measures										
3. New loans	1,216,472			44,861		(4,158)		(6,650)		
TOTAL 31/12/2022	**1,216,472**			**44,861**		**(4,158)**		**(6,650)**		
Total 31/12/2021	**6,044,712**		**40,002**	**15,069**		**(9,568)**	**(173)**	**(1,025)**		

(*) Value to be shown for information purposes.

This table shows the loans, with details of gross amount and accumulated impairment, broken down by risk status, subject to Covid-19 support measures. The line "New loans" reports the loans which represent new liquidity backed by public guarantees.

4.5 FINANCE LEASES

For the purpose of IFRS 16, para. 94, the table below provides the classification by time band of the payments to be received and reconciliation with finance leases recognised under assets.

	Total 31/12/2022	Total 31/12/2021
(thousands of euro) Time bands	Lease payments to be received	Lease payments to be received
Up to 1 year	12,162	12,119
Between 1 and 2 years	12,186	12,119
Between 2 and 3 years	12,186	12,119
Between 3 and 4 years	12,186	12,119
Between 4 and 5 years	12,186	12,119
Over 5 years	65,456	66,497
TOTAL LEASE PAYMENTS TO BE RECEIVED	**126,362**	**127,092**
Reconciliation with finance leases	**(183)**	
Unearned finance income (-)	(183)	
Finance leases	**126,179**	**127,092**

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND LEVEL

	Fair value 31/12/2022			Notional value	Fair value 31/12/2021			Notional value
(thousands of euro)	Level 1	Level 2	Level 3	31/12/2022	Level 1	Level 2	Level 3	31/12/2021
A. Financial derivatives		**4,595,099**		**38,527,031**		**298,125**		**17,568,616**
1) Fair value		4,240,944		31,422,440		281,824		15,110,683
2) Cash flow		354,155		7,104,591		16,301		2,457,933
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**4,595,099**		**38,527,031**		**298,125**		**17,568,616**

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flow		
	Micro-hedge									
(thousands of euro) Operation/Type of hedging	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Credit	Commo-dities	Others	Macro-hedge	Micro-hedge	Macro-hedge	Invest-ment in foreign operation
1. Financial assets at fair value through other comprehensive income	119,054				X	X	X	58,124	X	X
2. Financial assets at amortised cost	1,076,672	X			X	X	X	10,264	X	X
3. Portfolio	X	X	X	X	X	X	2,972,881	X		X
4. Other			72,337				X	41,855	X	
TOTAL ASSETS	**1,195,726**		**72,337**				**2,972,881**	**110,243**		
1. Financial liabilities		X		X			X	243,912	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES								**243,912**		
1. Forecast transactions	X	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X		X		

SECTION 6 - FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS - ITEM 60

6.1 FAIR VALUE CHANGE OF HEDGED ASSETS: BREAKDOWN BY HEDGED PORTFOLIO

(thousands of euro)

Fair value change of financial assets in hedged portfolios/Values	31/12/2022	31/12/2021
1. Positive fair value change		**1,347,532**
1.1 of specific portfolios:		1,347,532
a) financial assets measured at amortised cost		1,347,532
b) financial assets measured at fair value through other comprehensive income		
1.2 overall		
2. Negative fair value change	**(2,986,650)**	**(79,547)**
2.1 of specific portfolios:	(2,986,650)	(79,547)
a) financial assets measured at amortised cost	(2,986,650)	(79,547)
b) financial assets measured at fair value through other comprehensive income		
2.2 overall		
TOTAL	**(2,986,650)**	**1,267,985**

SECTION 7 - EQUITY INVESTMENTS - ITEM 70

7.1 INFORMATION ON EQUITY INVESTMENTS

Company name	Registered office	Operational headquarters	Type of relation-ship [1]	Investor	% holding	% of votes [2]
A. Companies subject to joint control						
1. 4B3 S.c.ar.l.	Trieste	Trieste	7	Fincantieri S.p.A.	2.50%	2.50%
			7	Fincantieri SI S.p.A.	52.50%	52.50%
2. 4TB13 S.c.ar.l.	Trieste	Trieste	7	Fincantieri SI S.p.A.	55.00%	55.00%
3. 4TCC1 S.c.ar.l.	Trieste	Trieste	7	Fincantieri S.p.A.	5.00%	5.00%
			7	Fincantieri SI S.p.A.	75.00%	75.00%
4. AS Gasinfrastruktur Beteiligung GmbH	Vienna	Vienna	7	Snam S.p.A.	40.00%	40.00%
5. Ansaldo Gas Turbine Technology Co. Ltd (JVA)	Shanghai	Shanghai	7	Ansaldo Energia S.p.A.	60.00%	60.00%
6. BMT Energy Transmission Development LCC	Wilmington	Wilmington	7	Terna USA LLC	40.00%	40.00%
7. BUSBAR4F S.c.ar.l.	Trieste	Trieste	7	Fincantieri S.p.A.	10.00%	10.00%
			7	Fincantieri SI S.p.A.	50.00%	50.00%
8. Consorzio F.S.B.	Marghera (VE)	Marghera (VE)	7	Fincantieri S.p.A.	58.36%	58.36%
9. CSSC - Fincantieri Cruise Industry Development Ltd.	Hong Kong	Hong Kong	7	Fincantieri S.p.A.	40.00%	40.00%
10. Darsena Europa S.c.ar.l.	Rome	Rome	7	Fincantieri Infrastructure Opere Marittime S.p.A.	26.00%	26.00%
11. Elmed Etudes S.àr.l.	Tunis	Tunis	7	Terna S.p.A.	50.00%	50.00%
12. Ersma 2026 - S.c.ar.l.	Verona	Verona	7	Fincantieri SI S.p.A.	20.00%	20.00%
13. Etihad Ship Building LLC	Abu Dhabi	Abu Dhabi	7	Fincantieri S.p.A.	35.00%	35.00%
14. Energie Reti Gas S.r.l.	Milan	Milan	7	Medea S.p.A.	49.00%	49.00%
15. FINMESA S.c.ar.l.	Milan	Milan	7	Fincantieri SI S.p.A.	50.00%	50.00%
16. Fincantieri Clea Buildings S.c.ar.l.	Milan	Milan	7	Fincantieri Infrastructure S.p.A.	51.00%	51.00%

Company name	Registered office	Operational headquarters	Type of relationship [1]	Investor	% holding	% of votes [2]
17. Florence InvestCo S.r.l.	Milan	Milan	7	Fondo Italiano Consolidamento e Crescita (FICC)	41.64%	41.64%
18. Greenit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	CDP Equity S.p.A.	49.00%	49.00%
19. Holding Reti Autostradali S.p.A.	Rome	Rome	7	CDP Equity S.p.A.	51.00%	51.00%
20. Hotelturist S.p.A.	Padua	Padua	7	CDP Equity S.p.A.	45.95%	45.95%
21. IQ Made in Italy Investment Company S.p.A.	Milan	Milan	7	CDPE Investimenti S.p.A.	50.00%	50.00%
22. Issel Middle East Information Technology Consultancy LLC	Abu Dhabi	Abu Dhabi	7	Issel Nord S.r.l.	49.00%	49.00%
23. Metano S. Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Sant'Angelo Lodigiano	7	Italgas S.p.A.	50.00%	50.00%
24. Naviris S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	50.00%	50.00%
25. Nuovo Santa Chiara Hospital S.c.ar.l.	Florence	Pisa	7	Fincantieri Infrastrutture Sociali S.p.A.	50.00%	50.00%
26. OLT Offshore LNG Toscana S.p.A.	Milan	Livorno	7	Snam S.p.A.	49.07%	49.07%
27. Open Fiber Holding S.p.A.	Milan	Milan	7	CDP Equity S.p.A.	60.00%	60.00%
28. Orizzonte Sistemi Navali S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	51.00%	51.00%
29. PerGenova S.c.p.A.	Genoa	Genoa	7	Fincantieri Infrastructure S.p.A.	50.00%	50.00%
30. Power4Future S.p.A.	Calderara di Reno (BO)	Calderara di Reno (BO)	7	Fincantieri SI S.p.A.	52.00%	52.00%
31. Southeast Electricity Network Coordination Center S.A.	Saloniki	Saloniki	7	Terna S.p.A.	25.00%	25.00%
32. Saipem S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	CDP Equity S.p.A.	12.82%	12.82%
33. Shanghai Electric Gas Turbine Co. Ltd (JVS)	Shanghai	Shanghai	7	Ansaldo Energia S.p.A.	40.00%	40.00%
34. Terega Holding S.A.S.	Pau	Pau	7	Snam S.p.A.	40.50%	40.50%
35. Trans Austria Gasleitung GmbH [5]	Vienna	Vienna	7	Snam S.p.A.	84.47%	84.47%
36. Umbria Distribuzione Gas S.p.A.	Terni	Terni	7	Italgas S.p.A.	45.00%	45.00%
37. Valvitalia Finanziaria S.p.A.	Milan	Milan	7	CDPE Investimenti S.p.A.	50.00%	50.00%
38. Vimercate Salute Gestioni S.c.ar.l.	Milan	Vimercate (MB)	7	Fincantieri Infrastrutture Sociali S.p.A.	49.10%	49.10%
			7	SOF S.p.A.	3.65%	3.65%
B. Companies subject to significant influence						
1. 2F Per Vado - S.c.ar.l.	Genoa	Genoa	4	Fincantieri Infrastructure S.p.A.	49.00%	49.00%
2. A-U Finance Holdings BV	Amsterdam	Amsterdam	4	Ansaldo Energia S.p.A.	40.00%	40.00%
3. Ansaldo Algérie S.àr.l.	Algiers	Algiers	4	Ansaldo Energia S.p.A.	49.00%	49.00%
4. Bioteca S.c.ar.l.	Carpi (MO)	Santorso (VI)	4	SOF S.p.A.	33.33%	33.33%
5. Brevik Technology AS	Brevik	Brevik	4	Vard Group AS	34.00%	34.00%
6. CESI S.p.A.	Milan	Milan	4	Terna S.p.A.	42.70%	42.70%
7. CGES A.D.	Podgorica	Podgorica	4	Terna S.p.A.	22.09%	22.09%
8. Coreso S.A.	Bruxelles	Bruxelles	4	Terna S.p.A.	15.84%	15.84%
9. CSS Design Limited	British Virgin Islands (GB)	British Virgin Islands (GB)	4	Vard Marine Inc.	31.00%	31.00%
10. Castor Drilling Solution AS	Kristiansand S	Kristiansand S	4	Seaonics AS	34.13%	34.13%
11. Centro Servizi Navali S.p.A.	San Giorgio di Nogaro (UD)	San Giorgio di Nogaro (UD)	4	Fincantieri S.p.A.	10.93%	10.93%
12. Cisar Costruzioni S.c.ar.l.	Milan	Rome	4	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	30.00%
13. Città Salute Ricerca Milano S.p.A	Milan	Rome	4	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	30.00%

Company name	Registered office	Operational headquarters	Type of relation-ship [1]	Investor	% holding	% of votes [2]
14. Consorzio PerGenova Breakwater	Genoa	Genoa	4	Fincantieri Infrastructure Opere Marittime S.p.A.	25.00%	25.00%
15. dCarbonX Ltd	London	London	4	Snam International B.V.	28.89%	28.89%
16. Decomar S.p.A.	Massa (MS)	Massa (MS)	4	Fincantieri S.p.A.	20.00%	20.00%
17. Dido S.r.l.	Milan	Milan	4	Fincantieri S.p.A.	30.00%	30.00%
18. Dynamic	Saint-Paul-lès-Durance	Saint-Paul-lès-Durance	4	Ansaldo Energia S.p.A.	10.00%	10.00%
			4	Ansaldo Nucleare S.p.A.	15.00%	15.00%
19. EUR - Europrogetti & Finanza S.r.l. in liquidation	Rome	Rome	4	CDP S.p.A.	31.80%	31.80%
20. East Mediterranean Gas Company S.a.e.	Cairo	Cairo	4	Snam International B.V.	25.00%	25.00%
21. Elite S.p.A.	Milan	Milan	4	CDP S.p.A.	15.00%	15.00%
22. Energetika S.c.ar.l.	Florence	Florence	4	SOF S.p.A.	40.00%	40.00%
23. Enerpaper S.r.l.	Turin	Turin	4	Geoside S.p.A.	20.01%	20.01%
24. Eni S.p.A.	Rome	Rome	4	CDP S.p.A.	26.21%	26.21%
25. Equigy B.V.	Arnhem	Arnhem	4	Terna S.p.A.	20.00%	20.00%
26. GPI S.p.A.	Trento	Trento	4	CDP Equity S.p.A.	18.41%	18.41%
27. Galaxy Pipeline Assets Holdco Limited	Jersey	Jersey	4	Snam S.p.A.	12.33%	12.33%
28. Gaxa S.p.A.	Cagliari	Cagliari	4	Italgas S.p.A.	15.56%	15.56%
29. Gesam Reti S.p.A.	Lucca	Lucca	4	Toscana Energia S.p.A.	42.96%	42.96%
30. Gruppo PSC S.p.A.	Maratea (PZ)	Rome	4	Fincantieri S.p.A.	10.00%	10.00%
31. Hospital Building Technologies S.c.ar.l.	Florence	Florence	4	SOF S.p.A.	20.00%	20.00%
32. ITS Integrated Tech System S.r.l.	La Spezia	La Spezia	4	Rob.Int S.r.l.	51.00%	51.00%
33. Industrie De Nora S.p.A.	Milan	Milan	4	Asset Company 10 S.r.l.	25.79%	25.79%
34. Interconnector Ltd	London	London	4	Snam International B.V.	23.68%	23.68%
35. Interconnector Zeebrugge Terminal B.V.	Bruxelles	Bruxelles	4	Snam International B.V.	25.00%	25.00%
			4	Interconnector Ltd	48.00%	48.00%
36. Island Diligence AS	Stålhaugen	Stålhaugen	4	Vard Group AS	39.38%	39.38%
37. Island Offshore XII Ship AS	Ulsteinvik	Ulsteinvik	4	Vard Group AS	46.90%	46.90%
38. M.T. Manifattura Tabacchi S.p.A.	Rome	Rome	4	CDP Immobiliare S.r.l.	40.00%	40.00%
39. MC4COM - Mission critical for communication S.c.ar.l.	Milan	Milan	4	HMS IT S.p.A.	50.00%	50.00%
40. Mozart Holdco S.p.A.	Milan	Milan	4	CDP Equity S.p.A.	15.00%	15.00%
41. Nexi S.p.A.	Milan	Milan	4	CDPE Investimenti S.p.A.	8.28%	8.28%
			4	CDP Equity S.p.A.	5.29%	5.29%
42. Nord Ovest Toscana Energia S.r.l	Vicopisano (PI)	Vicopisano (PI)	4	SOF S.p.A.	34.00%	34.00%
43. Norwind Shipholding AS	Alesund	Alesund	4	Vard Shipholding Singapore Pte Ltd	12.00%	12.00%
44. Note Gestione S.c.ar.l.	Reggio Emilia	Reggio Emilia	4	SOF S.p.A.	34.00%	34.00%
45. Olympic Green Energy KS	Fosnavag	Fosnavag	4	Vard Group AS	29.50%	29.50%
46. Polaris Anserv S.r.l.	Bucarest	Bucarest	4	Ansaldo Nucleare S.p.A.	20.00%	20.00%
47. Poste Italiane S.p.A.	Rome	Rome	4	CDP S.p.A.	35.00%	35.00%
48. Prelios Solutions & Technologies S.r.l.	Milan	Milan	4	Fincantieri NexTech S.p.A.	49.00%	49.00%
49. Rocco Forte Hotels Limited	London	London	4	CDPE Investimenti S.p.A.	23.00%	23.00%
50. S.Ene.Ca Gestioni S.c.ar.l.	Florence	Florence	4	SOF S.p.A.	49.00%	49.00%
51. STARS Railway Systems	Rome	Rome	4	TRS Sistemi S.r.l.	2.00%	2.00%
			4	IDS Ingegneria Dei Sistemi S.p.A.	48.00%	48.00%
52. Senfluga Energy Infrastructure Holdings S.A.	Athens	Athens	4	Snam S.p.A.	54.00%	54.00%
53. Sicilian Biogas Refinery S.r.l.	Catania	Catania	4	Iniziative Biometano S.p.A.	32.00%	32.00%

Company name	Registered office	Operational headquarters	Type of relation-ship (1)	Investor	% holding	% of votes (2)
54. Solstad Supply AS	Alesund	Alesund	4	Vard Group AS	26.66%	26.66%
55. Sviluppo Biometano Sicilia S.r.l.	Cittadella	Cittadella	4	Iniziative Biometano S.p.A.	50.00%	50.00%
56. Trans Adriatic Pipeline AG	Baar	Baar	4	Snam International B.V.	20.00%	20.00%
57. Trevi Finanziaria Industriale S.p.A	Cesena	Cesena	4	CDPE Investimenti S.p.A.	25.67%	25.67%
58. Unifer Navale S.r.l. in liquidation	Finale Emilia (MO)	Finale Emilia (MO)	4	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	20.00%	20.00%
59. Webuild S.p.A.	Milan	Milan	4	CDP Equity S.p.A.	16.67%	16.67%
			4	Fincantieri S.p.A.	0.07%	0.07%
C. Unconsolidated subsidiaries (3)						
1. Asset Company 7 B.V.	Amsterdam	Amsterdam	1	Snam S.p.A.	100.00%	100.00%
2. Arbolia S.p.A. Società Benefit	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	51.00%	51.00%
3. Asset Company 4 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
4. Asset Company 9 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
5. Cogenest S.r.l.	Padua	Padua	1	Iniziative Biometano S.p.A.	98.00%	98.00%
6. Consorzio Bancario Sir S.p.A. in liquidation	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
7. Consorzio Codelsa in liquidation	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
8. Consorzio IMAFID in liquidation	Naples	Naples	1	Fintecna S.p.A.	56.85%	56.85%
9. Consorzio MED.IN. in liquidation	Rome	Rome	1	Fintecna S.p.A.	85.00%	85.00%
10. FOF Private Equity Italia (4)	Milan	Milan	1	CDP S.p.A.	66.23%	66.23%
11. FOF Impact Investing (FOF Impact) (4)	Milan	Milan	1	CDP Equity S.p.A.	100.00%	100.00%
12. FT2 Fondo Turismo 2 (4)	Rome	Rome	1	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	100.00%
13. FoF Private Debt Italia (4)	Milan	Milan	1	CDP Equity S.p.A.	73.42%	73.42%
14. FoF Venture Capital (4)	Milan	Milan	1	CDP S.p.A.	76.69%	76.69%
15. Fondo Boost Innovation (4)	Rome	Rome	1	CDP Equity S.p.A.	100.00%	100.00%
16. Fondo Corporate Partners I - comparto EnergyTech (4)	Rome	Rome	1	Italgas S.p.A.	5.88%	5.88%
			1	Snam S.p.A.	11.77%	11.77%
			1	CDP Equity S.p.A.	35.29%	35.29%
			1	Terna Forward S.r.l.	23.53%	23.53%
17. Fondo Corporate Partners I - comparto IndustryTech (4)	Rome	Rome	1	CDP Equity S.p.A.	66.67%	66.67%
18. Fondo Corporate Partners I - comparto InfraTech (4)	Rome	Rome	1	CDP Equity S.p.A.	75.00%	75.00%
			1	Terna Forward S.r.l.	25.00%	25.00%
19. Fondo Corporate Partners I - comparto ServiceTech (4)	Rome	Rome	1	CDP Equity S.p.A.	66.67%	66.67%
20. Fondo Evoluzione (4)	Rome	Rome	1	CDP Equity S.p.A.	100.00%	100.00%
21. Fondo Italiano Tecnologia e Crescita (FITEC) (4)	Milan	Milan	1	CDP S.p.A.	64.89%	64.89%
22. Fondo Large Ventures (4)	Rome	Rome	1	CDP Equity S.p.A.	100.00%	100.00%
23. Fondo acceleratori (4)	Rome	Rome	1	CDP Equity S.p.A.	85.62%	85.62%
24. Fondo di fondi Venturitaly (4)	Rome	Rome	1	CDP Equity S.p.A.	82.19%	82.19%
25. Fondo technology transfer - comparto diretto (4)	Rome	Rome	1	CDP Equity S.p.A.	92.06%	92.06%
26. Fondo technology transfer - comparto indiretto (4)	Rome	Rome	1	CDP Equity S.p.A.	100.00%	100.00%
27. Govone Biometano S.r.l.	Pordenone	Pordenone	1	IES Biogas S.r.l.	100.00%	100.00%
28. IES Biogas S.r.l. (Argentina)	Buenos Aires	Buenos Aires	1	IES Biogas S.r.l.	95.00%	95.00%

Company name	Registered office	Operational headquarters	Type of relation-ship (1)	Investor	% holding	% of votes (2)
			1	Bioenerys S.r.l.	5.00%	5.00%
29. Isola Biometano S.a.r.l	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	70.00%	70.00%
30. Piazzola Nuove Energie S.r.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	100.00%	100.00%
31. Quadrifoglio Genova S.p.A. in liquidation	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
32. S.tà Agr. Astico Biometano S.r.l.	Cittadella	Cittadella	1	Iniziative Biometano S.p.A.	100.00%	100.00%
33. Snam Gas & Energy Services (Beijing) Co. Ltd.	Beijing (China)	Beijing (China)	1	Snam International B.V.	100.00%	100.00%
34. Snam International UK Limited	Maidenhead	Maidenhead	1	Snam International B.V.	100.00%	100.00%
35. Snam Middle East BV BS Co	Riyad	Riyad	1	Snam International B.V.	100.00%	100.00%
36. Snam North America LLC	Wilmington (Delaware)	Wilmington (Delaware)	1	Snam International B.V.	100.00%	100.00%
37. Snam Energy Services Private Limited	New Delhi	New Delhi	1	Snam International B.V.	99.999%	99.999%
			1	Snam S.p.A.	0.001%	0.001%
38. Tea Innovazione Due S.r.l.	Brescia	Brescia	1	Tep Energy Solution S.r.l.	100.00%	100.00%
D. Unconsolidated subsidiaries (3)						
1. Albanian Gas Service Company Sh.a.	Tirana	Tirana	4	Snam S.p.A.	25.00%	25.00%
2. Altiforni e Ferriere di Servola S.p.A.	Udine	Udine	4	Fintecna S.p.A.	24.10%	24.10%
3. Consorzio INCOMIR in liquidation	Mercogliano (AV)	Mercogliano (AV)	4	Fintecna S.p.A.	45.46%	45.46%
4. Energy Investment Solution S.r.l.	Milan	Brescia	4	Tep Energy Solution S.r.l.	40.00%	40.00%
5. Latina Biometano S.r.l.	Rome	Latina	4	IES Biogas S.r.l.	32.50%	32.50%
6. Polo Strategico Nazionale S.p.A.	Rome	Rome	7	CDP Equity S.p.A.	20.00%	20.00%
7. Quadrifoglio Brescia S.p.A. in liquidation	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
8. Redo SGR S.p.A.	Milan	Milan	4	CDP S.p.A.	30.00%	30.00%

Key
(1) Type of relationship:
- 1 = Majority of voting rights in ordinary shareholders' meeting;
- 2 = Dominant influence in ordinary shareholders' meeting;
- 3 = Agreements with other shareholders;
- 4 = Entity subject to significant influence;
- 5 = Unitary management pursuant to Article 26.1 of Legislative Decree 87/92;
- 6 = Unitary management pursuant to Article 26.2 of Legislative Decree 87/92;
- 7 = Joint control;
- 8 = other form of control.

(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes.
(3) This classification includes companies in liquidation or subsidiaries in the start-up phase without assets and liabilities, or associates excluded from the scope of consolidation in view of the overall value of equity.
(4) Companies/Investment funds over which CDP has acquired control and which, in accordance with the practice adopted for the purpose of defining the scope of consolidation on a line-by-line basis, are excluded from consolidation in view of the overall value of assets.
(5) Participation in financial rights is equal to 89.2%.

The figure at 31 December 2022 was 27,109 million euro, compared to 20,831 million euro at 31 December 2021.

The increase of 6,278 million euro is mainly attributable to the following aspects:

- ENI — an increase deriving from net income for the year pertaining to the Group, equal to 3,890 million euro, and the change in valuation reserves, equal to +439 million euro. Added to these effects is the impact of the reversal of the dividend and other changes for a total value of -847 million euro;
- Poste Italiane - an increase of +479 million euro (including the effect of consolidation entries) deriving from net income for the year, as well as the overall negative effects of the change in valuation reserves, the reversal of the dividend and other changes, totalling -1.654 million euro;
- Saipem — an increase resulting from the subscription of a capital increase launched by the company at the end of the first half of 2022 and closed in July, through which new shares totalling 256 million euro were subscribed, and a decrease deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to -27 million euro, as well as the effects of the change in valuation reserves and other changes totalling -6 million euro;
- purchase, through CDP Equity, of 51% of Holding Reti Autostradali, the parent company of Autostrade per l'Italia, for a value of approximately 4,202 million euro. Between the equity investment acquisition date and 31 December 2022, the measurement of Holding Reti Autostradali using the equity method resulted in income of 284 million euro and an increase in the value of the equity investment of 91 million euro, attributable to changes in valuation reserves;
- Nexi — a decrease of -18 million euro deriving from net income for the year pertaining to the Group and an impairment loss of -190 million euro resulting from the impairment testing of the equity investment. Added to these effects was the impact of the change in valuation reserves and other changes for a total value of -32 million euro;
- SNAM — a decrease deriving from the valuation of TAG of -282 million euro, including the adjustment due to the impairment test performed on the equity investment (-340 million euro), mainly attributable to the effects of the Russia-Ukraine conflict.

IMPAIRMENT TESTING OF EQUITY INVESTMENTS

The CDP Group's equity investment portfolio includes listed and unlisted companies of major national interest, which are also pivotal in the promotional activity of supporting the growth and international expansion of businesses and the development of infrastructure. In its capacity as a National Promotional Institution, CDP invests in companies' share capital, mainly over a long-term horizon.

At each reporting date, the CDP Group conducts an assessment to detect the presence of indicators of impairment under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments, as well as the difficulties related to the current reference scenario, with a combination of factors linked to the residual impacts of the Covid-19 pandemic, the effects of the Russia-Ukraine conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, cash flows from equity investments, also due to the increased uncertainty in the assumptions and parameters at the basis of the asset valuation analyses.

Specifically, in light of the above, note that:

- the estimates have been made also considering stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of the markets, linked to the residual impacts of the Covid-19 pandemic, tensions in the international geo-political arena fuelled by the Russian-Ukrainian conflict and the general deterioration of the macroeconomic scenario (increased inflation and interest rates);
- the evaluations were also made using forecast data. Such forecasts are, by their nature, random and uncertain in that they are sensitive to changes in macroeconomic variables and to events outside the company's control. They are also based on a set of assumptions linked to future events and actions of management, which may not necessarily happen. In view of the uncertainty surrounding any future event - both as regards the actual occurrence of the event and in terms of when and to what extent it may happen - the differences between actual values and estimated values might be significant, even if the events at the basis of the forecast assumptions were to occur. This limit is even more pronounced in the current situation of uncertainty due to the variables mentioned above.

Therefore, there is still a need to constantly monitor the evolution of these elements in the current context.

Moreover, when performing impairment testing, CDP takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis. Where relevant, factors relating to climate change, as well as to the reference scenario (plagued by the Russian-Ukrainian conflict and the general deterioration in the macroeconomic situation), have been taken into account, mainly through considerations and/or sensitivity analyses on the variables determining the recoverable amount.

For more details, please refer to part A1 of Section 5 – Other issues and A2 – The main financial statement items of these Notes to the consolidated financial statements.

The indicators of impairment (so-called triggers) and objective evidence of impairment are assessed on the basis of information taken from public sources or of any additional information received by the investees.

Specifically, at 31 December 2022, impairment triggers were activated on some of the key equity investments accounted for using the equity method (Eni, Poste Italiane, Open Fiber Holdings, Saipem, Webuild and Nexi), essentially for the actual results and/or the performance of market prices.

With reference to the estimated recoverable amount of the equity investments, to be understood as the higher of their fair value less costs to sell and their value in use, CDP has adopted a range of key principles, taking also into account this unique moment in time, impacted by a combination of factors linked to the residual effects of the Covid-19 pandemic, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates, general deterioration of the economic climate, geopolitical risks and the uncertainties on future development, the guidance consequently issued by national and international regulators as well as the guidelines issued by industry bodies. In this regard, the assumptions and the valuation parameters adopted to determine the recoverable amount included, where potentially relevant, the factors described above. The key general principles used are as follows:

- a period of analysis of the rates to estimate the risk-free rate in line with a time horizon that allows the relevant market developments to be appreciated in light of the monetary policy decisions made by the central banks (e.g. recent increase in rates)[88];
- use of an Equity Risk Premium "consensus" in line with the average of the latest values available and a period of analysis of the market parameters (e.g. beta) that is such to mitigate and normalise any contingent factors in view of the medium/long-term perspective of the underlying cash flows;
- use of the average of the latest Country Risk Premiums instead of the latest available, only where deemed to be more significant.

In addition, CDP has conducted a sensitivity analysis, where deemed relevant, against the main variables that determine the subject asset's value, including for example:

- the price of oil (i.e. Brent) for companies operating mainly in the Oil & Gas sector, also in order to take into account any climate risks inherent in the business;
- the cost of capital, the margins and the long-term growth rate, if applicable, based on the value estimation method used.

The following summary table lists the main equity investments recognised at consolidated level and accounted for using the equity method, with indication of the carrying value at consolidated level and the methods used to calculate the recoverable amount for the purpose of the impairment test.

88 This principle also applies if the country risk has been estimated directly through the yield of the government bond of the country of reference for the company.

Note that equity investments accounted for using the equity method were measured using the "closed box" method, which measures the equity investment as a whole in accordance with the IAS 28 Standard.

(thousands of euro) Equity investment	Consolidated carrying amount	Recoverable amount	Methodology used
Eni	13,538,708	Value in use	Sum of the parts (e.g. DCF for the main business unit E&P)
Poste Italiane	2,407,174	Fair value	Stock market price
Nexi	2,249,211	Value in use	Discounted Cash Flows
Open Fiber Holdings	1,415,781	Value in use	Dividend Discount model
Webuild	267,066	Value in use	Dividend Discount model
Saipem	265,190	Value in use	Dividend Cash Flows

Eni

The recoverable amount of the equity investment in Eni was measured at value in use based on the discounted cash flow method for the main business unit (Exploration & Production - E&P) and taking into account the value of the other residual business units, so as to reflect the specificity of the different business segments it operates in. More specifically:

- for the Exploration & Production sector, the largest, the discounted cash flow (unlevered DCF) method was used, based on a closed portfolio model which develops and measures the entirety of the group's oil and natural gas reserves until stocks are exhausted over a specific multi-stage forecast period that extends until 2050 (without components of value in perpetuity):
  - production volumes were calculated starting from current proven reserves communicated by Eni and on the assumption that by 2035 about 80% of the proven and unproven reserves (i.e. possible and probable, adequately risked) will be produced, in line with what was declared by Eni. While production volumes after 2035 have been calculated on the assumption that proven and unproven reserves will be exhausted in 2050;
  - sales prices of oil and gas were calculated on the basis of the geographical macro-area the mineral reserves belong to, applying the spreads between the average historical prices and the average sales prices actually charged by Eni to the expected values of oil and gas. These values are in line with the current market estimates and aligned in the medium/long term to the forecasts contained in Eni's 2023-2026 Plan, which show a Brent price of 80 $/bbl and a VTP price of 402 €/kmc for 2026. In the short term, the values have been prudentially normalised to take into account the currently high volatility;
  - unit operating costs were also estimated by geographical macro-area of mineral reserves;
  - investments were estimated in a differentiated manner for proven reserves and possible/probable reserves by referring to the current expenditure per barrel produced — including development costs — that Eni incurs in areas where it has historically been present;
  - WACC was estimated: (i) applying the Capital Asset Pricing Model for the cost of equity, and (ii) by analysing the structure of sources of financing of a number of companies operating in the sector for the cost of indebtedness and the ratio of equity to debt;
- mainly considering the limited contribution to the overall value in use of the equity investment and the significant sensitivity of the results to long-term forecasts in the current context of uncertainty connected with the expected energy transition process, for sectors other than "Exploration & Production", net invested capital was used as the best estimate of recoverable amount, except for the Retail area of Plenitude, for which the multiples method of a panel of comparable listed companies (EV/EBITDA multiple) was used.

The impairment test found that the recoverable amount was much higher than the carrying value of the equity investment in the consolidated financial statements, and consequently its carrying amount was confirmed. Sensitivity analyses were performed on the main assumptions and variables used in estimating the value in use, with particular reference to the oil prices as well as the WACC and EBITDA discount rate, which show that any non-marginal negative changes in the main assumptions at the basis of test could result in a recoverable amount lower than what was identified at the reporting date but still higher than the carrying value of the equity investment.

In this regard, it should be noted that expectations regarding the results of the ENI group are directly and indirectly linked to those regarding the trend of oil and gas prices at the global level: these are complex scenarios, involving very dynamic and discontinuous markets, on whose future evolutions, especially in the medium to long term, the expectations of operators and analysts may diverge from each other even significantly. The growing tensions in the international geopolitical environment fueled by the conflict between Russia and Ukraine, which also involved the application of sanctions by Western countries against Russia, with the related impacts on the economy and the oil sector, have introduced further profiles of complexity, widening, for many commodities, the divergence between current market prices and expected prices in the medium to long term.

Poste Italiane

The recoverable amount of the equity investment in Poste Italiane was measured at fair value.

The fair value of the equity investment was calculated on the basis of the volume-weighted average price ("VWAP" method) at which the stock traded starting from the measurement date.

The impairment test found that the fair value was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed.

Open Fiber Holdings

The recoverable amount of the equity investment in Open Fiber Holdings was measured by estimating the NAV of the company at 31 December 2022, calculating the recoverable amount of the 100% equity investment in Open Fiber, by applying the Dividend Discount Model (DDM Method) based on a two-stage model, with: (i) a clearly stated forecast of future cash flows for the years 2023-2037 and (ii) calculation of the terminal value using the algorithm of cash flows in perpetuity. The discount rate is equal to the estimated cost of equity based on specific parameters derived from a panel of comparable listed companies. The economic and financial projections were provided by company management.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed. Note that any negative changes in the main assumptions at the basis of the test would result in a recoverable amount lower than that identified at the reporting date but in any case higher than the carrying value of the equity investment.

Saipem

The recoverable amount of the equity investment held in Saipem was measured at value in use, estimated using methods widely employed in valuation practice (e.g. Discounted Cash Flow, Dividend Discount Model) and based on a two-stage model, with (i) a clearly stated forecast of future cash flows for the years 2023-2025 and (ii) calculation of the terminal value using the algorithm of cash flows in perpetuity. Note that the information needed to estimate the cash flows and the other information needed to calculate the value in use was taken from public sources.

Specifically:
- the values in the specific period 2023-2025 are based on the estimates prepared by a selected group of financial analysts;
- the terminal value was calculated using the perpetuity growth model, estimating the cash flows achievable by the Saipem Group over the medium to long-term, considered on an indivisible basis;
- the cost of capital was estimated: (i) for the cost of equity through the Capital Asset Pricing Model, and (ii) for the cost of indebtedness, from the final data provided by the company. The ratio of equity to debt was derived through the analysis of the structure of sources of financing of a number of listed companies operating in the sector.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment in the consolidated financial statements and, consequently, the carrying amount of the equity investment was confirmed. Note that any negative changes in the main assumptions at the basis of the test would result in a recoverable amount lower than that identified at the reporting date but generally in line with the carrying value of the equity investment.

Webuild

The recoverable amount of the equity investment in Webuild was measured at value in use, which was determined using the Dividend Discount Model (DDM Method) based on a two-stage model, with: (i) a clearly stated forecast of future cash flows for the years 2023-2025 and (ii) the calculation of the terminal value using the algorithm of cash flows in perpetuity. The discount rate is equal to the estimated cost of equity, based on specific parameters derived from a panel of comparable listed companies, while the long-term growth rate in terminal value was estimated based on the geographic areas the company operates in. The economic-financial projections were taken based on the guidance given by management and the estimates prepared by the financial analysts.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment and, consequently, the carrying amount of the equity investment was confirmed. Note that any negative changes in the main assumptions at the basis of the test would result in a recoverable amount lower than that identified at the reporting date but essentially in line with the carrying value of the equity investment.

Nexi

At 31 December 2022, in continuity with 30 June 2022, the recoverable amount of the equity investment held in Nexi was measured at value in use, estimated using the discounted cash flow method (unlevered DCF) based on a two-stage model, with (i) a clearly stated forecast of future cash flows for the years 2023-2025 and (ii) the calculation of the terminal value using the algorithm of cash flows in perpetuity. Note that the information needed to estimate the cash flows and the other information needed to calculate the value in use was taken from public sources.

Specifically:
- the values in the specific period 2023-2025 are based on the public estimates prepared by a selected group of financial analysts and on the guidance provided by company management at the 2022 Capital Markets Day;
- the terminal value was calculated using the perpetuity growth model, estimating the cash flows of Nexi with a medium/long-term view;
- WACC was estimated: (i) applying the Capital Asset Pricing Model for the cost of equity, and (ii) by analysing the structure of sources of financing of the main companies operating in the sector for the cost of indebtedness and the ratio of equity to debt.

The impairment test carried out as at 31 December 2022 compared to 30 June 2022, however, was impacted by negative changes in relation to some of the main assumptions and variables used in estimating the value in use and which are mainly:
- a significant increase in the WACC discount rate, due to the general increase in key rates;
- a slight reduction in the long-term terminal growth rate, due to the downward revision of the long-term growth estimates;

In view of this, the recoverable amount of the investment arising from the impairment test amounted to 2,249 million euro, resulting in an impairment loss in the consolidated financial statements of 190 million euro.

Other equity investments

Lastly, it should be noted that as of December 31, 2022, the Snam group has: (i) identified impairment indicators of an exogenous nature attributable to the macroeconomic context with reference to its equity investment portfolio and (ii) carried out impairment testing of all major equity investments measured using the equity method by comparing their carrying value with their relative recoverable value, represented by the higher of fair value and value in use. In detail with reference to the investment held in Trans Austria Gasleitung, a company that owns the pipeline that transports Russian gas through Austria to Italy via Ukraine, Slovakia and up to the Tarvisio entry point, the continuation of the Russia-Ukraine conflict, which began in February 2022, resulted in a significant reduction in gas flows from Russia in the year detected at the Baumgarten entry point of about 52.6% compared to 2021, resulting in a reduction in volumes imported from the Tarvisio entry point (from about 29 billion standard cubic meters in 2021 to about 14 billion standard cubic meters in 2022). In addition, on December 31, 2022, about 85g of long-term transportation capacity contracts came to natural maturity. In a scenario characterized by significant uncertainties about the outcome and duration of the conflict, with actions already taken by some states that will lead to the gradual independence of Europe from Russian gas, the SNAM group determined the estimated recoverable value of the investment based on a multi-scenario approach, attributing to each of the scenarios considered a probability of occurrence. By multiplying the value in use emerging from each of the scenarios considered by the probability of occurrence attributed to them, the recoverable value was thus determined, resulting in a write-down of the equity investment held in TAG by 340 million euro, with the value as of December 31, 2022, standing at 274 million euro. At the same time, the company is actively working with the relevant Austrian authorities regarding the definition of the regulatory framework applicable from 2025 (regulatory period 2025-2028) in light of the changed environment in which the company operates.

7.2 SIGNIFICANT EQUITY INVESTMENTS: CARRYING AMOUNT, FAIR VALUE AND DIVIDENDS RECEIVED

(thousands of euro) Company name	Carrying amounts	Fair value (*)	Dividends received
A. Joint ventures			
1. Open Fiber Holdings S.p.A.	1,415,781		
2. Holding Reti Autostradali S.p.A.	4,271,750		
B. Companies subject to significant influence			
1. ENI S.p.A.	13,538,708	12,438,081	814,476
2. Poste Italiane S.p.A.	2,407,174	4,171,846	281,140
3. Nexi S.p.A.	2,249,211	1,310,735	

(*) The fair value shown in the table regarding listed securities is calculated by multiplying the number of shares held by the stock market price recorded at the end of 2022 (30 December 2022).

7.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

(million of euro) Company name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Writedowns of property, plant and equipment and intangible assets	Income (loss) before tax from continuing operations	Income (loss) after tax on continuing operations	Income (loss) after tax on discontinued operations	Income (loss) for the year (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3) = (1) + (2)
A. Joint ventures														
1. Open Fiber Holdings S.p.A.	93	419	9,852	4,057	2,355	437	38	(367)	(172)	(140)		(140)	258	119
2. Holding Reti Autostradali S.p.A.	2,314	1,026	26,155	11,230	8,313	3,160		(1,051)	662	618		618	203	821
B. Companies under significant influence														
1. Eni S.p.A.	X	11,722	130,253	31,868	65,032	133,687	X	X	22,049	13,961		13,961	1,757	15,718
2. Poste S.p.A.	X	226,141	30,502	103,644	149,044	11,889	X	X	2,328	1,511		1,511	(3,814)	(2,303)
3. Nexi S.p.A.	X	6,381	18,646	9,880	3,358	5,399	X	X	270	135	8	143	(127)	16

The consolidated accounting figures for joint arrangements and significant associates were produced based on the information at 31 December 2022 provided by the investees.

(thousands of euro) Company name	Net assets	% holding	Net assets held	Goodwill	Other adjustments	Book value
A. Joint ventures						
1. Open Fiber Holdings S.p.A.	3,952,121	60.00%	2,371,273	609,135	(1,564,627)	1,415,781
2. Holding Reti Autostradali S.p.A.	8,375,979	51.00%	4,271,750			4,271,750
B. Companies subject to significant influence						
1. Eni S.p.A.	54,759,000	26.21%	14,352,334		(813,626)	13,538,708
2. Poste S.p.A.	8,893,697	35.00%	3,112,794		(705,620)	2,407,174
3. Nexi S.p.A.	12,219,591	13.57%	1,658,199	1,982,870	(1,391,858)	2,249,211

Other adjustments include adjustments made as a result of Purchase Price Allocation as well as adjustments reflecting the impacts of asymmetrical transactions carried out with CDP Group companies.

7.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

(thousands of euro) Company name	Carrying amount of the investments	Total assets	Total liabilities	Total revenues	Income (loss) after tax on continuing operations	Income (loss) after tax on disposal groups held for sale	Income (loss) for the year (1)	Other comprehensive income after tax (2)	Comprehensive income (3) = (1) + (2)
Joint ventures	1,356,744	8,854,784	6,698,185	1,836,749	(49,905)	106	124,052	28,758	152,810
Companies subject to significant influence	1,848,954	19,711,443	15,263,717	3,406,171	3,243		(671,002)	668,202	(2,800)

The accounting figures for non-significant equity investments in companies subject to joint control and associates were produced based on the information provided by the investees.

7.5 EQUITY INVESTMENTS: CHANGES FOR THE YEAR

(thousands of euro)	31/12/2022	31/12/2021
A. Opening balance	**20,830,618**	**15,834,385**
B. Increases	**11,618,368**	**7,369,979**
B.1 Purchases	4,694,461	4,178,379
B.2 Writebacks	31,000	
B.3 Revaluations	5,014,875	2,332,202
B.4 Other increases	1,878,032	859,398
C. Decreases	**5,340,023**	**2,373,746**
C.1 Sales	965,190	79,639
C.2 Writedowns	566,606	1,020
C3 Impairment	409,708	646,456
C.4 Other decreases	3,398,519	1,646,631
D. CLOSING BALANCE	**27,108,963**	**20,830,618**
E. Total revaluations	**9,494,319**	**5,097,224**
F. Total writedowns	**1,502,605**	**1,175,414**

7.6 SIGNIFICANT ASSESSMENTS OR ASSUMPTIONS MADE TO DETERMINE WHETHER THERE IS JOINT CONTROL OR SIGNIFICANT INFLUENCE

Please refer to the contents of Section 7 "Equity Investments" Part A.2 of these Notes to the Consolidated Financial Statements.

7.7 COMMITMENTS RELATING TO JOINT OPERATIONS

CDP Equity has commitments for a total of 528 million euro in favour of its jointly controlled subsidiaries.

With regard to TAG, the contractual agreements (Shareholders' Agreement) stipulated between Snam and GCA envisage, *inter alia*, that in the case of new investment projects, if TAG is unable to finance itself independently, it is the shareholders who finance it based on the interest held. In addition, following the worsening of the economic scenario, dominated by tensions and uncertainties generated by the recent conflict between Russia and Ukraine, the shareholders Snam and GCA assured TAG on the coverage of any liquidity shortfalls, in case the company is unable to use the credit lines already available and/or in the process of being finalised, for a period of 12 months from the date of issuing the audit report on TAG's 2021 separate financial statements (i.e. from 30 June 2022) and for a maximum amount of 100 million euro, based on the respective stakes in the company's share capital (for Snam, a potential maximum outlay of approximately 89 million euro).

7.8 COMMITMENTS RELATING TO COMPANIES UNDER SIGNIFICANT INFLUENCE

The most significant commitments relating to companies under significant influence comprise:

- CDP Equity has commitments for a total of 21 million euro in favour of its subsidiaries under significant influence;
- with regard to TAP, investee company through Snam, currently and until repayment of the loan, a mechanism has been put in place to support the repayment of the outstanding financial debt of the company (the so-called "Debt Payment Undertaking"), which, unlike a first demand guarantee, released upon reaching the "Financial Completion Date" on 31 March 2021, would be activated upon the occurrence of specific and determined conditions linked to exceptional events of an extraordinary nature. The maximum Snam pro-rata amount of the guarantee is 1,129 million euro. Moreover, the financial documentation signed as part of the Project Financing concluded for TAP provides for some restrictions for the shareholders, typical of this type of transaction, such as: (i) the restriction on the sale of TAP shares, according to a certain schedule; (ii) establishment of a pledge for the shares held by Snam in TAP in favour of the lenders for the entire duration of the loan.

7.9 SIGNIFICANT RESTRICTIONS

There are no significant restrictions on equity investments.

7.10 OTHER INFORMATION

With regard to equity investments in associates or joint ventures, financial statements or reports with a reporting date of up to six months from 31 December 2022 were used in limited cases. The table below shows the reporting date of the year used to apply the equity method:

Company name	Type of relationship	Reporting date
Valvitalia Finanziaria S.p.A.	Joint control	31/12/2021
Maticmind S.p.A.	Significant influence	30/06/2022
Rocco Forte Hotels Ltd.	Significant influence	31/10/2022
Trevi finanziaria industriale S.p.A.	Significant influence	30/06/2022
Florence Investment S.r.l.	Joint control	30/06/2022
Hotelturist S.p.A.	Joint control	31/10/2022

Furthermore, when the accounting data of an associate or a joint operation used to apply the equity method is different from 31 December 2022, adjustments are made to reflect the effects of the significant transactions or facts that occurred between said date and the reporting date of the consolidated financial statements of the CDP Group.

SECTION 8 - REINSURERS' SHARE OF TECHNICAL RESERVES - ITEM 80

There is no reinsurers' share of technical reserves.

SECTION 9 - PROPERTY, PLANT AND EQUIPMENT - ITEM 90

9.1 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Owned	**108,421**	**40,492,457**	**40,600,878**	**39,191,961**
a) Land	62,276	528,420	590,696	580,630
b) Buildings	35,278	2,977,500	3,012,778	2,844,254
c) Furniture	3,635	6,584	10,219	10,975
d) Electrical systems	4,909	744,564	749,473	675,070
e) Other	2,323	36,235,389	36,237,712	35,081,032
2. Right of use acquired under leases	**22,229**	**374,570**	**396,799**	**341,905**
a) Land		22,267	22,267	8,633
b) Buildings	21,619	219,603	241,222	227,955
c) Furniture				
d) Electrical systems	69	4,715	4,784	15,175
e) Other	541	127,985	128,526	90,142
TOTAL	**130,650**	**40,867,027**	**40,997,677**	**39,533,866**
– *of which: obtained via the enforcement of the guarantees received*				

Other property, plant and equipment refer primarily to the investments by Italgas, Terna and Snam in plants instrumental for the performance of their business activity. In detail, the item includes mainly:

- investments by Terna for approximately 17.5 billion euro, referring to power lines for 7.4 billion euro and transformation stations for 4.9 billion euro, other plant and machinery of 0.7 billion euro, industrial and commercial equipment of 47 million euro, and other assets of 52.4 million euro;
- investments by Snam for approximately 20.7 billion euro, including transport for 14.5 billion euro (gas pipelines for 13.4 billion euro, gas reduction regulation stations and plants for 1.1 billion euro), storage for 3 billion euro (storage wells for 0.9 billion euro, pipelines for 67.5 million euro and processing and compression stations for 2.0 billion euro), regasification for 25 million euro, other plant and machinery for 0.7 billion euro, industrial and commercial equipment for 47 million euro and other assets for 52.4 million euro;
- assets under construction and advances for 4.4 billion euro, of which 2.6 billion euro ascribable to Terna and 1.6 billion euro to Snam.

The remaining amounts are attributable to industrial and commercial equipment of 120.7 million euro, other plant and machinery of 96.3 million euro, freely transferable assets of 70.0 million euro, fixed assets under construction and advances of 202.0 million euro, and other assets of 168.3 million euro.

9.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro) Items/Values	31/12/2022 Carrying amounts	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2021 Carrying amounts	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3
1. Owned	**840,452**		**619,236**	**221,216**	**775,851**		**547,000**	**228,851**
a) Land	55,130			55,130	55,130			55,130
b) Buildings	785,322		619,236	166,086	720,721		547,000	173,721
2. Right of use acquired under leases	**495**			**495**	**3,458**			**3,458**
a) Land								
b) Buildings	495			495	3,458			3,458
TOTAL	**840,947**		**619,236**	**221,711**	**779,309**		**547,000**	**232,309**
– *of which: obtained via the enforcement of the guarantees received*								

9.2 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Items/Values	31/12/2022 Carrying amounts	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2021 Carrying amounts	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3
1. Owned	**214,372**			**214,372**	**220,000**			**220,000**
a) Land	55,130			55,130	55,130			55,130
b) Buildings	159,242			159,242	164,870			164,870
2. Right of use acquired under leases	**495**			**495**	**3,458**			**3,458**
a) Land								
b) Buildings	495			495	3,458			3,458
TOTAL	**214,867**			**214,867**	**223,458**			**223,458**
– *of which: obtained via the enforcement of the guarantees received*								

9.2 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Items/Values	31/12/2022 Carrying amounts	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2021 Carrying amounts	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3
1. Owned	**626,080**		**619,236**	**6,844**	**555,851**		**547,000**	**8,851**
a) Land								
b) Buildings	626,080		619,236	6,844	555,851		547,000	8,851
2. Right of use acquired under leases								
a) Land								
b) Buildings								
TOTAL	**626,080**		**619,236**	**6,844**	**555,851**		**547,000**	**8,851**
– *of which: obtained via the enforcement of the guarantees received*								

9.3 OPERATING PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN OF REVALUED ASSETS

This item has a nil balance.

9.4 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT FAIR VALUE

This item has a nil balance.

9.5 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: BREAKDOWN

(thousands of euro) Items/Values	Total 31/12/2022	Total 31/12/2021
1. Inventories of property, plant and equipment from enforcement of the guarantees received		
a) Land		
b) Buildings		
c) Furniture		
d) Electrical systems		
e) Others		
2. Other inventories of property, plant and equipment	**717,377**	**795,219**
TOTAL	**717,377**	**795,219**
– *of which: measured at fair value, less costs of disposal*		

Inventories of property, plant and equipment mainly comprise property owned by CDP Immobiliare for 131 million euro and the real estate funds included in the scope of consolidation for 536 million euro.

9.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

(thousands of euro)	Land	Buildings	Furnitures	Electrical systems	Other	Total
A. Opening gross balance	**615,509**	**4,579,816**	**27,903**	**1,332,692**	**59,327,607**	**65,883,527**
A.1 Total net writedowns	(26,246)	(1,507,607)	(16,928)	(642,447)	(24,156,433)	(26,349,661)
A.2 Opening net balance	**589,263**	**3,072,209**	**10,975**	**690,245**	**35,171,174**	**39,533,866**
B. Increases	**73,075**	**415,596**	**2,122**	**224,725**	**5,671,181**	**6,386,699**
B.1 Purchases	24,985	95,674	935	64,808	3,013,665	3,200,067
– *of which: business combinations*	*10,502*	*25,569*		*10,507*	*144,111*	*190,689*
B.2 Capitalized improvement costs		2,647				2,647
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences	232	12,165		2,726	8,034	23,157
B.6 Transfers from investment property		8,615	X	X	X	8,615
B.7 Other changes	47,858	296,495	1,187	157,191	2,649,482	3,152,213
C. Decreases	**49,375**	**233,805**	**2,878**	**160,713**	**4,476,117**	**4,922,888**
C.1 Sales	1,362	5,850		1,246	21,997	30,455
– *of which: business combinations*		207		486	76	769
C.2 Depreciation	2,885	169,593	2,660	133,387	1,558,482	1,867,007
C.3 Writedowns for impairment recognised in:	322	5,372		1	15,131	20,826
a) equity						
b) income statement	322	5,372		1	15,131	20,826
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences		33				33
C.6 Transfers to:	1,828	4,884			32,117	38,829
a) investment property		1,455	X	X	X	1,455
b) assets held for sale	1,828	3,429			32,117	37,374
C.7 Other changes	42,978	48,073	218	26,079	2,848,390	2,965,738
D. CLOSING NET BALANCE	**612,963**	**3,254,000**	**10,219**	**754,257**	**36,366,238**	**40,997,677**
D.1 Total net writedowns	(10,144)	(1,701,439)	(18,600)	(761,007)	(25,685,222)	(28,176,412)
D.2 Closing gross balance	**623,107**	**4,955,439**	**28,819**	**1,515,264**	**62,051,460**	**69,174,089**
E. Measurement at cost						

9.6 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	Land	Buildings	Furnitures	Electrical systems	Other	Total
A. Opening gross balance	**62,276**	**77,027**	**10,324**	**18,362**	**31,295**	**199,284**
A.1 Total net writedowns		(29,682)	(6,836)	(14,670)	(26,081)	(77,269)
A.2 Opening net balance	**62,276**	**47,345**	**3,488**	**3,692**	**5,214**	**122,015**
B. Increases		**18,146**	**1,071**	**2,992**	**980**	**23,189**
B.1 Purchases		2,683	844	1,940	811	6,278
– *of which: business combinations*		*411*		*58*	*12*	*481*
B.2 Capitalized improvement costs		1,672				1,672
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences						
B.6 Transfers from investment property		8,615	X	X	X	8,615
B.7 Other changes		5,176	227	1,052	169	6,624
C. Decreases		**8,594**	**924**	**1,706**	**3,330**	**14,554**
C.1 Sales						
– *of which: business combinations*						
C.2 Depreciation		4,199	777	1,661	1,057	7,694
C.3 Writedowns for impairment recognised in:						
a) equity						
b) income statement						
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences						
C.6 Transfers to:		501				501
a) investment property		501	X	X	X	501
b) assets held for sale						
C.7 Other changes		3,894	147	45	2,273	6,359
D. CLOSING NET BALANCE	**62,276**	**56,897**	**3,635**	**4,978**	**2,864**	**130,650**
D.1 Total net writedowns		(35,501)	(7,524)	(16,315)	(27,167)	(86,507)
D.2 Closing gross balance	**62,276**	**92,398**	**11,159**	**21,293**	**30,031**	**217,157**
E. Measurement at cost						

9.6 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	Land	Buildings	Furnitures	Electrical systems	Other	Total
A. Opening gross balance	**553,233**	**4,502,789**	**17,579**	**1,314,330**	**59,296,312**	**65,684,243**
A.1 Total net writedowns	(26,246)	(1,477,925)	(10,092)	(627,777)	(24,130,352)	(26,272,392)
A.2 Opening net balance	**526,987**	**3,024,864**	**7,487**	**686,553**	**35,165,960**	**39,411,851**
B. Increases	**73,075**	**397,450**	**1,051**	**221,733**	**5,670,201**	**6,363,510**
B.1 Purchases	24,985	92,991	91	62,868	3,012,854	3,193,789
– *of which: business combinations*	*10,502*	*25,158*		*10,449*	*144,099*	*190,208*
B.2 Capitalized improvement costs		975				975
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences	232	12,165		2,726	8,034	23,157
B.6 Transfers from investment property			X	X	X	
B.7 Other changes	47,858	291,319	960	156,139	2,649,313	3,145,589
C. Decreases	**49,375**	**225,211**	**1,954**	**159,007**	**4,472,787**	**4,908,334**
C.1 Sales	1,362	5,850		1,246	21,997	30,455
– *of which: business combinations*		*207*		*486*	*76*	*769*
C.2 Depreciation	2,885	165,394	1,883	131,726	1,557,425	1,859,313
C.3 Writedowns for impairment recognised in:	322	5,372		1	15,131	20,826
a) equity						
b) income statement	322	5,372		1	15,131	20,826
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences		33				33
C.6 Transfers to:	1,828	4,383			32,117	38,328
a) investment property		954	X	X	X	954
b) assets held for sale	1,828	3,429			32,117	37,374
C.7 Other changes	42,978	44,179	71	26,034	2,846,117	2,959,379
D. CLOSING NET BALANCE	**550,687**	**3,197,103**	**6,584**	**749,279**	**36,363,374**	**40,867,027**
D.1 Total net writedowns	(10,144)	(1,665,938)	(11,076)	(744,692)	(25,658,055)	(28,089,905)
D.2 Closing gross balance	**560,831**	**4,863,041**	**17,660**	**1,493,971**	**62,021,429**	**68,956,932**
E. Measurement at cost						

9.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Prudential consolidation		Other entities	
(thousands of euro)	Land	Buildings	Land	Buildings
A. Opening gross balance	**55,130**	**201,596**		**653,153**
A.1 Total net writedowns		(33,268)		(97,302)
A.2 Opening net balance	**55,130**	**168,328**		**555,851**
B. Increases		**6,879**		**81,226**
B.1 Purchases				59,582
B.2 Capitalized improvement costs		280		
B.3 Fair value gains				
B.4 Writebacks				20,690
B.5 Positive exchange rate differences				
B.6 Transfers from operating property		501		954
B.7 Other changes		6,098		
C. Decreases		**15,470**		**10,997**
C.1 Sales				
C.2 Depreciation		6,855		
C.3 Fair value losses				
C.4 Writedowns for impairment				10,729
C.5 Negative exchange rate differences				37
C.6 Transfers to:		8,615		
a) operating property		8,615		
b) non-current assets and disposal groups held for sale				
C.7 Other changes				231
D. CLOSING BALANCE	**55,130**	**159,737**		**626,080**
D.1 Total net writedowns		(37,871)		(87,341)
D.2 Closing gross balance	55,130	**197,608**		**713,421**
E. Measurement at fair value	**55,130**	**159,242**		**626,080**

9.8 INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT GOVERNED BY IAS 2: CHANGES FOR THE YEAR

	Inventories of property, plant and equipment obtained via the enforcement of the guarantees received					Other inventories of property, plant and equipment	Total
	Land	Buildings	Furnitures	Electrical systems	Other		
A. Opening gross balance						**795,219**	**795,219**
B. Increase						**32,511**	**32,511**
B.1 Purchase						36	36
B.2 Writebacks						1,712	1,712
B.3 Positive exchange rate differences							
B.4 Other changes						30,763	30,763
C. Decreases						**110,353**	**110,353**
C.1 Sales						86,125	86,125
C.2 Writedowns for impairment						24,228	24,228
C.3 Negative exchange rate differences							
C.4 Other changes							
D. CLOSING GROSS BALANCE						**717,377**	**717,377**

9.9 COMMITMENTS TO PURCHASE PROPERTY, PLANT AND EQUIPMENT

Commitments to purchase property, plant and equipment at 31 December 2022 refer mainly to:

- the Fincantieri group with commitments for the purchase of property, plant and equipment for approximately 84 million euro;
- the Ansaldo Energia group with commitments for purchases of approximately 5 million euro;
- the SNAM group, with purchase commitments with respect to property, plant and equipment for approximately 2,058 million euro.

SECTION 10 - INTANGIBLE ASSETS - ITEM 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY CATEGORY

(thousands of euro)	Prudential consolidation		Other entities		31/12/2022		31/12/2021	
Assets/Values	Definite life	Indefinite life	Definite life	Indefinite life	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**X**	**3,189**	**X**	**1,198,444**	**X**	**1,201,633**	**X**	**1,095,724**
A.1.1 Pertaining to Group	X	3,189	X	1,068,563	X	1,071,752	X	1,095,724
A.1.2 Non-controlling interests	X		X	129,881	X	129,881	X	
A.2 Other intangible assets	**72,754**		**12,067,820**	**16,473**	**12,140,574**	**16,473**	**11,438,975**	**16,334**
– *of which: software*	*72,001*		*642,221*		*714,222*		*570,669*	
A.2.1 Assets carried at cost:	72,754		12,067,820	16,473	12,140,574	16,473	11,438,975	16,334
a) internally-generated intangible assets			406,403		406,403		318,206	
b) other assets	72,754		11,661,417	16,473	11,734,171	16,473	11,120,769	16,334
A.2.2 Assets carried at fair value:								
a) internally-generated intangible assets								
b) other assets								
TOTAL	**72,754**	**3,189**	**12,067,820**	**1,214,917**	**12,140,574**	**1,218,106**	**11,438,975**	**1,112,058**

Other intangible assets include the recognition of intangible assets resulting from business combinations involving the various companies of the Group.

They mainly regard:

- concessions and licences worth 1.059 million euro, which mainly include the value of concessions for the storage of natural gas pertaining to Snam;
- infrastructure rights worth 9,062 million euro, of which 8,895 million euro relating to Italgas, and the remainder to Snam and Terna. The item includes the value of the public-private service concession agreements relating to the development, maintenance and operation of infrastructure under concession arrangements. Under the terms of the agreements, the operator holds the right to use the infrastructure in order to provide the public service;
- customer contracts valued at 250 million euro and portfolio order valued at 155 million euro;
- trademarks worth 80 million euro;
- technological know-how worth 296 million euro.

Refer to Part G for additional details on the item "Goodwill" with particular reference to DEPA Infrastructure S.A. purchased by the Italgas group.

10.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

(thousands of euro)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite life	Indefinite life	Definite life	Indefinite life	
A. Opening gross balance	**1,096,195**	**958,535**		**19,121,918**	**16,334**	**21,192,982**
A.1 Total net writedowns	(471)	(640,329)		(8,001,149)		(8,641,949)
A.2 Opening net balance	**1,095,724**	**318,206**		**11,120,769**	**16,334**	**12,551,033**
B. Increases	**175,703**	**193,004**		**2,620,553**	**139**	**2,989,399**
B.1 Purchases	169,186	59,008		2,278,354		2,506,548
– *of which: business combinations*	*169,186*	*212*		*1,036,567*		*1,205,965*
B.2 Increases in internally-generated intangible assets	X	115,744		197,905		313,649
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences	3,498	525		3,147	139	7,309
B.6 Other changes	3,019	17,727		141,147		161,893
C. Decreases	**69,794**	**104,807**		**2,007,151**		**2,181,752**
C.1 Sales	1,214	920		97,720		99,854
C.2 Writedowns:	48,337	88,920		1,172,649		1,309,906
– Amortisation	X	85,571		800,767		886,338
– Impairment:	48,337	3,349		371,882		423,568
+ equity	X					
+ income statement	48,337	3,349		371,882		423,568
C.3 Fair value losses:						
– equity	X					
– income statement	X					
C.4 Transfer to non-current assets held for sale	2,966			259,070		262,036
C.5 Negative exchange rate differences	6,053	720		5,021		11,794
C.6 Other changes	11,224	14,247		472,691		498,162
D. CLOSING NET BALANCE	**1,201,633**	**406,403**		**11,734,171**	**16,473**	**13,358,680**
D.1 Total net writedowns	(45,310)	(737,137)		(9,500,583)		(10,283,030)
E. CLOSING GROSS BALANCE	**1,246,943**	**1,143,540**		**21,234,754**	**16,473**	**23,641,710**
F. Measurement at cost						

The impairment losses include an impairment of 338 million euro of intangible assets, mainly attributable to the value of technology, customer relationships and the value of the portfolio of contracts outstanding (backlog) recognised at the end of the purchase price allocation process as part of the acquisition of the Ansaldo Energia group. In particular, the CDP Group conducts an assessment to detect the presence of indicators of impairment under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments. as well as the difficulties related to the current reference scenario, with a combination of factors linked to the residual impacts of the Covid-19 pandemic, the effects of the Russian-Ukrainian conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, of cash flows from the aforementioned activities, also due to the increased uncertainty in the assumptions and parameters at the basis of the valuation analyses.

With reference to these intangible assets, the recoverable amount was measured at value in use, estimated using the discounted cash flow method (unlevered DCF), taking into account the flows from the respective full-life plans [89]. The discount rate is equal to the WACC estimated based on specific parameters derived from a panel of comparable listed companies, while the long-term growth rate was estimated based on forecasts of the long-term inflation rate. The economic and financial forecasts for the specific period are based on the 2023-2027 projections prepared by company management as part of the business plan review recently carried out, also as a result of the deterioration in performance.

In particular, during 2022, Ansaldo Energia's financial economic performance was affected by the evolution of the macroeconomic context, with particular reference to the indirect impacts of the outbreak of the war between Russia and Ukraine with regard to (i) availability of materials, delays in deliveries and increase in raw material prices, and (ii) tension on the gas market due to price uncertainty and future availability of gas.

In this context, the company proceeded to (i) carry out the review of the 2023-27 Business Plan and (ii) initiate talks with the majority shareholder and financial institutions for the implementation of a budget package necessary to restore the group's financial and economic balance.

Lastly, it should be noted that any negative changes in the main assumptions at the basis of the valuation exercise could result in a recoverable amount lower than that identified at the reporting date and, for some types of intangible assets, potentially lower than the carrying value.

[89] The valuation is based on a so-called "closed portfolio" scenario, namely on forecast data referring to the group's current area of business, thus excluding the strategic initiatives still to be developed.

10.2 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite life	Indefinite life	Definite life	Indefinite life	
A. Opening gross balance				**116,903**		**116,903**
A.1 Total net writedowns				(57,532)		(57,532)
A.2 Opening net balance				**59,371**		**59,371**
B. Increases	**3,189**			**31,370**		**34,559**
B.1 Purchases	3,189			31,223		34,412
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences						
B.6 Other changes				147		147
C. Decreases				**17,987**		**17,987**
C.1 Sales						
C.2 Writedowns:				17,987		17,987
– Amortisation	X			17,987		17,987
– Impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
– equity	X					
– income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences						
C.6 Other changes						
D. CLOSING NET BALANCE	**3,189**			**72,754**		**75,943**
D.1 Total net writedowns				(75,687)		(75,687)
E. CLOSING GROSS BALANCE	**3,189**			**148,441**		**151,630**
F. Measurement at cost						

10.2 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Definite life	Indefinite life	Definite life	Indefinite life	
A. Opening gross balance	**1,096,195**	**958,535**		**19,005,015**	**16,334**	**21,076,079**
A.1 Total net writedowns	(471)	(640,329)		(7,943,617)		(8,584,417)
A.2 Opening net balance	**1,095,724**	**318,206**		**11,061,398**	**16,334**	**12,491,662**
B. Increases	**172,514**	**193,004**		**2,589,183**	**139**	**2,954,840**
B.1 Purchases	165,997	59,008		2,247,131		2,472,136
– *of which: business combinations*	*165,997*	*212*		*1,035,661*		*1,201,870*
B.2 Increases in internally-generated intangible assets	X	115,744		197,905		313,649
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences	3,498	525		3,147	139	7,309
B.6 Other changes	3,019	17,727		141,000		161,746
C. Decreases	**69,794**	**104,807**		**1,989,164**		**2,163,765**
C.1 Sales	1,214	920		97,720		99,854
C.2 Writedowns:	48,337	88,920		1,154,662		1,291,919
– Amortisation	X	85,571		782,780		868,351
– Impairment:	48,337	3,349		371,882		423,568
+ equity	X					
+ income statement	48,337	3,349		371,882		423,568
C.3 Fair value losses:						
– equity	X					
– income statement	X					
C.4 Transfer to non-current assets held for sale	2,966			259,070		262,036
C.5 Negative exchange rate differences	6,053	720		5,021		11,794
C.6 Other changes	11,224	14,247		472,691		498,162
D. CLOSING NET BALANCE	**1,198,444**	**406,403**		**11,661,417**	**16,473**	**13,282,737**
D.1 Total net writedowns	(45,310)	(737,137)		(9,424,896)		(10,207,343)
E. CLOSING GROSS BALANCE	**1,243,754**	**1,143,540**		**21,086,313**	**16,473**	**23,490,080**
F. Measurement at cost						

IMPAIRMENT TESTING OF GOODWILL

Goodwill generated from the acquisition of subsidiaries is allocated to each identified "cash generating unit" (CGU). Within the CDP Group, CGUs correspond to the individual investee companies. Since it is an intangible asset having an indefinite useful life, goodwill is not amortised but tested only for the recoverability of its carrying amount. An impairment test is performed annually on goodwill, or whenever there is evidence of impairment. This involves comparing the carrying amount of the CGU, including goodwill, and the recoverable amount of said CGU. If the value of the CGU is higher than its recoverable amount, the difference is recognised in the income statement first reducing goodwill until it reaches zero.

At each reporting date, the CDP Group conducts an assessment to detect the presence of indicators of impairment under IAS 36 and of any additional indicators, where applicable, also considering the indications of national and international regulators on financial reporting relating to risks, uncertainties, estimates, assumptions and assessments, as well as the difficulties related to the current reference scenario, with a combination of factors linked to the residual impacts of the Covid-19 pandemic, the effects of the Russia-Ukraine conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have increased the level of uncertainty, hence making it more complex to make quantitative estimates, for example, cash flows from the CGUs, also due to the increased uncertainty in the assumptions and parameters at the basis of the CGU analyses.

Specifically, in light of the above, note that:

- the estimates have been made also considering stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of the markets, linked to the residual impacts of the Covid-19 pandemic, tensions in the international geo-political arena fuelled by the Russian-Ukrainian conflict and the general deterioration of the macroeconomic scenario (increased inflation and interest rates);
- the evaluations were also made using forecast data. Such forecasts are, by their nature, random and uncertain in that they are sensitive to changes in macroeconomic variables and to events outside the company's control. They are also based on a set of assumptions linked to future events and actions of management, which may not necessarily happen. In view of the uncertainty surrounding any future event - both as regards the actual occurrence of the event and in terms of when and to what extent it may happen - the differences between actual values and estimated values might be significant, even if the events at the basis of the forecast assumptions were to occur. This limit is even more pronounced in the current situation of uncertainty due to the variables mentioned above.

Therefore, there is still a need to constantly monitor the evolution of these elements in the current context.

Moreover, when performing impairment testing, CDP takes into account the guidelines of the supervisory authorities on financial reporting aspects relating to risks, uncertainties, estimates, assumptions and valuations, as well as difficulties associated with the possible impact of climate risks on the entities under analysis. Where relevant, factors relating to climate change, as well as to the reference scenario (plagued by the Russian-Ukrainian conflict and the general deterioration in the macroeconomic situation), have been taken into account, mainly through considerations and/or sensitivity analyses on the variables determining the recoverable amount.

For additional details, please refer to part A1 of Section 5 - Other issues and A2 - The main financial statement items of these Notes to the consolidated financial statements.

In relation to Snam, Terna, Italgas[90], Ansaldo Energia and Stark Two, the CGUs to which goodwill was allocated coincide with the individual sub-consolidated entities, while for CDP Venture Capital SGR the CGU is represented by the investee itself. In relation to Fincantieri, goodwill is the amount recognised in the consolidated financial statements of the same CGU following the acquisition of the Vard group and is reflected in the consolidated financial statements of CDP Group given that the equity investment is consolidated on a line-by-line basis. With regard to Melt1, goodwill is the amount recognised in the consolidated financial statements of

[90] In relation to Italgas, it should also be noted that following the acquisition on 1 September 2022, the goodwill amount also includes the goodwill portion relating to the acquisition of DEPA Infrastructure.

that CGU following the acquisitions finalised by the subsidiary C2MAC group and reflected in CDP Group's consolidated financial statements as a result of the line-by-line consolidation of the equity investment.

The following summary table lists the goodwill amounts pertaining to the Group and recognised at consolidated level, with indication of the carrying value and the methods used to calculate the recoverable amount determined for the purpose of the impairment test.

(thousands of euro) CGU	Goodwill amount	Recoverable amount	Methodology
Ansaldo Energia	359,776	Value in use	Dividend Discount model
Snam	253,060	Fair value	Stock market price
Terna	219,116	Fair value	Stock market price
Italgas	95,962	Fair value	Stock market price
Fincantieri	87,988	Fair value	Stock market price
Stark Two	35,630	Fair value	Stock multiples
Melt1	17,031	Fair value	Stock multiples
CDP Venture Capital SGR	3,189	Value in use	Dividend Discount model

In relation to Snam, Terna, Italgas, Ansaldo Energia, Stark Two and CDP Venture Capital SGR, the CGUs to which goodwill was allocated coincide with the individual investees and the recoverable amount was determined as follows:

- for Snam, Terna and Italgas, the fair value less costs to sell, determined on the basis of the average of the respective trading prices in December 2022, weighted for the volumes measured starting from the valuation date;
- for Ansaldo Energia, the value in use through the Dividend Discount Model (DDM Method) based on a two-stage model, with (i) a clearly stated forecast of future cash flows for the years 2023-2027[91] and (ii) the calculation of the terminal value using the algorithm of cash flows in perpetuity. The discount rate is equal to the cost of equity estimated based on specific parameters derived from a panel of comparable listed companies, while the long-term growth rate for the terminal value was estimated based on forecasts of the long-term inflation rate. The economic-financial forecasts for the specific period are based on the 2023-2027 projections recently made by the company's management, also following the deterioration in performance, while the Terminal Value was determined on the basis of normalised forecasts of the income statement. In particular, during 2022, the economic and financial performance of Ansaldo was negatively impacted by the evolution of the macroeconomic scenario (for additional details, see above), in virtue of which the company proceeded to (i) carry out the review of the 2023-27 Business Plan and (ii) initiate talks with the majority shareholder and financial institutions for the implementation of a budget package necessary to restore the group's financial and economic balance. Lastly, note that any even marginal negative changes in the main assumptions at the basis of the test could result in a recoverable amount that is lower than the carrying value of net assets including goodwill;
- for the subsidiary Stark Two (vehicle with a 69% stake in Marval), in the fair value applying the market multiples method (specifically, the EV/EBITDA multiple was used). To this end, a panel of comparable listed companies operating in the same sector as the company (i.e. precision machining) was selected;
- for CDP Venture Capital SGR, in the value in use based on a Dividend Discount Model in the excess capital variant with (i) explicit provision for a distributable dividend for the years 2023-2031, and (ii) residual equity at the end of the explicit period. The discount rate was estimated to be the cost of equity calculated using the Capital Asset Pricing Model theory.

In relation to Fincantieri, goodwill is the amount recognised in the consolidated financial statements of the same CGU following the acquisition of the Vard group and is reflected in the consolidated financial statements of CDP given that the equity investment is consolidated on a line-by-line basis. As of 31 December 2022, the Fincantieri group recorded impairments of goodwill recognized on its CGUs as a result of updated impairment tests carried out in the presence of impairment indicators, including as a result of the increase in interest rates recorded during the period. The incorporation of these impacts by the CDP Group resulted in a reduction of goodwill in the Group's consolidated financial statements, with an overall effect on the income statement of 47 million euro. In any case, it should be noted that the fair value of Fincantieri less costs to sell, determined on the basis of the average stock market

[91] The valuation is based on a so-called "closed portfolio" scenario, namely on forecast data referring to the group's current area of business, thus excluding the strategic initiatives still to be developed.

price of the investment in the month of December 2022, weighted for the relevant volumes, was higher than the net assets including goodwill (already net of the effects resulting from the consolidation of Fincantieri mentioned above).

With regard to Melt1, goodwill is the amount recognised in the consolidated financial statements of that CGU following the acquisitions finalised by the subsidiary C2MAC Group and reflected in CDP's consolidated financial statements as a result of the line-by-line consolidation of the equity investment. As a result, the recoverable amount of Melt 1 was estimated based on that of the equity investment held in C2MAC Group, which is essentially the only asset held by Melt 1. To this end, the market multiples method was applied (specifically, reference was made to the EV/EBITDA multiple) by selecting a panel of comparable listed companies.

The impairment tests found that the recoverable amounts were higher than the carrying value of the net assets of the CGUs to which goodwill is allocated, and consequently no change in value was required in addition to those, if any, recorded by CGUs in their respective financial statements.

SECTION 11 - TAX ASSETS AND LIABILITIES - ITEM 110 OF ASSETS AND ITEM 60 OF LIABILITIES

11.1 DEFERRED TAX ASSETS: BREAKDOWN

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
Deferred tax assets recognised in income statement	**235,419**	**1,365,886**	**1,601,305**	**1,518,822**
Losses carried forward		16,790	16,790	13,070
Grants		52,746	52,746	62,477
Sundry writedowns	21	61,216	61,237	82,593
Financial instruments		197	197	197
Debts				
Dismantling and site restoration		82,153	82,153	199,862
Provisions for risks and charges	64,154	133,625	197,779	179,315
Writedowns of receivables	139,182	25,556	164,738	185,505
Equity investments				
Property, plant and equipment/intangible assets	3,127	471,874	475,001	379,624
Product guarantee		15,451	15,451	12,218
Employee benefits		20,814	20,814	18,374
Technical provisions				
Exchange rate differences	25,067		25,067	22,046
Other temporary differences	3,868	485,464	489,332	363,541
Deferred tax assets recognised in equity	**445,141**	**30,273**	**475,414**	**276,191**
Financial assets measured at fair value through other comprehensive income	295,436		295,436	13,242
Exchange rate differences				
Cash flow hedge	149,705	11,779	161,484	234,497
Other assets		18,494	18,494	28,452
TOTAL	**680,560**	**1,396,159**	**2,076,719**	**1,795,013**

11.2 DEFERRED TAX LIABILITIES: BREAKDOWN

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
Deferred tax liabilities recognised in income statement	**223,195**	**2,267,717**	**2,490,912**	**2,581,626**
Capital gains taxed in instalments		6,816	6,816	1,757
Staff severance pay		13,695	13,695	13,708
Leasing				
Property, plant and equipment		1,811,810	1,811,810	1,936,666
Own securities portfolio				
Equity investments	64,454	58,195	122,649	129,690
Other financial instruments	6,377		6,377	6,376
Technical provisions				
Exchange rate differences	150,819	835	151,654	65,655
Other temporary differences	1,545	376,366	377,911	427,774
Deferred tax liabilities recognised in equity	**111,165**	**76,655**	**187,820**	**82,924**
Financial assets measured at fair value through other comprehensive income	36,726	88	36,814	73,567
Reserve L. 169/83				
Reserve L. 213/98				
Other reserves	3	76,563	76,566	5,300
Other	74,436	4	74,440	4,057
TOTAL	**334,360**	**2,344,372**	**2,678,732**	**2,664,550**

11.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Opening balance	**268,777**	**1,250,045**	**1,518,822**	**1,647,675**
2. Increases	**51,207**	**342,063**	**393,270**	**238,278**
2.1 Deferred tax assets recognised during the year:	50,444	282,113	332,557	192,884
a) in respect of previous periods				416
b) due to change in accounting policies				
c) writebacks				
d) other	50,444	282,113	332,557	192,468
2.2 New taxes or increases in tax rates				
2.3 Other increases	763	59,950	60,713	45,394
– *of which: business combinations*	*763*	*24,225*	*24,988*	*2,749*
3. Decreases	**84,565**	**226,222**	**310,787**	**367,131**
3.1 Deferred tax assets derecognised during the year:	83,503	102,544	186,047	212,834
a) reversals	82,843	95,108	177,951	164,027
b) writedowns for supervening non-recoverability				
c) due to change in accounting policies				
d) other	660	7,436	8,096	48,807
3.2 Reduction in tax rates				
3.3 Other decreases:	1,062	123,678	124,740	154,297
a) trans formation in tax credits under Law 214/2011				
b) other	1,062	123,678	124,740	154,297
4. CLOSING BALANCE	**235,419**	**1,365,886**	**1,601,305**	**1,518,822**

11.5 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Opening balance	**145,052**	**2,436,574**	**2,581,626**	**3,520,896**
2. Increases	**103,549**	**102,830**	**206,379**	**243,147**
2.1 Deferred tax liabilities recognised during the year:	102,803	16,271	119,074	215,528
a) in respect of previous periods		199	199	
b) due to change in accounting policies				
c) other	102,803	16,072	118,875	215,528
2.2 New taxes or increases in tax rates				1,461
2.3 Other increases	746	86,559	87,305	26,158
– *of which: business combinations*		*56,046*	*56,046*	*13,755*
3. Decreases	**25,406**	**271,687**	**297,093**	**1,182,417**
3.1 Deferred tax liabilities derecognised during the year:	25,406	138,293	163,699	647,791
a) reversals	25,378	135,580	160,958	602,569
b) due to change in accounting policies				
c) other	28	2,713	2,741	45,222
3.2 Reduction in tax rates		1,124	1,124	
3.3 Other decreases		132,270	132,270	534,626
4. CLOSING BALANCE	**223,195**	**2,267,717**	**2,490,912**	**2,581,626**

11.6 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Opening balance	**185,510**	**90,681**	**276,191**	**168,859**
2. Increases	**432,924**	**4,305**	**437,229**	**149,772**
2.1 Deferred tax assets recognised during the year:	432,924	1,807	434,731	149,449
a) in respect of previous periods				
b) due to change in accounting policies				
c) other	432,924	1,807	434,731	149,449
2.2 New taxes or increases in tax rates				
2.3 Other increases		2,498	2,498	323
3. Decreases	**173,293**	**64,713**	**238,006**	**42,440**
3.1 Deferred tax assets derecognised during the year:	173,293	7,287	180,580	11,059
a) reversals	172,262	5,489	177,751	8,012
b) writedowns for supervening non-recoverability				
c) due to changes in accounting policies				
d) other	1,031	1,798	2,829	3,047
3.2 Reduction in tax rates				
3.3 Other decreases		57,426	57,426	31,381
– *of which: business combinations*				*3,160*
4. CLOSING BALANCE	**445,141**	**30,273**	**475,414**	**276,191**

11.7 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN EQUITY)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Opening balance	**76,443**	**6,481**	**82,924**	**144,516**
2. Increases	**73,526**	**74,329**	**147,855**	**6,212**
2.1 Deferred tax liabilities recognised during the year:	73,523	69,387	142,910	6,200
a) in respect of previous periods				
b) due to change in accounting policies				
c) other	73,523	69,387	142,910	6,200
2.2 New taxes or increases in tax rates				
2.3 Other increases	3	4,942	4,945	12
3. Decreases	**38,804**	**4,155**	**42,959**	**67,804**
3.1 Deferred tax liabilities derecognised during the year:	38,804	2,927	41,731	67,138
a) reversals	38,804	2,927	41,731	67,138
b) due to change in accounting policies				
c) other				
3.2 Reduction in tax rates				
3.3 Other decreases		1,228	1,228	666
4. CLOSING BALANCE	**111,165**	**76,655**	**187,820**	**82,924**

SECTION 12 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 120 OF THE ASSETS AND ITEM 70 OF THE LIABILITIES

12.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE: BREAKDOWN BY CATEGORY

(thousands of euro)	31/12/2022	31/12/2021
A. A. Assets held for sale		
A.1 Financial assets	37,667	207,871
A.2 Equity investments	3,503	
A.3 Property, plant and equipment	36,474	953
– *of which: obtained via the enforcement of the guarantees received*		
A.4 Intangible assets	28,187	12,485
A.5 Other non-current assets	49,814	154,209
Total (A)	**155,645**	**375,518**
of which:		
– *carried at cost*	*155,645*	*375,518*
– *designated at fair value – level 1*		
– *designated at fair value – level 2*		
– *designated at fair value – level 3*		
B. Groups of assets (discontinued operations)		
B.1 Financial assets measured at fair value through profit or loss		567,462
– financial assets held for trading		362,393
– financial assets designated at fair value		
– other financial assets mandatorily measured at fair value		205,069
B.2 Financial assets measured at fair value through other comprehensive income		24,255
B.3 Financial assets measured at amortised cost		35,638,511
B.4 Equity investments		23,775
B.5 Property, plant and equipment		88,649
– *of which: obtained via the enforcement of the guarantees received*		
B.6 Intangible assets		13,059
B.7 Other assets		3,210,429
B.8 Adjustment of net assets to transfer price		(1,288,563)
Total (B)		**38,277,577**
of which:		
– *carried at cost*		*3,335,912*
– *designated at fair value – level 1*		*2,799,544*
– *designated at fair value – level 2*		*47,386*
– *designated at fair value – level 3*		*33,383,298*
C. Liabilities associated with individual assets held for sale		
C.1 Payables	4,624	220,369
C.2 Securities	1,875	1,379
C.3 Other liabilities	20,329	36,053
Total (C)	**26,828**	**257,801**
of which:		
– *carried at cost*	*26,828*	*256,422*
– *designated at fair value – level 1*		
– *designated at fair value – level 2*		
– *designated at fair value – level 3*		*1,379*
D. Liabilities associated with disposal groups held for sale		
D.1 Financial liabilities measured at amortised cost		3,956,199
D.2 Financial liabilities held for trading		15,888
D.3 Financial liabilities designated at fair value		
D.4 Provisions		150,947
D.5 Other liabilities		36,326,970
TOTAL (D)		**40,450,004**
of which:		
– *carried at cost*		*36,477,917*
– *designated at fair value – level 1*		*517,199*
– *designated at fair value – level 2*		*30,300*
– *designated at fair value – level 3*		*3,424,588*

SECTION 13 - OTHER ASSETS - ITEM 130

13.1 OTHER ASSETS: BREAKDOWN

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
Payments on account for withholding tax on postal passbooks	59,394		59,394	65,525
Other tax receivables	2,584	336,357	338,941	361,546
Leasehold improvements	2,093	10,385	12,478	9,644
Receivables due from investees	3,242	83,161	86,403	85,557
Trade receivables and advances to public entities	153,266	152,934	306,200	382,815
Construction contracts		3,359,611	3,359,611	2,911,842
Advances to suppliers	723	436,573	437,296	490,166
Inventories		4,991,455	4,991,455	1,627,325
Advances to personnel	265	37,348	37,613	24,980
Other trade receivables	3,473	8,852,348	8,855,821	7,284,289
Accrued income and prepaid expenses	19,206	443,658	462,864	322,664
Other items	33,781	905,501	939,282	1,094,429
Ecobonus tax credits	198,869		198,869	347,548
TOTAL	**476,896**	**19,609,331**	**20,086,227**	**15,008,330**

The item includes assets that are not classified under the previous items.

With regard to trade receivables — detailed in Trade receivables and advances to public entities and in Other trade receivables in the table — for a total of 9,162 million euro (7,667 million euro as at 31 December 2021), the information relating to gross values and accumulated impairment referring to each of the three stages in which receivables were classified according to the associated credit risk as required by IFRS 9 is shown below.

	Gross value			Accumulated impairment		
(thousands of euro)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Total trade receivables at 31/12/2022	**2,410,254**	**6,630,141**	**421,724**	**(5,548)**	**(29,084)**	**(265,466)**
Total trade receivables at 31/12/2021	**2,215,826**	**5,380,121**	**416,356**	**(17,776)**	**(42,596)**	**(284,827)**

As regards in particular Other trade receivables deriving from the contribution of Other entities, their total refers mainly to SNAM for 4.244 million euro (2,729 million euro as at 31 December 2021), Terna for 2.254 million euro (2,690 million euro as at 31 December 2021), Italgas for 1.126 million euro (572 million euro as at 31 December 2021), Fincantieri for 700 million euro (855 million euro as at 31 December 2021) and Ansaldo Energia for 391 million euro (333 million euro as at 31 December 2021).

Please refer to Section 4 – The risks of other entities, part E for credit risk considerations and further details on credit ageing and geographical distribution.

Contract work in progress, equal to 3,360 million euro (2,912 million euro as at 31 December 2021) refers predominantly to the activities deriving from the Fincantieri group business, for a total of 3,085 million euro (2,639 million euro as at 31 December 2021) and includes orders whose progress has a higher value than what was invoiced to the customer. The relative progress is determined by the costs incurred added to the margins recognised and net of any expected losses. The net assets for contract work in progress of the Fincantieri group, totalling 1,934 million euro (1,277 million euro as at 31 December 2021), are calculated considering also what is represented in item 80 Other liabilities for orders whose progress has a value lower than what was invoiced to the customer.

Inventories of semi-finished goods and work in progress in the amount of 4,991 million euro include:

- mandatory gas reserves, kept at its storage sites by the subsidiary Stogit (amounting to about 3,565 million euro);
- raw materials, supplies and consumables of the Ansaldo Energia group, amounting to about 613 million euro;
- semi-finished products of the Fincantieri group, amounting to about 498 million euro.

LIABILITIES

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

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO BANKS

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying	Fair value			Carrying	Fair value		
Types of operations/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Due to central banks	**5,099,136**	**X**	**X**	**X**	**5,095,654**	**X**	**X**	**X**
2. Due to banks	**45,299,170**	**X**	**X**	**X**	**44,630,563**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	11,953	X	X	X	27,022	X	X	X
2.2 Time deposits	1,377,896	X	X	X	3,380,784	X	X	X
2.3 Loans	40,537,898	X	X	X	37,289,713	X	X	X
2.3.1 Repurchase agreements	22,132,534	X	X	X	21,332,226	X	X	X
2.3.2 Other	18,405,364	X	X	X	15,957,487	X	X	X
2.4 Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
2.5 Lease liabilities		X	X	X		X	X	X
2.6 Other payables	3,371,423	X	X	X	3,933,044	X	X	X
TOTAL	**50,398,306**		**1,762,177**	**47,746,234**	**49,726,217**		**432,696**	**49,308,504**

The item "Due to central banks", referring to the contribution of the Parent Company, essentially relates to the TLTRO-III credit facilities granted by the ECB, the amount of which is essentially unchanged compared to the prior year.

Recorded among due to banks are repurchase agreements of the Parent Company for 22,132 million euro (up by approximately 800 million euro compared to 2021).

Loans payable refer mainly to:

- loans granted to the Parent Company for 5,325 million euro (+258 million euro on 2021), related to credit lines received from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB);
- loans granted by the banking system to Terna for approximately 3,519 million euro, SNAM for 2,860 million euro, Fincantieri for 2,854 million euro, Italgas for 1,708 million euro, CDP Reti for 844 million euro and Ansaldo Energia S.p.A. for 525 million euro; Please refer to Section 4 – The risks of other entities, part E for liquidity risk considerations and an analysis of the maturity of financial liabilities to banks.

Term deposits, again referring to the Parent Company, of 1,378 million euro (-2,003 million euro on 2021) refer to the balance of passbook savings accounts and postal savings bonds held by banks.

The item "Other payables" at 31 December 2022 mainly refers to Credit Support Annex contracts to hedge counterparty risk on the Parent Company's derivatives, the increase of which, equal to 2,843 million euro on the previous year, is more than offset by the decrease in Terna's contribution (-3,373 million euro).

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO CUSTOMERS

(thousands of euro)	31/12/2022				31/12/2021			
	Carrying	Fair value			Carrying	Fair value		
Types of operations/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Current accounts and demand deposits	46,561	X	X	X	243,703	X	X	X
2. Time deposits	281,856,011	X	X	X	283,381,362	X	X	X
3. Loans	30,063,910	X	X	X	33,557,642	X	X	X
3.1 Repurchase agreements	28,853,269	X	X	X	30,965,016	X	X	X
3.2 Other	1,210,641	X	X	X	2,592,626	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
5. Lease liabilities	393,409	X	X	X	334,895	X	X	X
6. Other payables	4,634,651	X	X	X	4,183,167	X	X	X
TOTAL	**316,994,542**			**317,024,907**	**321,700,769**			**321,694,507**

The amounts due to customers mainly consist of the Parent Company's term deposits, which include the balance of passbook savings accounts, equal to 90,635 million euro (-6,709 million euro compared to 2021), and of postal savings bonds equal to 189,005 million euro (+8,270 million euro compared to 2021).

The balance related to loans, equal to 30,064 million euro at 31 December 2022, essentially refers to the repurchase agreements of the Parent Company, of around 28,853 million euro, down over the previous year by 2,112 million euro.

Sub-item "6. Other payables" refers to the amounts not yet disbursed at year-end on loans being repaid granted by the Parent Company to beneficiaries, equal to around 3,893 million euro (around +47 million euro on 2021).

Again with reference to the Parent Company, the amounts due to customers include the balance of money market trading with the Treasury (formerly OPTES), equal to approximately 2,002 million euro (-2,997 million euro on 2021).

For the part relating to postal savings bonds issued by the Parent Company, the fair value reported above is equal to the carrying amount. In theory, for postal savings bonds it would be possible, using statistical models of redemptions, to apply valuation techniques that incorporate a credit risk premium (spread) in line with that on medium/long-term government securities. In view of the redemption on demand characteristic of postal savings bonds and the particular uncertainty on redemption forecasts in a volatile rates market, which could also lead to fair value estimates lower than the amortised cost value, the best estimate of the fair value of postal savings bonds is believed to be the carrying amount.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF SECURITIES ISSUED

(thousands of euro) Types of securities/Values	31/12/2022 Carrying amount	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2021 Carrying amount	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3
A. Securities								
1. Bonds:	37,509,805	26,083,654	7,582,734	1,775,897	40,386,280	30,202,988	9,943,052	1,274,768
1.1 structured	45,145		43,811		48,081		42,532	
1.2 other	37,464,660	26,083,654	7,538,923	1,775,897	40,338,199	30,202,988	9,900,520	1,274,768
2. Other securities:	1,346,236		1,346,837		3,644,868		3,643,810	
2.1 structured								
2.2 other	1,346,236		1,346,837		3,644,868		3,643,810	
TOTAL	**38,856,041**	**26,083,654**	**8,929,571**	**1,775,897**	**44,031,148**	**30,202,988**	**13,586,862**	**1,274,768**

1.3 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Types of securities/Values	31/12/2022 Carrying amount	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2021 Carrying amount	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3
A. Securities								
1. Bonds:	15,804,565	7,573,325	7,476,881		17,726,060	8,562,815	9,943,052	
1.1 structured	45,145		43,811		48,081		42,532	
1.2 other	15,759,420	7,573,325	7,433,070		17,677,979	8,562,815	9,900,520	
2. Other securities:	1,346,236		1,346,837		3,644,868		3,643,810	
1.1 structured								
1.2 other	1,346,236		1,346,837		3,644,868		3,643,810	
TOTAL	**17,150,801**	**7,573,325**	**8,823,718**		**21,370,928**	**8,562,815**	**13,586,862**	

With respect to the Prudential consolidation, the balance of securities issued at 31 December 2022 refers to the Parent Company and includes:

- bonds issued under the “Euro Medium Term Notes” (EMTN) and “Debt Issuance Programme” (DIP) programmes, with a stock of 11,332 million euro (-551 million euro compared to the end of 2021). In 2022 issues were completed totalling 970 million euro. The new issues included the public placement of a Sustainability Bond for a total of 750 million euro, which will go to finance green and social initiatives, including renewable energy projects, energy and water efficiency, social infrastructure and the international expansion of Italian businesses;
- 1 bond loan reserved for individuals, for a total of 1,480 million euro, a reduction in value (-1,492 million euro) from the stock of 2021, due to the repayment of 1 bond loan with a nominal value of 1,500 million euro;
- 4 bonds guaranteed by the Italian government, entirely subscribed by Poste Italiane, for a total carrying amount of 2,993 million euro, essentially stable compared to the end of 2021. At the end of 2022 there are: 2 bonds issued in December 2017 for a nominal value of 1,000 million euro, and 2 bonds issued in March 2018 for a total nominal value of 2,000 million euro;
- the stock of commercial paper with a carrying amount of 1,346 million euro (-2,299 million euro on the 2021 year-end balance), related to the “Multi-Currency Commercial Paper Programme”.

1.3 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Types of securities/Values	31/12/2022				31/12/2021			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	21,705,240	18,510,329	105,853	1,775,897	22,660,220	21,640,173		1,274,768
1.1 structured								
1.2 other	21,705,240	18,510,329	105,853	1,775,897	22,660,220	21,640,173		1,274,768
2. Other securities								
1.1 structured								
1.2 other								
TOTAL	**21,705,240**	**18,510,329**	**105,853**	**1,775,897**	**22,660,220**	**21,640,173**		**1,274,768**

Securities issued by other companies mainly refer to the bond issues by Snam, Terna and Italgas on active markets (Level 1), amounting to 9,456 million euro, 6,774 million euro and 4,729 million euro, respectively.

1.4 BREAKDOWN OF SUBORDINATED DEBTS/SECURITIES

This item has a nil balance.

1.5 BREAKDOWN OF STRUCTURED DEBTS

At 31 December 2022, structured debts attributable to the Parent Company amount to 222 million euro and refer to the Risparmio Sostenibile postal savings bonds (postal saving bonds), subscribed by customers, linked to the STOXX Europe 600 ESG-X, an index that considers the European companies with the highest capitalisation compliant with the Sustainable Development Goals of the UN 2030 agenda, for which the embedded derivative has been separated.

1.6 LEASE LIABILITIES

The following table shows the information required by IFRS 16, paragraphs 58 and 53(g).

(thousands of euro) Time bands	Total 31/12/2022 Lease payables	Total 31/12/2021 Lease payables
Up to 1 year	97,866	74,888
Between 1 and 2 years	113,227	87,531
Between 2 and 3 years	51,864	45,307
Between 3 and 4 years	40,472	37,435
Between 4 and 5 years	27,567	27,969
Over 5 years	90,457	86,879
TOTAL LEASE PAYMENTS TO BE MADE	**421,453**	**360,009**
Reconciliation with lease liabilities	**(28,044)**	**(25,114)**
Unearned finance costs (-)	(28,044)	(25,114)
Unguaranteed residual value (-)		
LEASE LIABILITIES	**393,409**	**334,895**

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

(thousands of euro) Type of transactions/Values	31/12/2022					31/12/2021				
	Nominal or notional value	Fair value			Fair value (*)	Nominal or notional value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
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					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Other					X					X
TOTAL A										
B. Derivatives										
1. Financial derivatives			323,128	7,728				126,770	8,429	
1.1 Trading	X		323,128	7,728	X	X		126,770	8,429	X
1.2 Associated with 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 Associated with fair value option	X				X	X				X
2.3 Other	X				X	X				X
TOTAL B	**X**		**323,128**	**7,728**	**X**	**X**		**126,770**	**8,429**	**X**
TOTAL (A + B)	**X**		**323,128**	**7,728**	**X**	**X**		**126,770**	**8,429**	**X**

(*) Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date.

The item includes mainly:

- the negative fair value of interest rate and currency derivatives relating to the Parent Company;
- the negative value of the optional component of Risparmio Sostenibile postal saving bonds, indexed to the STOXX Europe 600 ESG-X, which was separated from the host instrument (approximately 8 million euro);
- the derivatives of Fincantieri for 8 million euro.

2.2 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": SUBORDINATED LIABILITIES

This item has a nil balance.

2.3 BREAKDOWN OF "FINANCIAL LIABILITIES HELD FOR TRADING": STRUCTURED DEBTS

This item has a nil balance.

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

3.1 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro) Type of transactions/Values	31/12/2022 Nominal value	31/12/2022 Fair value Level 1	31/12/2022 Fair value Level 2	31/12/2022 Fair value Level 3	31/12/2022 Fair value (*)	31/12/2021 Nominal value	31/12/2021 Fair value Level 1	31/12/2021 Fair value Level 2	31/12/2021 Fair value Level 3	31/12/2021 Fair value (*)
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	**16,627**			**16,627**	**17,727**	**34,383**			**34,383**	**36,510**
2.1 Structured					X					X
2.2 Other	16,627			16,627	X	34,383			34,383	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										
3.1 Structured					X					X
3.2 Other					X					X
TOTAL	**16,627**			**16,627**	**17,727**	**34,383**			**34,383**	**36,510**

(*) Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date.

At 31 December 2022, the balance of the financial liabilities designated at fair value is mainly attributable to Fincantieri's contribution and is represented by the negative fair value of options to purchase equity securities.

3.2 BREAKDOWN OF FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: SUBORDINATED LIABILITIES

As at 31 December 2022 the item had a nil balance.

SECTION 4 - HEDGING DERIVATIVES - ITEM 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND LEVEL

(thousands of euro)	Notional value 31/12/2022	Fair value 31/12/2022 Level 1	Fair value 31/12/2022 Level 2	Fair value 31/12/2022 Level 3	Notional value 31/12/2021	Fair value 31/12/2021 Level 1	Fair value 31/12/2021 Level 2	Fair value 31/12/2021 Level 3
A. Financial derivatives	**10,736,968**		**1,367,670**		**32,135,876**		**3,143,800**	
1) Fair value	9,485,116		600,478		27,418,586		2,361,895	
2) Cash flow	1,251,852		767,192		4,717,290		781,905	
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL	**10,736,968**		**1,367,670**		**32,135,876**		**3,143,800**	

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

(thousands of euro) Transactions/Type of hedging	Fair value - Micro-hedge: Debt securities and interest rates	Fair value - Micro-hedge: Equity securities and equity indices	Fair value - Micro-hedge: Foreign currencies and gold	Fair value - Micro-hedge: Credit	Fair value - Micro-hedge: Commo-dities	Fair value - Micro-hedge: Others	Fair value: Macro-hedge	Cash flow: Micro-hedge	Cash flow: Macro-hedge	Invest-ment in foreign operation
1. Financial assets at fair value through other comprehensive income					X	X	X	53,920	X	X
2. Financial assets at amortised cost	93,351	X			X	X	X	713,033	X	X
3. Portfolio	X	X	X	X	X	X	2,932	X		X
4. Other			25,054				X		X	
TOTAL ASSETS	**93,351**		**25,054**				**2,932**	**766,953**		
1. Financial liabilities	476,975	X	2,129			37	X	239	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES	**476,975**		**2,129**			**37**		**239**		
1. Forecast transactions	X	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X		X		

SECTION 5 - FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS - ITEM 50

5.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES

(thousands of euro) Adjustment of hedged liabilities/Components of the group	31/12/2022	31/12/2021
1. Positive adjustments of financial liabilities		2,067
2. Negative adjustments of financial liabilities		
TOTAL		**2,067**

During 2022, recognition in the income statement of amortisation of the net change in the value of the Postal savings bonds portfolio of the Parent Company, subject to macro-hedging against interest rate risk, ended. The hedging relationship had been interrupted in 2009 in view of the termination of the derivative hedging instruments. The change in the fair value of the hedged bonds, determined up to the date of validity of the hedging relationship, was subsequently transferred to profit or loss on the basis of the amortised cost of the originally hedged Postal savings bonds.

SECTION 6 - TAX LIABILITIES - ITEM 60

For more information concerning this item, please see Section 11 of Assets.

SECTION 7 - LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE - ITEM 70

For more information concerning this item, please see Section 12 of Assets.

SECTION 8 - OTHER LIABILITIES - ITEM 80

8.1 OTHER LIABILITIES: BREAKDOWN

(thousands of euro) Type of transactions/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
Items being processed	85,256		85,256	68,739
Amounts due to employees	8,265	164,924	173,189	171,571
Charges for postal funding service				387,237
Tax payables	657,887	205,835	863,722	526,048
Construction contracts		2,031,225	2,031,225	2,108,162
Trade payables	52,564	9,656,759	9,709,323	8,336,545
Due to social security institutions	7,705	140,005	147,710	150,166
Accrued expenses and deferred income	37	1,488,408	1,488,445	663,161
Due to insured for recovered amounts				
Liabilities for premiums to be reimbursed				
Premium deposits				660,871
Processing expenses				
Collections from factoring being processed				
Equity and net income pertaining to non-controlling interests in funds		177,581	177,581	170,075
Other	100,279	9,808,218	9,908,497	3,189,469
TOTAL	**911,993**	**23,672,955**	**24,584,948**	**16,432,044**

This item reports other liabilities not otherwise classified under the previous items and is broken down as follows.

The Prudential consolidation includes tax payables of the Parent Company totalling around 652 million euro, mainly regarding the substitute tax levied on interest paid on postal savings products, and other items being processed, which were mostly completed after the reporting date.

With regard to Other entities group, the item mainly regards:

- trade payables of around 9.7 billion euro, mainly related to Fincantieri (around 2.7 billion euro), Terna (around 3.6 billion euro), SNAM (around 1.5 billion euro), Ansaldo Energia (about 0.6 billion euro) and Italgas (around 1.0 billion euro). Trade payables included liabilities arising from reverse factoring operations for a total of 706 million euro, relating to trade payables from those suppliers that transferred their credit position to factoring companies. These liabilities are classified among "Trade payables" since they are related to obligations for the supply of goods and services used during the normal operating cycle. The sale is agreed with the supplier and envisages the possibility for the latter to give further extensions for consideration or not;
- contract work in progress for 2.0 billion euro, deriving mainly from Fincantieri orders whose progress has a value lower than what was invoiced to the customer and from Ansaldo's operations. With regard to the contribution made by the Fincantieri group, please refer to the comments under item 130 Other assets;
- other items of 9.9 billion euro, referring in particular to Snam for approximately 8.5 billion euro, for payables for investing activities and liabilities to "Cassa per i Servizi Energetici e Ambientali". The latter mainly refer to accessory tariff components pertaining to natural gas transportation and distribution activities.

SECTION 9 - STAFF SEVERANCE PAY - ITEM 90

9.1 STAFF SEVERANCE PAY: CHANGES FOR THE YEAR

(thousands of euro)	Prudential consolidation	Other entities	31/12/2022	31/12/2021
A. Opening balance	**2,749**	**206,068**	**208,817**	**240,741**
B. Increases	**1,000**	**19,084**	**20,084**	**33,007**
B.1 Provision for the year	375	13,766	14,141	13,100
B.2 Other increases	625	5,318	5,943	19,907
– *of which: business combinations*	*154*	*3,485*	*3,639*	4,153
C. Decreases	**1,217**	**55,118**	**56,335**	**64,931**
C.1 Severance payments	495	17,675	18,170	26,875
C.2 Other decreases	722	37,443	38,165	38,056
– *of which: business combinations*				*22,661*
D. CLOSING BALANCE	**2,532**	**170,034**	**172,566**	**208,817**

The provisions for staff severance pay of other companies mainly refers to Italgas (50 million euro), Fincantieri (54 million euro), Terna (29 million euro), Snam (20 million euro) and Ansaldo (7 million euro).

The table below describes the main actuarial assumptions used by the Group companies for the valuation of the provision for staff severance pay.

	Minimun value	Maximum value
Discount rate	3.00%	4.00%
Expected rate of salary increases	0.67%	5.90%
Inflation rate	2.00%	7.90%

The sensitivity analysis with regard to actuarial assumptions is considered unnecessary due to the insignificant effects on the estimate of the liability itself, and also in consideration of the negligible amount of the provision for staff severance pay when compared to the total consolidated liabilities.

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

(thousands of euro) Items/Components	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Provisions for credit risk relating to commitments and financial guarantees issued	660,264	38,106	698,370	450,288
2. Provisions on other guarantees issued and other commitments				
3. Company pensions and other post-retirement benefit obligations				
4. Other provisions:	139,706	1,977,297	2,117,003	2,290,852
4.1 fiscal and legal disputes	73,382	374,540	447,922	466,630
4.2 staff costs	65,612	109,213	174,825	202,430
4.3 other	712	1,493,544	1,494,256	1,621,792
TOTAL	**799,970**	**2,015,403**	**2,815,373**	**2,741,140**

The provisions for risks and charges stood at approximately 2,815.4 million euro at 31 December 2022, up by around 74 million euro compared to the end of 2021.

Provisions for credit risk from commitments and financial guarantees issued under the prudential consolidation, to the balance of which the Parent Company essentially contributes, were 660 million euro, up by 212 million euro compared to 31 December 2021 (of which approximately -52 million euro due to reallocation of excess impairment provisions to the income statement and about +263 million euro for the value of financial guarantees issued).

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

(thousands of euro) Items/Components	Prudential consolidation			Other entities			31/12/2022		
	Provisions on other guarantees issued and other commitments	Pensions and other post-retirement benefit obligations	Other provisions	Provisions on other guarantees issued and other commitments	Pensions and other post-retirement benefit obligations	Other provisions	Provisions on other guarantees issued and other commitments	Pensions and other post-retirement benefit obligations	Other provisions
A. Opening balance			**143,232**			**2,147,620**			**2,290,852**
B. Increases			**46,280**			**556,392**			**602,672**
B.1 Provision for the year			43,699			453,010			496,709
B.2 Changes due to passage of time						12,252			12,252
B.3 Changes due to changes in discount rate						2,748			2,748
B.4 Other increases			2,581			88,382			90,963
– *of which: business combinations*			*2,581*			*30,869*			*33,450*
C. Decreases			**49,806**			**726,715**			**776,521**
C.1 Use during the year			39,881			418,666			458,547
C.2 Changes due to changes in discount rate						240,361			240,361
C.3 Other decreases			9,925			67,688			77,613
– *of which: business combinations*						*138*			
D. CLOSING BALANCE			**139,706**			**1,977,297**			**2,117,003**

10.3 PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

(thousands of euro)	Provisions for credit risk relating to commitments and financial guarantees issued				
	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total
Commitments to disburse funds	270,352	1,259	176	13	**271,800**
Financial guarantees issued	388,352	38,106		112	**426,570**
TOTAL	**658,704**	**39,365**	**176**	**125**	**698,370**

10.4 PROVISIONS ON OTHER GUARANTEES ISSUED AND OTHER COMMITMENTS

This item has a nil balance.

10.5 DEFINED BENEFIT PENSION FUNDS

This item has a nil balance.

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2022	31/12/2021
4. Other provisions	**139,706**	**1,977,297**	**2,117,003**	**2,290,852**
4.1 Legal and fiscal disputes	73,382	374,540	447,922	466,630
4.2 Staff costs:	65,612	109,213	174,825	202,430
– early retirement	22,312	56,482	78,794	67,450
– loyalty bonus		3,996	3,996	4,969
– electricity discount		2,420	2,420	3,196
– other	43,300	46,315	89,615	126,815
4.3 Other risks and charges	712	1,493,544	1,494,256	1,621,792

The provisions included in the item 4.3 "Other risks and charges", totalling approximately 1,494 million euro at 31 December 2022, consist mainly:

- of approximately 497 million euro relating to the provisions for the dismantling and reclamation of sites, recognised mainly for liabilities that are likely to be incurred to remove the structures and reclaim natural gas storage and transportation sites;
- of about 184 million euro relating to the provisions for the reclamation and preservation of properties, as well as provisions for commitments in respect of contracts. The estimate of the liabilities recognised is based both on technical assessments (relating to the determination of works to be carried out or actions to be taken) and on legal assessments, bearing in mind contractual provisions in force;
- of around 105 million euro relating to liabilities for contractual guarantees issued to customers in line with market practices and conditions.

For a more detailed description of the litigation in progress with Group companies, please refer to the information provided in Part E:

- section 2, par. 1.5 Operational risks, as regards litigation of companies included in the scope of prudential consolidation;
- section 4 as regards disputes involving Other companies included in the CDP scope of consolidation.

SECTION 11 - TECHNICAL RESERVES - ITEM 110

There are no technical reserves.

SECTION 12 - REDEEMABLE SHARES- ITEM 130

This item has a nil balance.

SECTION 13 - GROUP EQUITY - ITEMS 120, 130, 140, 150, 160, 170 AND 180

13.1 "SHARE CAPITAL" AND "TREASURY SHARES": BREAKDOWN

The share capital of the Parent Company of 4,051,143,264 euro at 31 December 2022 is fully paid up and is composed of 342,430,912 ordinary shares, without par value.

At 31 December 2022, the Parent Company held treasury shares with a value of 322 million euro which is unchanged compared to the previous year.

13.2 SHARE CAPITAL - NUMBER OF SHARES OF THE PARENT COMPANY: CHANGES FOR THE YEAR

Items/Type	Ordinary	Other
A. Shares at start of the year	**342,430,912**	
– fully paid	342,430,912	
– partly paid		
A.1 Treasury shares (-)	(4,451,160)	
A.2 Shares in circulation: opening balance	**337,979,752**	
B. Increases		
B.1 New issues		
– for consideration:		
– business combinations		
– conversion of bonds		
– exercise of warrants		
– other		
– bonus issues:		
– to employees		
– to directors		
– other		
B.2 Sale of treasury shares		
B.3 Other changes		
C. Decreases		
C.1 Cancellation		
C.2 Purchase of own shares		
C.3 Disposal of companies		
C.4 Other changes		
D. Shares in circulation: closing balance	**337,979,752**	
D.1 Treasury shares (+)	4,451,160	
D.2 Shares at end of the year	342,430,912	
– fully paid	342,430,912	
– partly paid		

13.3 SHARE CAPITAL: OTHER INFORMATION

There is no other relevant information on the share capital.

13.4 INCOME RESERVES: ADDITIONAL INFORMATION

(thousands of euro)

Items/Types	31/12/2022	31/12/2021
Income reserves:	**13,243,219**	**11,643,090**
Legal reserve	810,229	810,229
Other reserves	12,432,990	10,832,861

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

There were no equity instruments recorded under item 140 of the liabilities.

SECTION 14 - NON-CONTROLLING INTERESTS - ITEM 190

14.1 BREAKDOWN OF ITEM 190 "NON-CONTROLLING INTERESTS"

(thousands of euro)

Company name	31/12/2022	31/12/2021
Equity investments in consolidated companies with significant minority interests		
1. Terna S.p.A.	5,735,275	4,338,793
2. Snam S.p.A.	7,528,688	7,270,061
3. Italgas S.p.A.	2,222,477	2,000,237
Other equity investments	**481,603**	**670,120**
TOTAL	**15,968,043**	**14,279,211**

14.2 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

At 31 December 2022, approximately 989 million euro in equity instruments is recorded under item 190 of liabilities.

The amount refers to hybrid perpetual bonds ("*hybrid green bonds*") issued by Terna for a nominal value of 1 billion euro. The subordinate, non-convertible, perpetual equity instrument, which is non "callable" for six years, will pay a coupon of 2.375% up to 9 February 2028 (the first reset date), and then annual interest equal to midswap at five years increased by 212.1 basis points, further increased from 9 February 2033 by 25 basis points and a further 75 from 9 February 2048.

OTHER INFORMATION

1. COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

	Nominal value on commitments and financial guarantees issued									
	Prudential consolidation				Other entities					
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	31/12/2022	31/12/2021
1. Commitments to disburse funds	**25,622,144**	**35,714**	**4,701**			**3,247,234**			**28,909,793**	**27,480,032**
a) Central Banks	56,998								56,998	
b) General Government	8,215,020	28,767	3,953						8,247,740	9,112,304
c) Banks	765,520								765,520	538,491
d) Other financial companies	862,940								862,940	719,827
e) Non-financial companies	15,703,290	6,947	748			3,247,234			18,958,219	17,093,259
f) Households	18,376								18,376	16,151
2. Financial guarantees issued	**1,498,519**				**1,560,989**	**315,100**			**3,374,608**	**2,313,722**
a) Central Banks										
b) General Government	1,167,524				19,213				1,186,737	453,302
c) Banks					1,230,270				1,230,270	1,129,000
d) Other financial companies	2,223								2,223	2,249
e) Non-financial companies	328,772				311,506	315,100			955,378	729,171
f) Households										

2. OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

(thousands of euro)	Nominal value 31/12/2022	Nominal value 31/12/2021
Other guarantees issued	**1,807,812**	**3,203,446**
– *of which: non-performing credit exposure*		
a) Central Banks		
b) General Government		52,389
c) Banks		
d) Other financial companies	1,923	1,923
e) Non-financial companies	1,805,889	3,149,134
f) Households		
Other commitments	**8,037,152**	**10,526,932**
– *of which: non-performing credit exposure*		
a) Central Banks		
b) General Government		53,895
c) Banks	88,266	88,651
d) Other financial companies	793,488	1,001,008
e) Non-financial companies	7,155,398	9,383,378
f) Households		

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

(thousands of euro) Portfolios	Prudential consolidation	Other entities	31/12/2022	31/12/2021
1. Financial assets measured at fair value through profit or loss				
2. Financial assets measured at fair value through other comprehensive income	3,826,131		3,826,131	3,821,890
3. Financial assets measured at amortised cost	101,125,138		101,125,138	95,537,547
4. Property, plant and equipment		706,780	706,780	1,306,000
– *of which: property, plant and equipment classified as inventory*		*3,990*	*3,990*	*5,500*

The assets pledged as collateral for debts consist of loans and securities pledged as collateral by the Parent Company in refinancing operations with the ECB, securities in repurchase agreements and receivables pledged as security for loans from the EIB and CEB.

4. BREAKDOWN OF INVESTMENTS RELATED TO UNIT-LINKED AND INDEX-LINKED POLICIES

This item has a nil balance.

5. MANAGEMENT AND INTERMEDIATION SERVICES ON BEHALF OF THIRD PARTIES

(thousands of euro)

Type of service	31/12/2022
1. Order execution on behalf of customers	
a) Purchases	
1. settled	
2. not yet settled	
b) Sales	
1. settled	
2. not yet settled	
2. Asset management	
a) individual	
b) collective	718,544
3. Securities custody and administration	
a) Third-party securities held as part of depository bank services (excluding asset management)	
1. securities issued by consolidated companies	
2. other securities	
b) Other third-party securities on deposit (excluding asset management): other	2,837,344
1. securities issued by consolidated companies	
2. other securities	2,837,344
c) Third-party securities deposited with third parties	2,837,344
d) own securities portfolio deposited with third parties	78,126,935
4. Other	
Management on behalf of third parties in separate accounts on the basis of specific agreements:	
– Postal savings bonds managed on behalf of MEF (1)	45,243,574
– Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	1,770,688
– Payment PA payable (Decree Law 8 April 2013, no. 35; Decree Law 24 April 2014 no. 66; Decree Law 19 June 2015, no. 78) (3)	5,155,872
– Funds for Approved and Subsidised Residential Building initiatives (4)	2,392,770
– Funds for Regional Agreements and Area Contracts - Law 662/96, Article 2, paragraph 203 (4)	372,348
– Funds of Public Entities and Other Entities deposited pursuant to Legislative Decree 1058/1919 and Law no. 1041/1971 (4)	1,196,056
– Fondo Kyoto (3)	625,032
– Funds for Methanisation of Southern Italy - Law 784/80, Law 266/97 and Law 73/98 (4)	84,018
– Minimum Environmental Impact Fund (4)	26,988
– Revolving Fund for development cooperation (3)	4,740,622
– EURECA Fund - guarantee platform to support SMEs in the Emilia-Romagna Region (4)	4,649
– Cash advances - Public administration payables (Decree Law 34 of 19 May 2020) (3)	2,125,015
– Funds for international cooperation - Archipelagos project (4)	1,849
– Funds for international cooperation - Blending EU - PASPED Project (4)	150
– Funds for international cooperation - EGRE project (4)	1,661
– Funds for international cooperation - InclusiFI project (4)	564
– Financing Ukraine - Legislative Decree "Aiuti" n. 50/2022 (4)	200,000
– InvestEU Fund - advisory (4)	1,667
– Green Finance Fund (4)	8,446
– Venture Capital Fund - Ministry of Enterprises and Made in Italy (4)	429,705
– Ministry of Universities and Research - Student Housing - Law 388/2000 (4)	126,106
– MASE Fund - Ministry of the Environment and Energy Security - International cooperation and Italian platform for climate and sustainable development (4)	40,387
– MASAF Fund - Ministry of Agriculture, Food Sovereignty and Forestry - Guarantee platform to support olive oil producers (4)	7,990

(1) The figure shown represents the amount at the reporting date.
(2) The figure shown represents the outstanding principal, at the reporting date, of the loans managed on behalf of the MEF.
(3) The figure shown represents the sum of outstanding principal of the loans disbursed and the remaining funds available on the current accounts at the reporting date.
(4) The figure shown represents the remaining funds available on the current accounts at the reporting date.

6. FINANCIAL ASSETS OFFSET IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS

(thousands of euro) Technical forms	Gross amount of financial assets (A)	Amount of financial liabilities offset in financial statements (B)	Net amount of financial assets reported in balance sheet (C = A - B)	Correlated amounts not offset in financial statements: Financial instruments (D)	Correlated amounts not offset in financial statements: Cash deposits received as guarantee (E)	Net amount 31/12/2022 (F = C - D - E)	Net amount 31/12/2021
1. Derivatives	4,619,508		4,619,508	1,122,729	3,435,447	61,332	8,071
2. Repurchase agreements	229,412		229,412	229,412			
3. Securities lending							
4. Other							
TOTAL 31/12/2022	**4,848,920**		**4,848,920**	**1,352,141**	**3,435,447**	**61,332**	**X**
TOTAL 31/12/2021	**440,505**		**440,505**	**239,541**	**192,893**	**X**	**8,071**

The table below shows the allocation of the amounts shown in column c) of the table above to the relevant items of the consolidated balance sheet.

(thousands of euro) Technical forms	Balance sheet items	Net amount of financial assets shown in financial statements (C = A - B)
1. Derivatives		4,619,508
	20. Financial assets measured at fair value through profit or loss	*296,813*
	50. Hedging derivatives	*4,322,695*
2. Repurchase agreements		229,412
	40. Financial assets measured at amortised cost	*229,412*
3. Securities landing		
4. Other		

For details of the valuation criteria used for the financial assets shown in the table above, see Section A of the Accounting Policies.

7. FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS

(thousands of euro) Technical forms	Gross amount of financial liabilities (A)	Amount of financial assets offset in financial statements (B)	Net amount of financial liabilities reported in balance sheet (C = A - B)	Correlated amounts not offset in financial statements: Financial instruments (D)	Correlated amounts not offset in financial statements: Cash deposits received as guarantee (E)	Net amount 31/12/2022 (F = C - D - E)	Net amount 31/12/2021
1. Derivatives	1,406,411		1,406,411	1,200,324	205,590	497	15,487
2. Repurchase agreements	50,985,803		50,985,803	49,089,549	1,893,566	2,688	14,889
3. Stock lending							
4. Other operations							
TOTAL 31/12/2022	**52,392,214**		**52,392,214**	**50,289,873**	**2,099,156**	**3,185**	**X**
TOTAL 31/12/2021	**55,444,400**		**55,444,400**	**51,805,421**	**3,608,603**	**X**	**30,376**

The table below shows the allocation of the amounts shown in column c) of the table above to the relevant items of the consolidated balance sheet.

(thousands of euro) Technical forms	Balance sheet items	Net amount of financial assets shown in financial statements (C = A - B)
1. Derivatives		1,406,411
	20. Financial liabilities held for trading	*322,752*
	40. Hedging derivatives	*1,083,659*
2. Repurchase agreements		50,985,803
	10. Financial liabilities measured at amortised cost	*50,985,803*
3. Securities landing		
4. Other		

For details of the valuation criteria used for the financial assets shown in the table above, see Section A of the Accounting Policies.

8. SECURITIES LENDING TRANSACTIONS

Securities lending transactions carried out in 2022 pertain to the Parent Company and concerned a German government debt security, with a nominal amount of 5 million euro (value 4.8 million euro) and a duration of 4 days (19 December-23 December 2022). For more details on these transactions, please refer to Part B, Other information, paragraph 7 of the separate financial statements.

9. DISCLOSURE ON JOINT OPERATIONS

At 31 December 2022, this item has a nil balance.

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 INTEREST INCOME AND SIMILAR INCOME: BREAKDOWN

(thousands of euro)

Items/Technical forms	Debt securities	Loans	Other	2022	2021
1. Financial assets measured at fair value through profit or loss	**1,914**	**6,341**		**8,255**	**13,178**
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value	1,914	6,341		8,255	13,178
2. Financial assets measured at fair value thorough other comprehensive income	**92,881**	**33**	**X**	**92,914**	**61,358**
3. Financial assets measured at amortised cost	**1,430,663**	**6,519,391**		**7,950,054**	**7,653,815**
3.1 Loans to banks	48,514	272,137	X	320,651	252,054
3.2 Loans to customers	1,382,149	6,247,254	X	7,629,403	7,401,761
4. Hedging derivatives	**X**	**X**	**(337,587)**	**(337,587)**	**(285,802)**
5. Other assets	**X**	**X**	**44,596**	**44,596**	**22,475**
6. Financial liabilities	**X**	**X**	**X**	**142,989**	**255,751**
Total	**1,525,458**	**6,525,765**	**(292,991)**	**7,901,221**	**7,720,775**
– *of which: interest income on non-performing assets*		*15,175*		*15,175*	*9,895*
– *of which: interest income on finance lease*	*X*	*10,519*	*X*	*10,519*	*3,783*

Interest income accrued in 2022 amounted to approximately 7,901 million euro. It substantially refers to the Parent Company and mainly comprises:

- interest income on loans to banks and customers, amounting approximately to 6,519 million euro (6,378 million euro in 2021);
- interest income on debt securities amounting to about 1,525 million euro;
- interest income on financial liabilities that, due to negative remuneration, have resulted in a component with opposite sign (interest income), amounting to about 143 million euro.

Sub-item "4. Hedging derivatives" includes the (positive or negative) amount of the differentials or margins accrued on interest rate risk hedging derivatives, which adjust the interest income recognised on the hedged financial instruments. As at 31 December 2022, this amount is negative for around 338 million euro.

The item includes interest income on non-performing financial assets of approximately 15.2 million euro.

1.2 INTEREST INCOME AND SIMILAR INCOME: ADDITIONAL INFORMATION

1.2.1 INTEREST INCOME ON FINANCIAL ASSETS IN FOREIGN CURRENCY

The item includes interest income accrued on financial assets in foreign currency of about 174 million euro (71 million euro in 2021), mainly attributable to the Parent Company CDP.

1.3 INTEREST EXPENSE AND SIMILAR EXPENSE: BREAKDOWN

(thousands of euro)

Items/Technical forms	Debt securities	Securities	Other	2022	2021
1. Financial liabilities measured at amortised cost	**(4,962,115)**	**(605,051)**		**(5,567,166)**	**(5,153,517)**
1.1 Due to central banks	(6,595)	X	X	(6,595)	
1.2 Due to banks	(329,933)	X	X	(329,933)	(232,760)
1.3 Due to customers	(4,625,587)	X	X	(4,625,587)	(4,353,623)
1.4 Securities issued	X	(605,051)	X	(605,051)	(567,134)
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value	**(2,921)**			**(2,921)**	**(5,497)**
4. Other liabilities and provisions	**X**	**X**	**(37,972)**	**(37,972)**	**(17,248)**
5. Hedging derivatives	**X**	**X**	**40,679**	**40,679**	**68,317**
6. Financial assets	**X**	**X**	**X**	**(27,356)**	**(30,224)**
Total	**(4,965,036)**	**(605,051)**	**2,707**	**(5,594,736)**	**(5,138,169)**
– *of which: interest expense on finance lease*	*(9,574)*	*X*	*X*	*(9,574)*	*(9,348)*

Interest expense as at 31/12/2022 amounts to 5,595 million euro, and is mainly attributable to:

- remuneration of the Parent Company's postal funding, amounting to approximately 4,607 million euro;
- interest expense on securities issued by the Parent Company of 330 million euro, Snam issues of 96 million euro and Terna issues of 112 million euro.

Sub-item "5. Hedging derivatives" includes the (positive or negative) amount of differentials or margins accrued on interest rate risk hedging derivatives that adjust the interest expense recognised on the hedged financial instruments. As at 31 December 2022, this amount is positive for around 41 million euro.

The item includes financial expenses accrued on lease liabilities recognised as a consequence of applying the IFRS 16, equal to about 10 million euro.

1.4 INTEREST EXPENSE AND SIMILAR EXPENSE: ADDITIONAL INFORMATION

1.4.1 INTEREST EXPENSE ON LIABILITIES IN FOREIGN CURRENCIES

The item includes interest expense accrued on financial liabilities accounted for in foreign currency, totalling about 45 million euro, mainly attributable to the Parent Company CDP.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

(thousands of euro)

Items	2022	2021
A. Positive differences on hedging transactions	61,772	128,590
B. Negative differences on hedging transactions	(358,680)	(346,075)
C. Balance (A - B)	**(296,908)**	**(217,485)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 COMMISSION INCOME: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2022	2021
a) Financial instruments		**31**
1. Placement of securities		
1.1 Assumed based on a firm commitment		
1.2 Without a firm commitment		
2. Activity of receiving and sending orders and executing orders on behalf of customers		
2.1 Receiving and sending orders of one or more financial instruments		
2.2 Order execution on behalf of customers		
3. Others commissions connected with assets linked to financial instruments		31
of which: trading on own behalf		
of which: management of individual portfolios		
b) Corporate Finance		
1. Advice on mergers and acquisitions		
2. Treasury services		
3. Other commissions connected to corporate finance services		
c) Advice on investments		
d) Offsetting and settlement	**346**	**31**
e) Management of collective portfolios	**41,165**	**27,364**
f) Custody and administration		
1. Custodian bank		
2. Other commissions connected to the custody and administration activities		
g) Central administrative services to manage collective portfolios		
h) Fiduciary activities		
i) Payment services		**71,317**
1. Current accounts		
2. Credit cards		
3. Debit cards and other payment cards		
4. Bank transfers and other payment orders		
5. Other commissions connected to payment services		71,317
j) Distribution of third party services		
1. Management of collective portfolios		
2. Insurance products		
3. Other products		
of which: management of individual portfolios		
k) Structured finance	**30**	**1,877**
l) Servicing activities for securitisations		
m) Commitments to disburse funds	**54,016**	**46,883**
n) Financial guarantees issued	**29,459**	**21,223**
of which: credit derivatives		
o) Financing transactions	**39,313**	**34,975**
of which: factoring		
p) Trading of currencies		
q) Commodities		
r) Other commission income	**306,969**	**299,839**
of which: management of multilateral trading systems		
of which: management of organised trading systems		
TOTAL	**471,298**	**503,540**

Commission income at 31 December 2022 amounts to 471 million euro, mainly attributable to the contribution of the Parent Company, which during the year accrued commission income of 395 million euro in relation to:

- agreements signed with the Italian Ministry of the Economy and Finance for the management of the assets and liabilities of the MEF for approximately 261 million euro (of which 258 million euro relating to the management of the MEF Bonds);
- commitments to disburse funds amounting to around 54 million euro;
- structuring and disbursement of loans for around 39 million euro;
- financial guarantees issued of around 29 million euro.

The residual contribution to the balance of the item includes commissions earned for the management of the Revolving Fund for International Cooperation & Development Finance, the Kyoto Fund, the Revolving Fund supporting enterprises and investment in research (FRI), and other services rendered.

The balance also includes 35 million euro from commissions received by the subsidiary SIMEST for the management of Public Funds, and commission income of 41.2 million euro accrued by subsidiaries CDP Immobiliare SGR, CDP Venture Capital SGR and Fondo Italiano d'Investimento SGR for the performance of portfolio management activity.

2.2 COMMISSION EXPENSE: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2022	2021
a) Financial instruments	**1,168,224**	**1,340,573**
of which: trading of financial instruments	2,557	3,064
of which: placement of financial instruments	1,152,815	1,327,713
of which: management of individual portfolios		
- own		
- delegated to third parties		
b) Offsetting and settlement	**761**	**490**
c) Management of collective portfolios		
1. Own		
2. Delegated to third parties		
d) Custody and administration	**2,001**	**1,375**
e) Collection and payment services	**25,617**	**27,364**
of which: credit cards, debit cards and other payment cards	10	16
f) Servicing activities for securitisations		
g) Commitments to receive funds	**471**	**632**
h) Financial guarantees received	**31,853**	**30,313**
of which: credit derivatives		
i) Door-to-door selling of financial instruments, products and services		**25,310**
j) Trading of currencies		
k) Other commission expense	**2,116**	**27,871**
TOTAL	**1,231,043**	**1,453,928**

Commission expense is almost exclusively attributable to the Parent Company and is mainly related to the amount for the year 2022, of around 1,148 million euro, of the remuneration paid to Poste Italiane S.p.A. for managing postal savings products.

The commission expense for the postal savings service recognised during the year accrued under the agreement signed between CDP and Poste Italiane S.p.A., for the four-year period 2021-2024.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: BREAKDOWN

(thousands of euro) Items/Revenues	2022 Dividends	2022 Similar revenues	2021 Dividends	2021 Similar revenues
A. Financial assets held for trading	48		50	
B. Other financial assets mandatorily measured at fair value		33,045	582	28,641
C. Financial assets measured at fair value through other comprehensive income	15,678	308	27,097	35
D. Equity investments	659			
TOTAL	**16,385**	**33,353**	**27,729**	**28,676**

SECTION 4 - PROFITS (LOSSES) ON TRADING ACTIVITIES - ITEM 80

4.1 PROFITS (LOSSES) ON TRADING ACTIVITIES: BREAKDOWN

(thousands of euro) Type of operations/P&L Items	Gains (A)	Profits on trading (B)	Losses (C)	Losses on trading (D)	Net gain (loss) [(A + B) - (C + D)]
1. Financial assets held for trading					
1.1 Debt securities					
1.2 Equity securities					
1.3 Units in collective investment undertakings					
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
Other financial assets and liabilities: exchange rate differences	X	X	X	X	**132,818**
3. Derivatives	**123,677**	**149,578**	**98,917**	**20,808**	**(68,619)**
3.1 Financial derivatives:	123,677	149,578	98,917	20,808	(68,619)
– on debt securities and interest rates	104,889	149,578	96,420	20,802	137,245
– on equity securities and equity indices	5,402		2,497		2,905
– on currencies and gold	X	X	X	X	(222,149)
– other	13,386			6	13,380
3.2 Credit derivatives					
TOTAL	**123,677**	**149,578**	**98,917**	**20,808**	**64,199**

The profits (losses) on trading activities, which showed a net profit of approximately 64.2 million euro in 2022 (positive for 53.1 million euro in 2021), was mainly due to the net result recorded with reference to the financial derivatives of the Terna group (119 million euro), offset by the Parent Company's contribution (negative for 73 million euro).

SECTION 5 - FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - ITEM 90

5.1 FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING: BREAKDOWN

(thousands of euro) Type of operations/P&L Items	2022	2021
A. Income on:		
A.1 Fair value hedges	6,699,962	1,810,982
A.2 Hedged financial assets (fair value)	6,949	35,013
A.3 Hedged financial liabilities (fair value)	342,396	133,494
A.4 Cash flow hedges	208	
A.5 Assets and liabilities in foreign currencies	15,088	62,935
Total income on hedging activities (A)	**7,064,603**	**2,042,424**
B. Expense on:		
B.1 Fair value hedges	392,276	192,122
B.2 Hedged financial assets (fair value)	6,550,228	1,787,687
B.3 Hedged financial liabilities (fair value)		3,390
B.4 Cash flow hedges	21,058	37,257
B.5 Assets and liabilities in foreign currencies	16,986	61,053
Total expense on hedging activities (B)	**6,980,548**	**2,081,509**
C. NET GAIN (LOSS) ON HEDGING ACTIVITIES (A - B)	**84,055**	**(39,085)**
– *of which: resulting from hedging of net positions*		

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

6.1 GAINS (LOSSES) ON DISPOSAL OR REPURCHASE: BREAKDOWN

	2022			2021		
(thousands of euro) Type of operations/P&L Items	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Financial assets at amortised cost	42,086	(10,199)	31,887	355,140	(257)	354,883
1.1 Loans to banks	130		130			
1.2 Loans to customers	41,956	(10,199)	31,757	355,140	(257)	354,883
2. Financial assets measured at fair value through other comprehensive income	44,939	(10,326)	34,613	132,681	(5,912)	126,769
2.1 Debt securities	44,939	(10,326)	34,613	132,681	(5,912)	126,769
2.2 Loans						
TOTAL ASSETS	**87,025**	**(20,525)**	**66,500**	**487,821**	**(6,169)**	**481,652**
Financial liabilities measured at amortised cost						
1. Due to banks						
2. Due to customers						
3. Securities issued		(14,315)	(14,315)		(6,433)	(6,433)
TOTAL LIABILITIES		**(14,315)**	**(14,315)**		**(6,433)**	**(6,433)**

The net balance of the item was positive for approximately 52.2 million euro. It mainly refers to the positive contribution of the Parent Company (66.5 million euro), which recorded profits on the sale of debt securities recorded among the Loans to customers (approximately +31.9 million euro) and of debt securities in the portfolio of financial assets measured at fair value through other comprehensive income (approximately +34.6 million euro).

The losses on the repurchase of securities issued (14.3 million euro) arise mainly from the liability management transaction completed in January 2022 by Snam, which repurchased bonds for approximately 350 million euro on the market.

SECTION 7 - PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

7.1 NET CHANGE IN VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

(thousands of euro) Type of operations/P&L Items	Gains (A)	Realised profits (B)	Losses (C)	Realised losses (D)	Net gain (loss) [(A+B)-(C+D)]
1. Financial assets			**25,309**		**(25,309)**
1.1 Debt securities			94		(94)
1.2 Loans			25,215		(25,215)
2. Financial liabilities	**19,007**		**2,491**		**16,516**
2.1 Securities issued					
2.2 Due to banks					
2.3 Due to customers	19,007		2,491		16,516
3. Foreign currency financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	
TOTAL	**19,007**		**27,800**		**(8,793)**

7.2 NET CHANGE IN VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE

(thousands of euro) Type of operations/P&L Items	Gains (A)	Realised profits (B)	Losses (C)	Realised losses (D)	Net gain (loss) [(A+B)-(C+D)]
1. Financial assets	**73,179**	**3,342**	**139,107**	**1,384**	**(63,970)**
1.1 Debt securities		26	20,338		(20,312)
1.2 Equity securities		145		20	125
1.3 Units in collective investment undertakings	72,000		107,944	1,364	(37,308)
1.4 Loans	1,179	3,171	10,825		(6,475)
2. Financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**(57)**
TOTAL	**73,179**	**3,342**	**139,107**	**1,384**	**(64,027)**

The net balance of the item "Net change in value of financial assets and liabilities measured at fair value through profit or loss" referring to the financial assets mandatorily measured at fair value is negative for around 64 million euro for 2022 (positive by 95 million euro for 2021), and is mainly due to the fair value measurement of the units of UCIs, which generated losses of 37.3 million euro, of which 10.7 million euro attributable to the Parent Company and 26.7 million euro to the subsidiary CDP Equity.

The balance of the item also includes the contribution from the subsidiary CDPE Investimenti S.p.A., which had a negative impact of approximately 20.3 million euro mainly deriving from the fair value measurement of the bond of an investee, which was partly converted during the year.

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

This item shows a loss of around 9 million euro (loss of 54 million euro in 2021) and almost exclusively relates to the net balance between adjustments and recoveries for credit risk calculated on an individual and collective basis and related to financial assets measured at amortised cost.

8.1 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN

(thousands of euro) Type of operations/P&L Items	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired financial assets							
	Stage 1	Stage 2	Write - off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	2022	2021
A. Loans to banks	**(10,623)**						**4,689**	**524**			**(5,410)**	**4,253**
Loans	(5,130)						4,408	524			(198)	7,497
Debt securities	(5,493)						281				(5,212)	(3,244)
B. Loans to customers	**(63,601)**	**(29,662)**	**(323)**	**(89,900)**			**30,617**	**134,350**	**13,578**		**(4,941)**	**(59,442)**
Loans	(45,618)	(27,238)	(323)	(81,470)			19,294	130,143	13,578		8,366	(48,988)
Debt securities	(17,983)	(2,424)		(8,430)			11,323	4,207			(13,307)	(10,454)
TOTAL	**(74,224)**	**(29,662)**	**(323)**	**(89,900)**			**35,306**	**134,874**	**13,578**		**(10,351)**	**(55,189)**

8.1a NET ADJUSTMENTS FOR CREDIT RISK RELATING TO LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN

(thousands of euro) Type of operations/P&L Items	Net impairment adjustment							
			Stage 3		Purchased or originated credit impaired financial assets			
	Stage 1	Stage 2	Write-off	Other	Write-off	Other	2022	2021
1. Loans subject to moratoria compliant with the GL								(415)
2. Loans subject to existing moratorium measures no longer conforming to the GLs and not considered forborne								
3. Loans subject to forbearance measures								
4. New loans	283	173		(5,587)			(5,131)	(2,961)
2022	**283**	**173**		**(5,587)**			**(5,131)**	
2021	**(2,171)**	**(170)**		**(1,035)**				**(3,376)**

The table shows the net adjustments for credit risk recognised on loans subject to Covid-19 support measures. In particular, line "4. New loans" reports the net adjustments recognised on loans which represent new liquidity backed by public guarantees.

Line "1. Loans granted in accordance with the GLs", with no amounts recognised in 2022, shows the net adjustments recognised on loans subject to a 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) and as amended and supplemented.

8.2 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

(thousands of euro)	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired financial assets							
Type of operations/ P&L Items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	2022	2021
A. Debt securities	**(3,633)**						**4,512**	**280**			**1,159**	**1,204**
B. Loans												
– Customers												
– Banks												
TOTAL	**(3,633)**						**4,512**	**280**			**1,159**	**1,204**

8.2a NET ADJUSTMENTS FOR CREDIT RISK RELATING TO LOANS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN

There are no loans measured at fair value through other comprehensive income subject to Covid-19 support measures.

SECTION 9 - GAINS/LOSSES FROM CHANGES IN CONTRACTS WITHOUT DERECOGNITION - ITEM 140

9.1 GAINS/LOSSES FROM CHANGES IN CONTRACTS: BREAKDOWN

(thousands of euro)	Gains	Losses	Net gain (loss)
Financial assets measured at fair value through other comprehensive income			
Loans			
Debt securities			
Financial assets measured at amortised cost: loans to banks			
Loans			
Debt securities			
Financial assets measured at amortised cost: loans to customers		**(39)**	**(39)**
Loans		(39)	(39)
Debt securities			
TOTAL		**(39)**	**(39)**

The balance of the item is negative for approximately 39 thousand euro. It represents the loss of the Parent Company recognised on renegotiation of the contractual terms with a counterparty, classified among loans to customers in the portfolio of the financial assets measured at amortised cost. The loss is recognised as the difference between the gross carrying value of the asset before the modification and the discounted value of the future renegotiated cash flows, discounted at the original effective interest rate of the financial asset.

SECTION 10 - NET PREMIUM INCOME - ITEM 160

There is no net premium income.

SECTION 11 - NET OTHER INCOME (EXPENSE) FROM INSURANCE OPERATIONS - ITEM 170

The item has a nil balance.

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 STAFF COSTS: BREAKDOWN

(thousands of euro) Type of expenses/Sectors	Prudential consolidation	Other entities	2022	2021
1) Employees	**197,484**	**2,393,938**	**2,591,422**	**2,580,280**
a) Wages and salaries	137,996	1,671,356	1,809,352	1,818,327
b) Social security costs	3,582	44,206	47,788	34,659
c) Staff severance pay	747	40,069	40,816	37,993
d) Pension costs	25,218	451,142	476,360	488,063
e) Allocation to staff severance pay	375	13,637	14,012	12,671
f) Allocation to provision for post-employment benefits:				
– a defined contribution				
– a defined benefit				
g) Payments to external supplementary pensions funds:	11,540	73,044	84,584	80,033
– a defined contribution	11,540	69,025	80,565	76,266
– a defined benefit		4,019	4,019	3,767
h) Costs arising from share-based payment arrangements		5,690	5,690	5,428
i) Other employee benefits	18,026	94,794	112,820	103,106
2) Other personnel in service	**1,023**	**14,549**	**15,572**	**11,966**
3) Board of Directors and Board of Auditors	**3,457**	**26,346**	**29,803**	**25,521**
4) Retired personnel				
TOTAL	**201,964**	**2,434,833**	**2,636,797**	**2,617,767**

12.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

(number)	Prudential consolidation	Other entities	2022	2021
Employees	**1,373**	**39,931**	**41,304**	**42,619**
a) Senior management	148	886	1,034	993
b) Middle management	709	12,780	13,489	13,211
c) Other employees	516	26,265	26,781	28,415
Other personnel	**7**	**328**	**335**	**343**

12.3 DEFINED BENEFIT PENSION FUNDS: COSTS AND REVENUES

This item has a nil balance.

12.4 OTHER EMPLOYEE BENEFITS

(thousands of euro) Type of expenses/Values	Prudential consolidation	Other entities	2022	2021
Food coupons	2,786	6,827	9,613	8,769
Insurance policies	8,134	2,672	10,806	8,916
Lump sum repayments				
Contributions to mortgage loan interest	1,075	40	1,115	850
Leaving incentives	2,610	18,564	21,174	16,598
Energy bonus		540	540	334
Length of service bonuses		(575)	(575)	1,573
Other benefits	3,421	66,726	70,147	66,066
TOTAL	**18,026**	**94,794**	**112,820**	**103,106**

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

(thousands of euro) Type of expenses/Values	Prudential consolidation	Other entities	2022	2021
IT costs	38,397	131,898	170,295	259,394
General services	9,596	8,340,991	8,350,587	7,422,104
Professional and financial services	23,050	985,552	1,008,602	1,001,226
Publicity and marketing expenses	4,579	48,320	52,899	42,746
Other personnel-related expenses	3,847	64,132	67,979	53,892
Utilities, duties and other expenses	7,855	329,428	337,283	272,209
Information resources and databases	3,135		3,135	5,467
Corporate bodies	699	469	1,168	735
TOTAL	**91,158**	**9,900,790**	**9,991,948**	**9,057,773**

As required by article 149-*duodecies* of Consob Issuers' Regulation no. 11971, the 2022 audit fees and fees for non-audit services are given below.

FEES FOR AUDIT AND NON-AUDIT SERVICES

(thousands of euro)

Type of services	Subject that provided the service	Recipient	Fees
Auditing	Auditor of the Parent company	Parent company	406
		Subsidiaries	5,849
	Network of the auditor of the Parent company	Subsidiaries	1,254
Certification services	Auditor of the Parent company	Parent company	88
		Subsidiaries	540
	Network of the auditor of the Parent company	Subsidiaries	
Other services	Auditor of the Parent company	Parent company	27
		Subsidiaries	2
	Network of the auditor of the Parent company	Subsidiaries	
TOTAL			**8,166**

SECTION 13 - NET PROVISIONS FOR RISKS AND CHARGES - ITEM 200

13.1 NET PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES ISSUED: BREAKDOWN

	Accruals				Reversal of excess				
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Net income (loss)
Commitments to disburse funds	(20,556)	(250)	(95)	(115)	18,268	68,828	287	2	66,369
Financial guarantees issued	(12,854)	(8,675)			304			(84)	(21,309)
TOTAL	**(33,410)**	**(8,925)**	**(95)**	**(115)**	**18,572**	**68,828**	**287**	**(82)**	**45,060**

13.2 NET PROVISIONS FOR OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED: BREAKDOWN

During the year, no accruals for other commitments and guarantees were made.

13.3 NET PROVISIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

(thousands of euro)

Type of transactions/Values	Accruals	Reversal of excess	2022
Net provisions for legal and fiscal disputes	(37,281)	27,383	(9,898)
Net provisions for sundry expenses for personnel	(6,432)	2,638	(3,794)
Net sundry provisions	(186,308)	196,905	10,597
TOTAL	**(230,021)**	**226,926**	**(3,095)**

13.3 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Type of transactions/Values	Allocations	Reversal of excess	2022
Net provisions for legal and fiscal disputes	(1,369)	1,613	244
Net provisions for sundry expenses for personnel			
Net sundry provisions			
TOTAL	**(1,369)**	**1,613**	**244**

13.3 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Type of transactions/Values	Allocations	Reversal of excess	2022
Net provisions for legal and fiscal disputes	(35,912)	25,770	(10,142)
Net provisions for sundry expenses for personnel	(6,432)	2,638	(3,794)
Net sundry provisions	(186,308)	196,905	10,597
TOTAL	**(228,652)**	**225,313**	**(3,339)**

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

14.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN

(thousands of euro) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
1. Operating:	(1,867,055)	(31,344)		(1,898,399)
– owned	(1,778,720)	(29,908)		(1,808,628)
– right of use acquired under leases	(88,335)	(1,436)		(89,771)
2. Investment:	(6,855)	(10,729)	20,690	3,106
– owned	(5,908)	(10,729)	20,690	4,053
– right of use acquired under leases	(947)			(947)
3. Inventories	X	(24,228)	1,712	(22,516)
TOTAL	**(1,873,910)**	**(66,301)**	**22,402**	**(1,917,809)**

14.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
1. Operating:	(7,694)			(7,694)
– owned	(4,753)			(4,753)
– right of use acquired under leases	(2,941)			(2,941)
2. Investment:	(6,855)			(6,855)
– owned	(5,908)			(5,908)
– right of use acquired under leases	(947)			(947)
3. Inventories	X			
TOTAL	**(14,549)**			**(14,549)**

14.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
1. Operating:	(1,859,361)	(31,344)		(1,890,705)
– owned	(1,773,967)	(29,908)		(1,803,875)
– right of use acquired under leases	(85,394)	(1,436)		(86,830)
2. Investment:		(10,729)	20,690	9,961
– owned		(10,729)	20,690	9,961
– right of use acquired under leases				
3. Inventories	X	(24,228)	1,712	(22,516)
TOTAL	**(1,859,361)**	**(66,301)**	**22,402**	**(1,903,260)**

SECTION 15 - NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - ITEM 220

15.1 NET ADJUSTMENTS ON INTANGIBLE ASSETS: BREAKDOWN

(thousands of euro) Assets/P&L items	Amortization (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(232,439)*	*(9,045)*		*(241,484)*
A.1 Owned:	(887,227)	(375,231)	912	(1,261,546)
– internally generated by the company	(85,571)	(3,349)		(88,920)
– other	(801,656)	(371,882)	912	(1,172,626)
A.2 Right of use acquired under leases	(13)			(13)
TOTAL	**(887,240)**	**(375,231)**	**912**	**(1,261,559)**

15.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Assets/P&L items	Amortization (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(17,815)*			*(17,815)*
A.1 Owned:	(17,987)			(17,987)
– internally generated by the company				
– other	(17,987)			(17,987)
A.2 Acquired under finance leases				
TOTAL	**(17,987)**			**(17,987)**

15.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Assets/P&L items	Amortization (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(214,624)*	*(9,045)*		*(223,669)*
A.1 Owned:	(869,240)	(375,231)	912	(1,243,559)
– internally generated by the company	(85,571)	(3,349)		(88,920)
– other	(783,669)	(371,882)	912	(1,154,639)
A.2 Acquired under finance leases	(13)			(13)
TOTAL	**(869,253)**	**(375,231)**	**912**	**(1,243,572)**

In terms of impairment recognised during the year, please refer to Part B – Assets – Section 10 “Intangible assets”.

SECTION 16 - OTHER OPERATING INCOME (COSTS) - ITEM 230

16.1 OTHER OPERATING COSTS: BREAKDOWN

(thousands of euro) Type of costs/Figures	Prudential consolidation	Other entities	2022	2021
Depreciation of leasehold improvements	408	1,439	1,847	1,329
Ordinary maintenance costs of buildings for investment use				
Other	152,941	241,777	394,718	222,636
TOTAL	**153,349**	**243,216**	**396,565**	**223,965**

16.2 OTHER OPERATING INCOME: BREAKDOWN

(thousands of euro) Type of costs/Figures	Prudential consolidation	Other entities	2022	2021
Income for company engagements to employees	1,198	392	1,590	1,025
Recovery of expenses	14,062	26,252	40,314	20,743
Rental income and other income from property management	12,936	88,777	101,713	63,063
Revenues from industrial management		17,769,727	17,769,727	17,310,645
Reimbursement expenses incurred for MIUR Agreement				
Other	2,823	293,319	296,142	243,030
TOTAL	**31,019**	**18,178,467**	**18,209,486**	**17,638,506**

Other operating income, equal to 18,209 million euro as at 31 December 2022 (17,639 million euro in 2021), includes income that is not attributable to the other items of the bank financial statements, represented almost exclusively by the revenues recorded by the Group companies whose activity is industrial, and described below.

The revenues of the Snam group equal to 3,498 million euro related to the transport, regasification and storage of natural gas, and of the Italgas group for 2,246 million euro related to the distribution of natural gas, whose income is governed by the regulatory framework defined by the Energy Networks and Environment Regulator (ARERA), whose financial conditions are defined through regulatory frameworks and not on a negotiated basis, are included among Other operating income.

The Terna group contributed to the balance with 2,984 million euro in revenues, the main component of which derived from transmission fees ("CRT") for network usage that remunerates the ownership and management of the National Transmission Grid. Transmission revenues represent the most significant portion of the regulated revenues of the Terna group, and derive from the monopolistic application of the CTR billed by Terna to distributors connected to the National Transmission Grid as part of the regulation overseen by ARERA.

The Fincantieri group recorded revenues of 7,337 million euro in the period deriving from the shipbuilding orders and the services provided in the businesses it operates in: Shipbuilding, Offshore and Special Vessels, Systems, Components and Services and Other activities. Revenues are progressively recognised over time on the basis of the transfer over time of control of goods and/or services to the customer and as a result of the change in contract work in progress.

The contribution of the Ansaldo group amounted to 1,237 million euro of revenues deriving from the main business sectors of the group: orders relating to the production of gas turbines, steam turbines and generators, and related engineering activities, supply and construction of thermoelectric power plants, and maintenance, repair and spare parts services for existing plants.

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

17.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

(thousands of euro)

P&L components/Sectors	2022	2021
1. Joint ventures		
A. Income	**406,946**	**128,017**
1. Writebacks	403,581	127,865
2. Gains on disposal	15	
3. Writebacks		
4. Other	3,350	152
B. Expenses	**(550,894)**	**(442,821)**
1. Impairment	(160,374)	(442,321)
2. Writedowns for impairment	(365,000)	
3. Losses on disposal	(600)	
4. Other	(24,920)	(500)
Net result	**(143,948)**	**(314,804)**
2. Enterprises subject to significant influence		
A. Income	**4,959,931**	**2,257,007**
1. Writebacks	4,611,294	2,204,185
2. Gains on disposal	314,390	224
3. Writebacks	31,000	
4. Other	3,247	52,598
B. Expenses	**(451,734)**	**(204,494)**
1. Impairment	(249,334)	(203,436)
2. Writedowns for impairment	(201,606)	(1,020)
3. Losses on disposal	(195)	
4. Other	(599)	(38)
Net gain (loss)	**4,508,197**	**2,052,513**
TOTAL	**4,364,249**	**1,737,709**

Net gains on equity investments of approximately 4,364 million euro comprise the results of the measurement at equity of investments subject to significant influence or joint operations and are mainly due to:

- the positive effect of the measurement at equity of the investment in ENI (3,890 million euro), Poste Italiane (479 million euro), Holding Reti Autostradali (284 million euro) and Webuild (18 million euro);
- the negative effect of the measurement at equity of TAG (340 million euro), Nexi (208 million euro, including the impact of the adjustment following the impairment test carried out on the investment, for which an impairment loss of 190 million euro was recognised), Saipem (27 million euro) and Open Fiber (84 million euro).

Please refer to Part B "Assets" – Section 7 – Investments for more details, also with reference to impairment tests on equity investments.

SECTION 18 - GAINS (LOSSES) ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE - ITEM 260

This item has a nil balance.

SECTION 19 - GOODWILL IMPAIRMENT - ITEM 270

19.1 GOODWILL IMPAIRMENT: BREAKDOWN

During 2022, goodwill impairment was recognised in reference to the Vard group for 47 million euro. The item was not recognised in 2021.

SECTION 20 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 280

20.1 GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN

(thousands of euro)

P&L components/Figures	2022	2021
A. Land and buildings	**(451)**	**(4,216)**
– Gains on disposal	72	4,494
– Losses on disposal	(523)	(8,710)
B. Other assets	**23,710**	**952,429**
– Gains on disposal	29,017	955,442
– Losses on disposal	(5,307)	(3,013)
NET GAIN (LOSS)	**23,259**	**948,213**

This item was positive at 23 million euro, while it amounted to 948 million euro in the prior year, as it included the capital gain of 923 million euro resulting from the accounting of the merger of SIA into Nexi.

SECTION 21 - INCOME TAX FOR THE YEAR ON CONTINUING OPERATIONS - ITEM 300

The CDP Group operates in various countries (both European and non-European) that have autonomous tax systems where the determination of the taxable base, the level of tax rates, the nature, type and timing of formal obligations differ from one another.

CDP and some Italian Group companies have adopted the so-called "national fiscal consolidation" under which it is possible to algebraically offset the income and losses of companies belonging to the same scope of consolidation.

With regard to tax rates, in Italy corporate income tax (IRES) is 24%, to which an additional 3.5% applicable exclusively to banks and other financial intermediaries should be added. In addition to IRES, the Regional Tax on Productive Activities (IRAP) must be added, whose nominal rate is 4.65% for the banking sector and to which each Region can autonomously add a surcharge. IRAP applies to a taxable income that is marginally different from the one used by IRES.

With regard to income tax of the Parent Company, please refer to Part C – Notes to the Financial Statements of CDP S.p.A. – Section 19 – Income tax for the year on continuing operations – item 270, which is understood to be fully included here.

21.1 INCOME TAX FOR THE YEAR ON CONTINUING OPERATIONS: BREAKDOWN

(thousands of euro) P&L components/Figures		Prudential consolidation	Other entities	2022	2021
1.	Current taxes (-)	(501,539)	(991,578)	(1,493,117)	(1,775,592)
2.	Change in current taxes from previous years (+/-)	2,190	1,365	3,555	11,028
3.	Reduction of current taxes for the year (+)		2	2	1,224
3.*bis*.	Reduction of current income taxes for the year due to tax credits pursuant to Law 214/2011 (+)				
4.	Change in deferred tax assets (+/-)	(33,059)	179,569	146,510	(37,033)
5.	Change in deferred tax liabilities (+/-)	(77,397)	123,145	45,748	449,605
6.	**TAXES FOR THE YEAR (-) (-1+/-2+3+3-*BIS* +/-4+/-5)**	**(609,805)**	**(687,497)**	**(1,297,302)**	**(1,350,768)**

For an examination of the dynamics of deferred tax assets and liabilities recorded during the year, with particular regard to the most significant contributions by Group companies grouped according to the type of activity carried out, please refer to the tables in section 11 describing the related changes.

For further details on the indication of the main elements that contributed to determining the estimate of the tax burden and its changes compared to the previous financial year, please refer to the tables below.

21.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNISED

(thousands of euro)	2022	Tax rate	2021	Tax rate
Income (loss) before taxes	**8,100,810**		**7,844,635**	
IRES theoretical tax liability (rate 27.5%)	**(2,227,723)**	**-27.50%**	**(2,157,275)**	**-27.50%**
Increases in taxes				
– non-deductible interest expense	(5,500)	-0.07%	(5,431)	-0.07%
– writedowns of equity investments	(53,942)	-0.67%	(266,224)	-3.39%
– other non-deductible costs	(1,149)	-0.01%	(1,410)	-0.02%
– adjustments on receivables	(9,863)	-0.12%	(4,173)	-0.05%
– non-deductible temporary differences	(151,016)	-1.86%	(165,279)	-2.11%
– non-deductible permanent differences	(334,738)	-4.13%	(216,091)	-2.75%
– foreign tax rate effects	(1,464)	-0.02%	(3,293)	-0.04%
– other changes	(137,135)	-1.69%	(148,501)	-1.89%
– substitute tax for realignment of values	(58,386)	-0.72%		
Decreases in taxes:				
– ACE benefit	63,321	0.78%	70,310	0.90%
– exchange rate differences	1,195	0.01%	1,258	0.02%
– non-taxable income	18,649	0.23%	323,842	4.13%
– use of accruals	95,783	1.18%	51,386	0.66%
– 24% rate effect	73,751	0.91%	140,884	1.80%
– other changes	312,049	3.85%	358,475	4.57%
– revaluation of equity investments	1,238,435	15.29%	581,257	7.41%
IRES ACTUAL TAX LIABILITY	**(1,177,733)**	**-14.54%**	**(1,440,265)**	**-18.36%**

(thousands of euro)	2022	Tax rate	2021	Tax rate
IRAP tax amount	**10,195,530**		**7,813,271**	
IRAP Theoretical tax liability (5.57% rate)	**(567,891)**	**-5.57%**	**(435,199)**	**-5.57%**
Increases in taxes:				
– non-deductible interest 4%	(279)		(148)	
– other non-deductible costs	(39,070)	-0.38%	(19,551)	-0.25%
– different regional rates	(9,156)	-0.09%	(7,572)	-0.10%
Decreases in taxes:				
– costs deductible in previous years	10,988	0.11%	3,962	0.05%
– deductible costs for staff costs	54,975	0.54%	51,436	0.66%
– different regional rates	34,710	0.34%	35,690	0.46%
– other decreases	200,339	1.96%	36,055	0.46%
IRAP ACTUAL TAX LIABILITY	**(315,384)**	**-3.09%**	**(335,327)**	**-4.29%**

SECTION 22 - INCOME (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS - ITEM 320

22.1 INCOME (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS: BREAKDOWN

The item is negative for 1 million euro. In the previous year it was strongly negative due to the effect (charge of 1,289 million euro) resulting from alignment of the value of the net assets relating to the disposed companies (SACE, SACE FCT, SACE BT and SACE SRV) to their realisable value.

22.2 BREAKDOWN OF INCOME TAXES ON DISCONTINUED OPERATIONS

The item amounts to negative 8.5 million euro and mainly refers to the current taxation of the assets of discontinued operations.

SECTION 23 - NET INCOME (LOSS) FOR THE YEAR PERTAINING TO NON-CONTROLLING INTERESTS - ITEM 340

23.1 BREAKDOWN OF ITEM 340 "NET INCOME (LOSS) FOR THE YEAR PERTAINING TO NON-CONTROLLING INTERESTS"

Net income pertaining to non-controlling interests amounts to 1,385 million euro.

(thousands of euro)

Company name	2022	2021
Equity investments in consolidated companies with significant third party interests		
1. Terna S.p.A.	733,132	626,339
2. Snam S.p.A.	422,719	1,091,437
3. Italgas S.p.A.	323,311	293,948
Other equity investments	**(94,124)**	**332,392**
TOTAL	**1,385,038**	**2,344,116**

SECTION 24 - OTHER INFORMATION

There is no additional information to report.

SECTION 25 - EARNINGS PER SHARE

The necessary conditions for the disclosure required by IAS 33 are not met.

PART D - CONSOLIDATED COMPREHENSIVE INCOME

ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items		2022	2021
10.	**Net income (loss) for the year**	**6,802,495**	**5,323,665**
	Other comprehensive income not transferred to income statement	**(533,403)**	**222,588**
20.	Equity securities at fair value through other comprehensive income	(546,568)	170,485
	a) fair value changes	(546,568)	170,485
	b) transfer to other equity items		
30.	Financial liabilities designated at fair value through profit or loss (change in own credit rating)		
	a) fair value changes		
	b) transfer to other equity items		
40.	Hedges on equity securities designated at fair value through other comprehensive income		
	a) fair value change (hedged instrument)		
	b) fair value change (hedging instrument)		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit	35,284	21,993
80.	Non-current assets and disposal groups held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method	(32,251)	40,627
100.	Income tax relating to other comprehensive income not transferred to income statement	10,132	(10,517)
	Other comprehensive income transferred to income statement	**(526,905)**	**(127,651)**
110.	Hedging of foreign investments		
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
120.	Exchange rate differences	65,405	56,269
	a) changes in value	31,204	25,968
	b) transfer to income statement		
	c) other changes	34,201	30,301
130.	Cash flow hedges	667,189	(295,047)
	a) fair value changes	670,334	(305,182)
	b) transfer to income statement	(1,073)	(6,307)
	c) other changes	(2,072)	16,442
	– *of which, result of net positions*		
140.	Hedging instruments (non-designated items)		
	a) changes in value		
	b) transfer to income statement		
	c) other changes		
150.	Financial assets (other than equity securities) at fair value through other comprehensive income	(966,980)	(233,397)
	a) fair value changes	(931,057)	(113,186)
	b) transfer to income statement	(35,923)	(116,298)
	– impairment adjustments	(1,310)	10,471
	– gains (losses) on disposal	(34,613)	(126,769)
	c) other changes		(3,913)
160.	Non-current assets and disposal groups held for sale		
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
170.	Share of valuation reserves of equity investments accounted for using equity method	(419,574)	159,232
	a) fair value changes	(521,078)	125,606
	b) transfer to income statement	(2,727)	
	– impairment adjustments		
	– gains (losses) on disposal	(2,727)	
	c) other changes	104,231	33,626
180.	Income tax relating to other comprehensive income transferred to income statement	127,055	185,292
190.	**Total other comprehensive income**	**(1,060,308)**	**94,937**
200.	**Comprehensive income (items 10 + 190)**	**5,742,187**	**5,418,602**
210.	Consolidated comprehensive income pertaining to non-controlling interests	1,673,926	2,453,180
220.	**Consolidated comprehensive income pertaining to shareholders of the parent company**	**4,068,261**	**2,965,422**

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

To ensure an efficient risk management system, the Parent Company and the companies belonging to the prudential consolidation perimeter have set up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate all the risks - assumed or that can be assumed - in the different segments of operations, monitoring their trend and implementing appropriate measures aimed at preventing and/or mitigating the risks identified. The Parent Company and the Companies of the scope of prudential consolidation also communicate the results and progress of their activities in the field of risk management and control at the appropriate levels, including the Board of Directors. The risk management system takes into account the specific characteristics of the activity carried out by each entity of the Group; it is implemented in compliance with the requirements of the internal regulations of each Company and the Group regulations issued by the Parent Company with regard to companies included in the prudential consolidation and on which the Parent Company also exercises the Management and Coordination activity.

Within the organisational structure of the Parent Company, the Risk Director, who reports directly to the Chief Executive Officer (CEO), is responsible for the management of all types of risk and for the clear representation of the overall risk profile and solidity of the Group to the Board of Directors. As part of this mandate, the Risk Director coordinates the activities of the Risk Management (RM), Risk Advisory & Policies, Compliance and Anti-Money Laundering, and Credit Assessment and Monitoring Areas. RM is responsible for supporting the Risk Director with the management and monitoring of all types of risk, ensuring a clear representation about CDP's overall risk profile and capital requirements associated with each category of risk.

All the relevant types of risk are defined in the Risk Policy, initially approved by the Board of Directors in 2010 and constantly updated subsequently as necessary. The risks can be divided into market risks (which include equity risk, interest rate risk, inflation risk, and exchange rate risk), liquidity risks, credit risks (which include concentration and counterparty risks), operational risks, and reputational risks. In addition, when assessing its risks, the Parent Company takes into account the ESG factors capable of influencing the different types of risks to which the Company is exposed. In particular, within this area, the Parent Company has implemented the measurement of the climate-environmental risk for operations that have the characteristics identified by the specific relevant Regulation, issued during 2022.

The Risk Policy, normally updated on a semi-annual basis, is made up by a main document (the Risk Regulation) and a set of related annexes, each focusing on a specific category of risk . The Risk Policy is the key tool used by the Board of Directors to define the risk appetite of CDP, the tolerance thresholds, risk limits, risk management policies and the framework of the corresponding organisational processes. The documents linked to the Risk Policy also specify the quantitative elements of the Risk Appetite Framework ("RAF") and the RAF in terms of IT and cyber risks.

The guidelines for the risk management of the Parent Company, expressed by the Risk Policy, set out provisions about:
- the separation of roles and responsibilities in the assumption and control of risks;
- the organisational independence of risk control from the operational management of risks;
- rigorous risk measurement and control systems.

The structure of the statutory, board and management committees is established at both Parent Company and Group level. The specific responsibilities of the committees responsible for risk, in compliance with the principles adopted, are set out by the internal regulations.

The Risk and Sustainability Committee is established within the Board of Directors of the Parent Company, whose composition is governed by the Articles of Association and whose operation and organisation are set out in a specific regulation, updated in 2022. The Committee (i) carries out control and guidance functions in the field of risk management and prior assessment of new products, and (ii) provides opinions in support of the Board on matters relating to risk appetite, the RAF and capital allocation, evidence on the functioning of the internal control system and the assessment of sustainability policies. The Committee also periodically reviews the results of the risk profile monitoring and capital adequacy assessment activities carried out by the control functions.

In the Parent Company there are two technical and advisory committees, the Risk Governance Committee and the Risk Assessment Committee, which act as a support to management and to the decision-making bodies; for specific, extraordinary or more relevant transactions carried out by group companies, they assume the role of Group Committees. The Risk Governance Committee is responsible for (i) aspects related to defining and controlling CDP's overall risk profile, (ii) compliance of new products with that risk profile and (iii) relevant aspects for the management of liquidity contingency situations. The Risk Assessment Committee is instead competent in matters of (i) assessment of transactions and activities, from a credit, risk, legal, economic-financial sustainability and ESG point of view, (ii) assessment of transactions considered relevant in terms of risk for the Parent Company with reference to the limits provided for by the RAF and by the internal regulations to oversee the reputational risk of the transactions, (iii) evaluation of proposals for the management of specific non-performing loans and credit disputes, and (iv) periodic review of the risk profile of the counterparties in the portfolio.

RM verifies compliance with the limits set by the Board of Directors and the operating limits established by the Chief Executive Officer, recommending corrective measures to the Risk Governance Committee or the Risk Assessment Committee, according to their responsibilities, that might be necessary to ensure compliance with the Policies adopted and the risk appetite expressed by the RAF approved by CDP's Board of Directors, monitoring the use of economic capital with respect to capital requirements and contributing to capital management activities.

Within the companies pertaining to the prudential consolidation perimeter, the risk control and management systems include, in addition to the top management, the second-level control functions (Risk Management, Compliance, Anti-Money Laundering) and third-level control functions (Internal Auditing).

SECTION 1 - THE RISKS OF ACCOUNTING CONSOLIDATION

Quantitative disclosures

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: amounts, value adjustments, changes and economic distribution

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)

(thousands of euro) Portfolios/Quality	Bad debts	Unlikely to pay	Non-performing past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	88,683	124,907	234,696	123,230	347,863,672	348,435,188
2. Financial assets measured at fair value through other comprehensive income					10,887,804	10,887,804
3. Financial assets designated at fair value					194,962	194,962
4. Financial assets mandatorily measured at fair value	5,924		10,621	78	96,035	112,658
5. Financial assets held for sale					37,667	37,667
TOTAL 31/12/2022	**94,607**	**124,907**	**245,317**	**123,308**	**359,080,140**	**359,668,279**
Total 31/12/2021	**91,013**	**135,380**	**489,973**	**27,450**	**410,976,335**	**411,720,151**

The following table shows the breakdown of credit exposures for on-balance sheet forborne credit exposures (non-performing and performing loans).

Forborne credit exposures: breakdown by portfolio and credit quality

(thousands of euro) Type of exposition/Value	Gross exposure	Accumulated impairment	Net exposure 31/12/2022	Net exposure 31/12/2021
Forborne loans to customers				
Bad debts	650	(650)		179
Unlikely to pay	1,889	(1,086)	803	23,336
Non-performing past-due exposures				1,137
Performing past-due exposures				
Other performing exposures	1,695,210	(129,023)	1,566,187	457,166
TOTAL FORBORNE EXPOSURES AT 31/12/2022	**1,697,749**	**(130,759)**	**1,566,990**	**X**
Total forborne exposures at 31/12/2021	**621,774**	**(139,956)**	**X**	**481,818**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

	Non performing assets				Performing assets			
(thousands of euro) Portfolios/Quality	Gross exposure	Specific adjustments	Net exposure	Accumulated partial write-offs (*)	Gross exposure	Portfolio adjustments	Net exposure	**Total (net exposure)**
1. Financial assets measured at amortised cost	666,786	(218,500)	448,286		348,906,626	(919,724)	347,986,902	348,435,188
2. Financial assets measured at fair value through other comprehensive income					10,900,583	(12,779)	10,887,804	10,887,804
3. Financial assets designated at fair value					X	X	194,962	194,962
4. Financial assets mandatorily measured at fair value	73,883	(57,338)	16,545		X	X	96,113	112,658
5. Financial assets held for sale					37,667		37,667	37,667
TOTAL 31/12/2022	**740,669**	**(275,838)**	**464,831**		**359,844,876**	**(932,503)**	**359,203,448**	**359,668,279**
Total 31/12/2021	**971,087**	**(254,721)**	**716,366**	**228**	**411,431,002**	**(1,020,715)**	**411,003,785**	**411,720,151**

(*) Value to be shown for information purposes.

	Assets with markedly poor credit quality		Other assets
(thousands of euro) Portfolios/Quality	Accumulated loss	Net exposure	Net exposure
1. Financial assets held for trading			356,235
2. Hedging derivatives			4,595,099
TOTAL 31/12/2022			**4,951,334**
Total 31/12/2021			**728,521**

B. Disclosure of structured entities (other than securitisation companies)

Not present at 31 December 2022.

SECTION 2 - THE RISKS OF THE PRUDENTIAL CONSOLIDATION

In compliance with the national and EU legal framework, the CDP Group is not subject to prudential supervision on a consolidated basis. This section, whose scope is the area of "prudential consolidation", refers to the Parent Company CDP S.p.A. and to the following companies, subject to supervision on an individual basis:

- CDP Real Asset SGR S.p.A.

- Fondo Italiano d'Investimento SGR S.p.A.
- CDP Venture Capital SGR S.p.A.

Article 5 of Decree Law no. 269 of 30th September 2003, relating to the transformation of CDP into a joint-stock company, specifies that CDP must be subject to the provisions of Title V of Legislative Decree no. 385 of 1st September 1993 provided for intermediaries registered in the list referred to in Article 106 of the same legislative decree, "taking into account the characteristics of the supervised entity and the special regulations applicable to the separate account [...]". Therefore, the transformation decree provides for a specific set of supervisory regulations for CDP, since the provisions relating to non-banking financial intermediaries cannot be directly applicable to it.

On this point, it should be noted that since 2004 the Bank of Italy has been exercising mainly "informational" supervision over CDP, conducted by using management data based on sectorial legislation, geared to acquiring aspects of knowledge and assessment on the business and organisation of CDP.

It should also be noted that:
- CDP is classified in the harmonised statistics of the European System of Central Banks as "other monetary financial institution" (MFI), falling into the category of credit institutions and, as such, it is subject to the Eurosystem's minimum reserve requirement; and
- CDP is one of the counterparties admitted to the Eurosystem monetary policy operations and, as such, quarterly sends to the Bank of Italy figures of a managerial nature on its capital adequacy.

1.1 CREDIT RISK

QUALITATIVE DISCLOSURES

1. General aspects

Credit risk arises primarily in relation to the lending activity — both under the Separate Account and the Ordinary Account — and, on a secondary level, in the form of counterparty risk, to hedging operations involving derivatives and treasury activities.

The Separate Account, which is prevailing in terms of share of assets, primarily features exposures to the Italian Government and Local Authorities. CDP is also authorised to grant cash advances to local authorities, within the scope of the treasury service provided by Poste Italiane. This activity is focused on municipalities with up to 15,000 inhabitants and its risk profile is in line with the traditional lending activity.

Exposures under the Separate Account to the main banking groups operating in Italy, through which CDP conveys various kinds of financing, in particular loans in support of SMEs and in support of the residential real estate market, continue to play an important role.

Although accounting for a minority share, exposures under the Separate Account to private-sector parties involved in public interest projects promoted by public entities are also significant. Other exposures arise from the Fondo Rotativo per le Imprese (FRI, the revolving fund for enterprises), which to date are essentially immunized in terms of credit risk (as they are secured by a guarantee of last resort by the State), and those assumed to support the international expansion of companies and exports. The Separate Account may also finance energy efficiency improvement projects and loans granted to support International Cooperation & Development Finance, activities which have most recently started with the use of CDP own funds.

Under the Ordinary Account, CDP grants corporate and project financing drawing on non-government-backed funding, in competition with banks. Loans from the Ordinary Account are mainly aimed at the provision of public services and at investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and green economy.

In line with CDP's strategic guidelines, in recent years, operations in the Mid corporate segment, while still representing a very small share of the loan portfolio in terms of amounts, have assumed greater importance in terms of number of transactions, following CDP's more widespread presence in Italy and the strategic objective to support the growth of this type of counterparties.

In recent years, following the Covid-19 emergency and the conflict in Ukraine, CDP has supported Italian companies in coordination with the banking system, also granting medium/long-term loans assisted by instruments from both SACE (Garanzia Italia and, during the second half of 2022, Garanzia SupportItalia) and EIB (through the European Guarantee Fund). In addition, in 2022 CDP made available a total ceiling of up to 1 billion euro to help companies that have registered a reduction in turnover and/or margins as a result of the indirect effects of the geopolitical and energy crisis in Ukraine, including the rise in the cost of commodities.

In 2022, CDP continued to develop interventions on platforms or investment programmes using EU funds or national resources (such as the already mentioned European Guarantee Fund or, in Italy, the Guarantee Fund managed by Mediocredito Centrale), while maintaining alignment with CDP's typical risk profile.

Lastly, with regard to risks related to climate change, the impact on CDP's activities, strategy and financial planning may be reflected mainly through changes in the performance of its equity investments, as well as the loans granted and the bonds held. CDP's investments and loans include a variety of enterprises operating in different geographical areas and sectors, many of which are exposed to physical risk and/or transition risk. In addition, the impact of risks related to climate change may directly affect CDP's operations, which are largely conducted in Italy and fall within the financial sector.

CDP Real Asset SGR is exposed to credit risk in the sense of counterparty risk, in connection with the fees received as fund manager. The exposure exists with respect to managed funds and, indirectly, their subscribers, who might be unable to comply with subscriptions (i.e. fully/partially unable to deposit funds for the subscribed investments). In this respect, it shall be noticed that the funds currently managed are mainly subscribed by the Parent Company.

As far as Fondo Italiano d'Investimento SGR S.p.A. is concerned, the exposure to credit risk is intended as the exposure to counterparty risk in relation to the management fees received by the managed funds. However, this exposure is limited due to both the diversification in terms of funds and investors and to their credit standing. Moreover, the main subscribers of the managed funds are the Parent Company or the holding company.

Similarly, CDP Venture Capital SGR S.p.A. is exposed to credit risk mainly in relation to the management fees received by investment funds. Regarding any default of the investors of the managed funds, it should be noted that, to date, no defaults arise, as well as systematic delays by the subscribers as a result of the calls made by the funds. Therefore, the credit risk is estimated to be medium-low, also in consideration of the diversification of the funds managed and the standing of the subscribers, including the Parent Company or the holding company, as well as public resources. Finally, the exposure to counterparty risk in relation to the financial entities with which the company's liquidity is deposited is also attributable to credit risk.

2. Credit risk management policies

2.1 Organisational aspects

The principles followed by CDP in its lending activities are set out in the Credit Risk Policy, which also defines the lending process and the roles of the involved units.

Credit Assessment and Monitoring Area

The Credit Assessment and Monitoring Area assesses the proposals advanced by CDP business units, as well as the most significant transactions submitted for a governance opinion by the subsidiaries; it is also responsible for assigning internal ratings and estimating the Loss Given Default (these parameters are used for management and accounting purposes and are determined in accordance with the Risk Policy and the Rating and Recovery Rate Policy[92]). Credit Assessment and Monitoring is also responsible for the periodic review of the loan portfolio, regarding the evolution of the counterparty's financial situation and developments in their industry/sector, manages and monitors bad loans in Watch Lists and analyses counterparties for the purposes of internal or regulatory classification. With regard to non-performing counterparties, Credit Assessment and Monitoring reviews any restructuring proposals – where necessary with the support of other structures for more complex cases. Contractual amendment requests for performing loans ("waivers") are managed instead by the transactions-management structures of the business units.

Advisory and Risk Policy Area

The Advisory and Risk Policy Area:
i) supports the business units of CDP and of the Group companies in defining the contents of major operations or business solutions;
ii) ensures the risk assessment of equity and real estate transactions subject to governance advice;
iii) supports the Risk Director in defining the proposals for strategic guidelines aimed at the approval of the Top Management Bodies regarding the risk and credit policy guidelines to be implemented at CDP and Group level.

Risk Management Area

The Risk Management Area is responsible for the methodologies used to determine the risk-adjusted pricing, for the monitoring of the risk-adjusted return, and for the measurement of portfolio concentration. Risk Management regularly monitors the overall performance of loan portfolio risk, also to identify corrective measures designed to optimise the risk/return profile.

With regard to credit risk, the responsibilities of Risk Management also include:
- carrying out second-level controls: (i) to ensure that performance is monitored correctly; (ii) to ensure that the classifications of the individual exposures are consistent; (iii) to ensure that provisioning is adequate; (iv) to ensure that the recovery process is appropriate; (v) in general with regard to the restructuring proposals;
- formulating opinions on specific loan transactions in the specific cases detailed in the policy;
- defining, selecting and implementing models, methods and instruments (including those relating to the internal rating system).

Risk Assessment Committee

As mentioned above, the Risk Assessment Committee is a technical and advisory body supporting the decision-making bodies. One of its duties is to give mandatory, non-binding opinions on financing transactions, with regard to both the creditworthiness and the adequacy of the applied contractual terms and conditions. The Risk Assessment Committee, whose composition varies according to the type and significance of the transactions, consists of the Risk Director and the heads of the structures reporting directly to him, the Finance, Control and Administration Director, the Deputy General Manager and Legal, Corporate and Regulatory Affairs Director, the Head of the relevant Business Department, or the persons appointed by them.

92 This document explains the methodologies adopted by CDP in assigning internal ratings to counterparties and in producing internal estimates of the recovery rate for individual financing operations.

To monitor the risks at group level, a specific governance process is foreseen for the most significant transactions in terms of risk. In these cases, a non-binding opinion must be obtained from the Parent Company, which is prepared by the Group Risk Assessment Committee. In particular, the aforesaid Committee provides opinions on the Group's risk monitoring and assessment systems, and on risk policies and Group transactions with a significant impact.

2.2 Management, measurement and control systems

With regard to the credit risk management and control policies of the Separate Account, CDP has adopted a system for approving loans to local entities. This system is used to classify each loan in homogeneous risk categories, by adequately defining the risk level associated with the individual entities, with the aid of quantitative parameters that are differentiated by type and size of entity.

This loan approval system uses qualitative and quantitative criteria to identify the cases where the debtor's creditworthiness requires further analysis.

CDP uses a validated proprietary model to calculate credit risk at portfolio level for the Ordinary Account and for loans to private-sector parties under the Separate Account portfolio, with the exclusion of the liquidity funds provided in support of the economy via the banking system. CDP also uses this model to calculate the economic capital associated with the entire loan portfolio, with the sole exception of exposures, direct or indirect, to the State.

Risk Management monitors compliance with the system of limits and the guidelines for composition of the loan portfolio, which are an integral part of the Risk Policy. The limits are set according to the credit rating of each counterparty and become stricter as the rating and recovery rate decrease, according to proportions in line with the economic capital.

Risk Management also conducts stress tests on the level of risk in the loan portfolio, based on assumptions of generalised deterioration in the portfolio's creditworthiness, increased probability of default, decreased recovery rates and increased correlation parameters.

The methods adopted for the assignment of internal ratings aim to ensure compliance with an adequate level of transparency and consistency, including auditability of the process of evaluation.

In the internal rating assignment process, CDP uses specific benchmark tools, developed internally or by specialised providers, specific for the classes of CDP counterparties, including their size, legal form, and sector of activity. In detail, for Small and Mid Corporate counterparties, CDP has developed an internal rating model for enterprises, which includes independent modules that are activated according to the information available and the different stages of the loan process (pre-screening and targeting, origination, monitoring). CDP continuously assesses the possibility of expanding its set of models with other models that can also be used for other categories of customers, according to a criterion of importance and priority.

In line with the practice of the rating agencies, the rating scale adopted by CDP is divided into 21 classes, 10 of which are for "investment grade" positions and 11 for "speculative grade". A class is also used for counterparties in default.

Given the limited number of historical defaults in the CDP portfolio, also considering the type of borrowers, default probabilities are calibrated on the basis of long-term default rates (through-the-cycle) calculated using data acquired from a specialised provider. Since 2018, as part of the implementation of IFRS 9, CDP defined a methodology to calculate point-in-time default probabilities.

The internal estimates of Loss Given Default take into account the different types of guarantees, as well as recovery times, and are differentiated by category of customer.

The rating system is used in the loan approval process (for private entities also for risk-adjusted pricing), to monitor the performance of the loan portfolio; to calculate provisions; for the limits framework and to measure the absorption of economic capital. The risk assessment assigned to the counterparty is updated at least annually. However, it is reviewed at any time during the year whenever events occur, or information is acquired, that have the potential to significantly affect the credit rating.

In order to avoid the emergence of concentrations, Risk Management regularly monitors the net current and potential future exposure to banks arising from derivatives transactions. Risk Management checks compliance with the minimum rating limits and the limits associated with the notional amount and maximum exposure value, by counterparty or group of related counterparties. Similarly, Risk Management ensures the monitoring of exposures to counterparties in treasury activities, checking compliance with the limits and criteria set out in the Risk Policy.

2.3 Measurement methods of expected credit losses

Since 1 January 2018, the new International Financial Reporting Standard 9 (IFRS 9, or the "Standard"), issued by the International Accounting Standards Board (IASB) on 24 July 2014 and endorsed by the European Commission through EU Regulation 2016/2067, has replaced IAS 39, and prescribes the classification and measurement of financial instruments.

The Standard has introduced numerous new aspects regarding scope, loan bucketing, a holding period for estimating expected credit loss, and in general certain characteristics of the basic components of credit risk: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The main changes, introduced since 2018, concern the presence of a single impairment model, to be applied to all financial assets not measured at fair value through profit or loss, based on the concept of expected credit loss, compared with the previous concept of incurred loss. The aim of this new approach to impairment is to ensure more timely recognition of losses compared to the previous IAS 39-compliant model, in which the losses were recognised if objective evidence of impairment losses after initial recognition of the asset was found. Conversely, the new model prescribes that the financial assets are allocated in three distinct "stages" (Stage Allocation):

- **stage 1**: this stage refers to performing financial assets for which no significant credit impairment was recognised in comparison with the date of initial recognition. These assets are measured based on the expected loss over a time horizon of up to one year;
- **stage 2**: this stage involves performing financial assets whose credit quality has significantly deteriorated since initial recognition. These financial assets are measured based on their expected credit loss, calculated over a time horizon corresponding to the residual life of the financial asset;
- **stage 3**: this stage involves non-performing financial assets: having suffered a significant increase in their credit risk since initial recognition, they are measured accordingly based on the expected credit loss over the residual life of the financial asset.

Any instruments classified as POCI (purchased or originated credit impaired) that do not have a significant impact on CDP are classified separately and, in accordance with the accounting standards, cannot be transferred to another classification.

CDP has defined its policies and methods of Stage Allocation and calculation of expected losses in compliance with the Standard and appropriate to the specific characteristics of the CDP Group, while taking into consideration the characteristics of the Parent Company's loan portfolio, whose main exposures are traditionally towards Public Entities and were originated in a timespan of more than one decade; consequently, that portfolio has recorded an extremely limited number of default events.

The credit rating assigned to each counterparty includes, *inter alia* and to the extent relevant, assessments, also on a forward-looking basis, related to climate change and energy transition. As a result, the measurement of the ECL associated with each position may be affected, where there is a significant impact, by the exposure to risks related to these issues.

Stage Allocation

CDP has long since set up a series of internal processes and models for assessing creditworthiness, focused on the typical multi-year horizon of CDP's business and used in the ex-ante assessment phase, as well as in risk monitoring and risk calculation. The results of these processes and models are summed up in a scale of internal ratings to which a term structure on the probability of default is associated.

The internal rating integrates all the key available information, including information on trends, since the structure of the internal rating system is forward-looking and takes into account the duration of the exposure.

Stage Allocation is, therefore, mainly based on the use of these methods, that are considered appropriate for managing the CDP assets. In particular, the classification in the various stages involves verifying a series of relative and absolute conditions.

The adoption of the new Standard does not lead to changes in the identification of non-performing assets, which are classified within stage 3.

Conversely, with regard to performing assets, it is necessary to define criteria for assigning them to stage 1 or stage 2.

The first element for identifying a significant impairment in creditworthiness is a change in the internal rating attributed to each instrument between the initial date and the measurement date. The adopted method involves defining the staging criteria based on the number of notches that separate the two ratings: the threshold that causes the shift from stage 1 to stage 2 takes into account, among other things, the age of the individual instrument and its rating on the reporting date. The first element allows CDP's expectations regarding changes in PD to be grasped (shifts in ratings over time), while, with regard to the second element, the threshold takes account of the fact that the probabilities of default increase in an uneven manner as the rating worsens (trends of the PD in line with the ratings).

The decision to use the internal ratings as a benchmark was taken due, among other things, to the lack of significant past default events as mentioned above, which is a characteristic of CDP's loan portfolio and does not allow thresholds to be calibrated based on PD.

Additional criteria specified by the Stage Allocation policy are of an absolute and not relative nature: all instruments are classified in stage 2 if they relate to counterparties for which the following conditions apply:

- they belong to specific monitoring classes ("watchlists", which highlight the need for particularly careful monitoring, even for exposures that are performing, because of specific levels of risk);
- there are overdue amounts whose age and relative amount provide evidence of a possible deterioration of creditworthiness;
- classification of positions as forborne.

The existence of these elements ensures a gradual approach in classification, in order to reduce the likelihood of an instrument being classified to stage 3 without having been classified to stage 2.

In accordance with the Standard, one notes that when the conditions that led to a position being attributed to stage 2, in line with the Stage Allocation policy, hold no more, it may return to stage 1 with the consequent reduction in the associated expected loss.

With regard to debt securities, it was necessary to develop certain additional considerations because, in contrast with loans, these types of exposures may involve acquisitions subsequent to the first purchase, performed on a case-by-case basis in accordance with the business models identified by CDP. In particular, it is necessary to take account of the time sequence of purchases and sales of the same security, so as to enable differentiated staging, where necessary, between two tranches purchased at different times when the corresponding creditworthiness may have been different.

In the event of tranches of securities classified in stage 2, which require the calculation of the expected losses over the lifetime, the time profile of the EAD would be determined according to the actual redemption schedule of the individual tranches in line with their accounting measurement.

The staging policy developed by CDP does not envisage the use of the "low credit risk exemption" (LCRE) for the portfolio of loans or for the portfolio of debt securities, even though this is an option allowed by IFRS 9. This exemption would involve classifying all positions with "low" credit risk (substantially similar to the "investment grade" threshold, i.e. from the "BBB-" rating upwards) in Stage 1, regardless of any changes in credit rating since origination. CDP has decided not to opt for this exemption, taking account of the recommendations of the Basel Committee, even though they are not binding for CDP, which state that banks authorised to use internal models for credit risk should not apply this exception to their loan portfolio. The approach chosen by CDP enables exposures to be treated in a uniform way, regardless of their technical form: in particular, one of the undesirable effects would have been the application of the LCRE to the securities portfolio, which would have led to differences in the classification of loans and securities issued by the same issuer and originated in the same period.

As mentioned above, instruments classified as POCI remain in that classification throughout their life.

Elements for the calculation of expected loss

The accounting standard specifies that after identifying the appropriate stage for each instrument, to calculate the expected loss one must use all reasonable and sustainable information (that is available without excessive costs or effort), which might influence the credit risk of a financial instrument. The available information must include:

- specific attributes of the debtor, and
- general economic conditions and the assessment of both current and forecast conditions ("forward-looking information").

With regard to the estimation of expected loss, IFRS 9 requires the adoption of the Point-in-Time (PIT) PD instead of the Through-the-Cycle (TTC) PD which CDP uses in measuring risks, also due to the nature of long-term investor which characterises its activity.

Therefore, CDP has developed a method for determining the PIT PD starting from the TTC PD which are estimated using a sample of past external data, with methods that take into account possible future trends.

In order to achieve the aims of the Standard, the TTC PD are made contingent upon macroeconomic scenarios; a short-term, forward-looking element is, therefore, added to the medium-to-long term forward-looking component already present in the TTC PD, through the introduction of an appropriate scale factor allowing the maintenance of the current forward-looking system, combined with a greater sensitivity towards the expected short-term trends.

Within its own credit assessment and management methods, CDP has defined certain recovery values (and correspondingly Loss Given Defaults - LGD) based on expert opinions, adopting a conservative approach aimed at identifying the characteristic features of each position (i.e. existence of collateral or a "security package"), since it is unable to make use of a statistical approach due to the scarcity of events in its own portfolio. In those cases where an explicit value is not already provided for, reference was made to the instructions included in Regulation no. 2013/575/EU (CRR).

The calculation of the expected loss over the time horizon that is consistent with the staging of each instrument is based on the discounting of the expected cash flows according to the probability of default corresponding to the creditworthiness at the reporting date and to the LGD.

Governance aspects

The methodological framework was developed by Risk Management, in collaboration with Accounting. The adoption of key choices on the implementation of the Standard was discussed in the relevant committees (Internal Risk Committee, at managerial level, and the Board Committee) and was finally approved by the Board of Directors.

Organisational and process adjustments were also developed to meet the increased data needs with respect to IAS 39.

Changes due to Covid-19 and the impacts of the conflict in Ukraine

The global continuation of Covid-19 (albeit with the availability of vaccines and new health treatments) and the war in Ukraine, with the resulting impacts on economic activity have increased the level of uncertainty, hence quantitative estimates regarding, for example, possible future losses on receivables measured at amortised cost or cash flows from equity investments or real estate assets became more difficult. For CDP, the areas in which there is an increased level of uncertainty are mainly:

- regulatory changes linked to measures adopted to respond to the health emergency and the economic situation, which might result in significant changes to the business model of one or more investee companies;
- a possible acceleration in the energy transition dynamics, with effects on investees that operate in the Oil & Gas sector or in related sectors;
- a possible increase in the insolvency risk in the loan portfolio, in terms of both rating transitions and the higher probability of short-term default.

With particular regard to this latter area — and to the application of IFRS 9 — no additional changes were deemed necessary in the valuation and measurement models for financial instruments related to the pandemic crisis and to the tensions on commodity and energy prices.

– *Assessment of the significant increase in credit risk (SICR)*

CDP has not made changes to its methodology for assessing the significant increase in credit risk, either as a result of Covid-19 or due to other factors, as it considers this methodology to be sufficiently broad and therefore adequate in the current context.

Consistent with the characteristics of its loan portfolio, mainly including exposures with public counterparties, banks operating in Italy, large corporations and special-purpose vehicles operating in the infrastructure sector, CDP has noted, as at 31 December 2022, that changes in internal ratings are limited, even including the impacts of Covid-19 on a forward-looking basis and the tensions on commodity and energy prices. Specifically, the phenomena observed, however limited, were mainly related to idiosyncratic factors and not directly consequent to the impacts of Covid-19 or the Russian-Ukrainian conflict.

– *Measurement of expected credit losses*

In measuring Expected Credit Losses, CDP applies the internally-developed methodology, which considers:

- a reliable estimate of through-the-cycle probability of default, which incorporates not only historical data but also forward-looking information to ensure the reliability of the estimates even in situations of serious crisis, across the entire life of the financial instruments;
- an internal model for estimating the cyclical component of probability of default, to produce forward-looking estimates of point-in-time parameters.

The model applied to estimate the cyclical component is based on the main macroeconomic drivers including GDP and employment rate forecasts, with reference to the Eurozone and the USA. The quantitative model adopted internally has not changed and, in particular, no sector-based adjustments were made since it was deemed that alternative methods would not be more reliable in the current phase and might, at least potentially, introduce higher risks of arbitrariness. Despite the joint direct or indirect effects of the conflict in Ukraine and the increase in energy costs, so far being scarcely visible on the counterparties in the portfolio, CDP considered it necessary to apply a management overlay when quantifying the ECL, aimed at compensating for the effect of decreasing the Point-in-Time Probabilities of Default which would otherwise be connected to the trend recorded by the macroeconomic and credit indicators observed in the model. The application of this overlay, which is consistent with the recommendations of the Banking Regulators aimed at limiting excessive volatility in the measurement of reserves, refers to the contingent situation. CDP will assess developments in the economic environment and remove it when there is a return to a situation with fewer anomalies.

2.4 Credit risk mitigation techniques

CDP mitigates the credit risk with respect to lending operations by using techniques commonly adopted in the banking industry.

A significant number of CDP credit exposures in the Separate Account consists of special-purpose cash loans in favour of public local entities supported by payment orders to the Treasurers ("Delegazione di pagamento") or an irrevocable mandate for collection.

Financing under the Ordinary Account and the financing of non-public entities under the Separate Account can be secured by collateral or unsecured guarantees. Specifically, some of the products in support of the economy, which are channelled through the banking system and targeted at SMEs, and in support of the housing market, are secured through the pledge of the underlying loans to CDP and the creation of pledges on government bonds in favour of CDP. The portfolio of transferred receivables provides for mechanisms of alignment with respect to the direct exposures to banks and has an adequate quality level of customers transferred as a guarantee, including in terms of distribution by risk classes according to the system average values. Lastly, with regard to risk concentration, a system of limits has been defined according to the overall exposure to the bank (and of the group that it might belong to) in relation to the Equity of CDP and the Regulatory Capital of the bank (or its group).

Aside from the acquisition of guarantees, typically in transactions under the Ordinary Account and in those with non-public entities under the Separate Account, there exists the possibility of including clauses in the loan agreements, obligating the counterparty to satisfy appropriate financial covenants and other typical contractual clauses in similar transactions, that allow CDP to monitor its credit risk more effectively over the life of the transaction.

With reference to loans to private-sector parties, in order to reduce the risk of an excessive incidence in the total debt, CDP takes part in financing alongside the banking system, assuming a share that does not usually exceed 50% of the entire transaction.

The support provided by the sponsors of a deal assumes special importance in project finance transactions, and particularly during the construction phase. This support is materialised both in terms of the commitment to provide additional resources, as necessary, and by remaining a shareholder until construction is completed and operations commence.

CDP has a credit quality monitoring system that ensures, through an early warning system, the prompt flagging up of credit events that indicates potential problems (based on information from both internal and external sources), and assigns the counterparty a specific internal Watch List class depending on the level of importance of the identified signals, also activating the assessment process for the purposes of regulatory classification. This system also operates on the regulatory status, with specific indicators that enable the generation of regulatory classification proposals, in particular as Unlikely To Pay.

Pursuant to the executed ISDA agreements, netting is used in hedge transactions with the bank counterparties of the Company to reduce exposure. All the contracts are based on the 2002 ISDA agreement. Credit Support Annexes, which involve the periodic exchange of collateral, are also systematically used to strengthen CDP credit risk mitigation. The arrangement is based on the standard format recommended by the ISDA.

During 2022, CDP implemented its hedging strategies also using clearing houses.

Securities financing transactions utilise GMRAs (Global Master Repurchase Agreement, ISMA 2000 and 2011 formats). In addition, CDP has long since joined the Euronext Clearing House (previously called Cassa di Compensazione e Garanzia), through which it transacts in repo agreements while benefiting from robust protections against counterparty risk.

During 2022, CDP also concluded contractual updates to operate within the framework of the Global Master Securities Lending Agreement (GMSLA).

Impacts of the Covid-19 pandemic and the conflict in Ukraine

The impact of the Covid-19 pandemic and the subsequent conflict in Ukraine on CDP's credit risk is not yet clearly observable but, so far, it seems relatively limited considering that CDP's portfolio is primarily made up of public entities, infrastructure projects and large-sized corporate counterparties - operating in sectors like energy generation, distribution and transmission - which, to date, have been less affected by fall in demand, business interruptions and, more generally, higher costs associated with the health emergency and the tensions on commodity and energy prices. In any case, CDP has conducted a credit review of its portfolio and, where necessary, has made adjustments to the internal rating and/or has placed some counterparties, belonging to the sectors most affected by the emergency, in an internal Watch List. However, in view of the continuing uncertainty related to (i) the timing and effects of the removal of the extraordinary support policies implemented by the institutions (through tax-related and credit measures and monetary policies) and (ii) the evolution of the economic situation, CDP has established a management overlay for the measurement of expected credit losses.

As far as CDP Real Asset SGR S.p.A. is concerned, the impact, in terms of counterparty risk, is indirectly linked to the exposure of the managed funds to the real estate sectors, that were hardest hit by the "Covid-19" pandemic (e.g. tourism-hospitality). With reference to this specific sector, lease payments have been renegotiated with the operators aimed at protecting the interests of the managed funds and the investors. With reference to the geopolitical tensions and their macroeconomic impacts (e.g. increase in the prices of energy goods and commodities), there is a risk for the funds managed that is attributable, by way of example and not limited to, to the effect of these phenomena on the disposable income of households, which could therefore encounter greater difficulties in purchasing or renting residential units, or on the economic sustainability of managers of income structures (e.g. university residences, tourism facilities), due to the greater weight of costs related to users.

3. Non-performing credit exposures

3.1 Management strategies and policies

In 2022, gross non-performing credit exposures, despite having increased compared to the previous year, were still very marginal with respect to the overall loan portfolio.

Credit exposures are classified in order to identify — based on information about the counterparty's financial position, the age of the past-due amounts, the materiality thresholds indicated by supervisory regulations, and any debt restructuring authorised by CDP — the non-performing positions to be reported in the non-performing portfolio. In this regard, the classification of CDP's credit exposures is based on a substantial alignment between the definition of "non-performing exposures" contained in the Implementing Technical Standards issued by the EBA in 2014, the definition of "default" contained in the EBA Guidelines on the application of the definition of default under Article 178 of EU Regulation 575/2013 and the definition of "credit-impaired" governed by IFRS 9, with the consequent recognition of all the non-performing exposures as part of stage 3.

Non-performing financial assets are measured and classified in accordance with the accounting standards and the provisions of Bank of Italy Circular No. 272/2008. On the basis of the current regulatory framework, non-performing financial assets are classified in one of the following categories:

- non-performing past-due exposures: on-balance sheet exposures, other than those defined as bad debts or unlikely to pay, that have been continuously past-due for more than 90 days for an amount that exceeds both the materiality thresholds (absolute and relative) provided for by the aforementioned regulations;
- unlikely to pay: on- and off-balance sheet exposures for which the conditions for the classification as bad debts are not met and for which it is considered unlikely that, without actions such as the enforcement of guarantees, the debtor will fully meet (principal and/or interest) its credit obligations. This assessment is made regardless of the presence of any overdue and unpaid amounts (or instalments);

- bad debts: exposures to an entity in a state of insolvency (even if not judicially ascertained) or in substantially comparable situations, regardless of any forecasts of loss on the exposure. Those exposures for which the anomalous situation is attributable to country risk are excluded.

The main events monitored in analysing the financial soundness of counterparties and the consequent valuation of the credit exposure in the financial statements regard failure to make payments (or other contractual breaches), declarations of financial crisis by local authorities or the initiation of bankruptcy proceedings for other borrowers, an examination of the most significant financial statements indicators, or an analysis of information from the Central Credit Register.

Non-performing assets are recognised in the financial statements on the basis of discounting expected cash flows over the asset's entire lifetime, calculated using the original effective interest rate of the specific loan. The amount of the adjustments is equal to the difference between the carrying value of the asset and the discounted value of the expected future cash flows.

The estimate of the cash flows and the consequent adjustment of the value of loans considers any collateral or unsecured guarantees received. In particular, it considers the amounts granted but not disbursed on special purpose loans, for which disbursements are made in several instalments according to the work progress reports on the financed project. Borrowers with substantial arrears are disqualified from accessing new CDP financing and any remaining amounts to be disbursed on problem loans are frozen.

In order to estimate future cash flows and related collection times, the loans in question of a significant unit value are subject to an analytical assessment process. For some consistent categories of non-performing loans of non-significant unit value, the assessment processes envisage that value adjustments must be determined with a lump-sum/statistical calculation method, to be analytically attributed to each individual position.

The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure. In order for these events to be promptly recorded, available information on the financial position and earnings of the debtors is periodically monitored and the progress of any extra-judicial agreements being made and the evolution of any lawsuits with customers are constantly checked, while the information available from the Central Credit Register is verified.

CDP has structures dedicated to the monitoring and management of non-performing exposures, which cover all phases of the life cycle of non-performing loans, from careful monitoring of the performing portfolio through to credit recovery. The monitoring, carried out by the Credit Monitoring function with the aid of the other organisational units involved, is aimed at detecting the first signs of deterioration in the counterparty's credit quality, as well as identifying the corrective measures needed to manage the potential deterioration of the exposures. The recovery of non-performing exposures, carried out by the "Credit Restructuring and Problem loans" and "Credit Recovery" structures, is aimed at maximising earnings and financial results, by pursuing extra-judicial solutions as deemed appropriate. These may include restructuring arrangements or settlement agreements having a positive impact on recovery times and the level of costs incurred.

The return to performing status of credit exposures is subject to verification that the problem conditions or insolvency have been eliminated and can take place only after at least 3 months (or 12 months for exposures subject to forbearance measures) have passed since they no longer meet the conditions for being classified as such.

Both the classification and valuation processes of the individual financial assets are based on a system of delegations of powers to various decision-making bodies, depending on the asset class of the debtor and the amount of the credit exposure.

The consistent placement of an exposure in the appropriate risk class, as mandated by supervisory regulations, is also ensured by the presence of second-level controls, aimed at verifying not only the fairness of the classifications but also the fairness of the accruals.

Finally, non-performing exposures include individual forborne exposures that meet the definition of "Non-performing exposures with forbearance measures" envisaged by the EBA ITS (European Banking Authority Implementing Technical Standards), which do not form a separate category of non-performing assets but constitute a subset thereof. In the same way, performing exposures with forbearance measures are included in performing loans.

3.2 Write-offs

Credit exposures are written off, i.e. derecognised, when there is no longer any reasonable expectation of recovering the financial asset, including in cases of surrender of the asset. The write-off may relate to a financial position in its entirety or part of it and may even occur before the end of any legal actions that have been brought, without necessarily entailing waiver of the legal right to recover the debt. In such cases, the gross nominal value of the loan remains the same, but the gross carrying amount is reduced by the amount being written off. Any recoveries from collection after derecognition of the asset are recognised in the income statement under recoveries.

In assessing the recoverability of non-performing loans, the following points, in particular, are taken into consideration:
- the age of past due positions, which could make any expectation of recovery substantially inexistent;
- the amount of the loan, in order to assess the cost-effectiveness of any credit recovery measures;
- the value of the guarantees that secure the exposure;
- the negative outcome of any action taken in and out of court.

3.3 Purchased or Originated Credit-Impaired financial assets

"Purchased or Originated Credit-Impaired (POCI) financial assets" are credit exposures that are impaired at the time of initial recognition.

Considering CDP's business operations, these exposures originated exclusively within the scope of restructuring operations for impaired exposures where new funds are disbursed, to a significant extent with respect to the amount of the original exposure.

For the purposes of interest calculation, for POCI exposures the credit-adjusted effective interest rate is used, which, in estimating future cash flows, considers the expected credit losses over the residual maturity of the asset.

4. Renegotiated financial assets and forborne exposures

Over the maturity of financial assets, and specifically for financial assets measured at amortised cost, it is possible that they are subject to renegotiation of the contract terms.

In that case, one needs to check whether or not the intervening contractual changes give rise to derecognition of the original instrument and the recognition of a new financial instrument.

The analysis required to assess which changes give rise to derecognition rather than modification may sometimes entail significant elements of valuation.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are of a substantial nature. However, in the absence of specific instructions in the IFRS to which one can refer, a list of major changes has been drawn up which lead to a substantial change in the terms of the existing contract, by introducing a different nature of risks and entailing, therefore, derecognition.

The list is as follows:

- change of the counterparty;
- change in the reference currency;
- replacement of debt to equity;
- acceptance in lieu, whose repayment depends on the fair value of an asset;
- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses that expose the debtor to new risk components;
- changes granted to performing customers, who do not show any economic and financial difficulties (thus not falling into the series of so-called “forborne” exposures) and which involve the use of market parameters for the restatement of the financial conditions of the loan agreement, also with the aim of retaining the customer.

With specific reference to the granting of loans to public entities, which is one of the main activities historically performed by the Parent Company, over the last few years the latter has put several loan renegotiation transactions in place, with the aim of meeting specific needs expressed by the entities and releasing financial resources that the entities can use for new investments as well.

These renegotiations are carried out according to the principle of financial equivalence and are aimed at entities other than defaulting ones and, for local authorities, entities that are not in financial crisis.

The renegotiation transactions proposed by the Parent Company, executed in compliance with the regulations in force at the time, are particularly relevant in public sector finance, to the point that the transactions carried out in recent years have involved multiple positions and a considerable total amount of renegotiated loans. Therefore, these renegotiations represent “massive renegotiations”.

Their aims, the reference regulatory framework, their scope and the involvement, historically, of multiple renegotiated positions for a considerable total amount represent their qualitative and quantitative characteristics that further emphasise the existence of key elements from which the “substantial” nature emerges of the contractual changes they made to the loans involved, therefore entailing derecognition.

On the other hand, in the event of changes not deemed significant (modification), the gross value is re-determined through the calculation of the current value of the cash flows resulting from the renegotiation, at the original exposure rate.

The difference between the gross value of the financial instrument before and after the renegotiation of contract terms, is recognised through profit or loss as a gain or loss from contractual changes without derecognition.

QUANTITATIVE DISCLOSURES

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, value adjustments, changes and economic distribution

A.1.1 Prudential consolidation - Breakdown of financial assets by past-due bands (carrying amounts)

(thousands of euro)	Stage 1			Stage 2			Stage 3			Purchased or originated credit impaired financial assets		
Portfolios/Risk stages	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days	Up to 30 days	More than 30 days to 90 days	More than 90 days
1. Financial assets measured at amortised cost	114,476	210	7,837			43	532		167,979			
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
TOTAL 31/12/2022	**114,476**	**210**	**7,837**			**43**	**532**		**167,979**			
Total 31/12/2021	**5,087**	**1,154**	**3,534**	**202**	**7,281**	**9,854**	**2,106**	**1,887**	**381,341**			

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in accumulated impairment and provisions

(thousands of euro) Items/Risk stages	Accumulated impairment											
	Assets in stage 1						Assets in stage 2					
	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 impairment	of which: collective impairment	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 impairment	of which: collective impairment
Opening accumulated impairment and provisions	**67**	**343,873**	**13,557**			**357,497**		**645,587**	**281**			**645,868**
Changes in opening balance												
Increase resulting from financial assets purchased or originated		59,782	3,605			63,387		33,873				33,873
Derecognitions other than write-offs		(19,464)	(4,482)			(23,946)		(40,073)	(121)			(40,194)
Net adjustments/recoveries for credit risk (+/-)	(1)	(9,030)	(153)			(9,184)		(119,725)	(159)			(119,884)
Contractual amendments without derecognition		309				309						
Changes in estimation method												
Write-offs not recognised directly through profit or loss												
Other changes	(61)	(8,942)				(9,003)		(4,516)	(1)			(4,517)
CLOSING ACCUMULATED IMPAIRMENT AND PROVISIONS	**5**	**366,528**	**12,527**			**379,060**		**515,146**				**515,146**
Recoveries from collection on financial assets subject to write-off												
Write-offs recognised directly through profit or loss												

	Accumulated impairment											Total provisions for commitments to disburse funds and financial guarantees issued				
	Assets in stage 3						Purchased or originated credit 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 impairment	of which: collective impairment	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees issued purchased or originated impaired	31/12/2022
		167,791			**167,645**	**146**						**296,601**	**69,931**		**57**	**1,537,745**
		1,109			1,109		X	X	X	X	X	313,347	6	78		411,800
		(1,814)			(1,763)	(51)						(17,574)	(68,746)	(118)	(57)	(152,449)
		76,804			76,625	179						6,518	162	(152)		(45,736)
																309
		(51,900)			(51,821)	(79)						(21,841)	(94)	(24)		(87,379)
		191,990			**191,795**	**195**						**577,051**	**1,259**	**(216)**		**1,664,290**

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between credit risk stages (gross and nominal values)

(thousands of euro)	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
Items/Risk stages	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	50,699	1,793,223	115,236	30,736	99,712	6,046
2. Financial assets measured at fair value through other comprehensive income		5,892				
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued	6,713	261			86	1,686
TOTAL 31/12/2022	**57,412**	**1,799,376**	**115,236**	**30,736**	**99,798**	**7,732**
Total 31/12/2021	**480,767**	**416,413**	**43,531**	**10,749**	**257,135**	**26,867**

A.1.3a Loans subject to Covid-19 support measures: transfers between credit risk stages (gross and nominal values)

(thousands of euro)	Gross exposure					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
Items/Risk stages	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Loans measured at amortised cost					**29,658**	
A.1 subject to moratoria compliant with the GL						
A.2 subject to existing moratorium measures no longer conforming to the GLs and not considered forborne						
A.3 subject to forbearance measures						
A.4 new loans					29,658	
B. Loans measured at fair value through other comprehensive income						
B.1 subject to moratoria compliant with the GL						
B.2 subject to existing moratorium measures no longer conforming to the GLs and not considered forborne						
B.3 subject to forbearance measures						
B.4 new loans						
TOTAL 31/12/2022					**29,658**	
Total 31/12/2021	**40,002**	**112**			**15,069**	**126**

A.1.4 Prudential consolidation - On-balance-sheet and off-balance-sheet credit exposures to banks: gross and net amounts

(thousands of euro) Type of exposures/Values	Gross value					Accumulated impairment and provisions						
	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Net exposure	Accu-mulated partial write-off (*)
A. On-balance-sheet credit exposures												
A.1 On demand	**2,652,742**	**2,652,742**				**(5)**	**(5)**				**2,652,737**	
a) Non-performing		X					X					
a) Performing	2,652,742	2,652,742		X		(5)	(5)		X		2,652,737	
A.2 Others	**21,600,603**	**21,580,389**	**20,214**			**(49,301)**	**(43,768)**	**(5,533)**			**21,551,302**	
a) Bad debts		X					X					
– *of which: forborne exposures*		*X*					*X*					
b) Unlikely to pay		X					X					
– *of which: forborne exposures*		*X*					*X*					
c) Non-performing past due positions		X					X					
– *of which: forborne exposures*		*X*					*X*					
d) Performing past due positions	382	382		X					X		382	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing positions	21,600,221	21,580,007	20,214	X		(49,301)	(43,768)	(5,533)	X		21,550,920	
– *of which: forborne exposures*				*X*					*X*			
Total (A)	**24,253,345**	**24,233,131**	**20,214**			**(49,306)**	**(43,773)**	**(5,533)**			**24,204,039**	
B. Off-balance-sheet credit exposures												
a) Non-performing		X					X					
b) Others	4,753,227	1,010,784		X		(2,588)	(2,588)		X		4,750,639	
Total (B)	**4,753,227**	**1,010,784**				**(2,588)**	**(2,588)**				**4,750,639**	
TOTAL (A + B)	**29,006,572**	**25,243,915**	**20,214**			**(51,894)**	**(46,361)**	**(5,533)**			**28,954,678**	

(*) Value to be shown for information purposes.

A.1.5 Prudential consolidation - On-balance sheet and off-balance sheet credit exposures to customers: gross and net amounts

(thousands of euro)	Gross value					Accumulated impairment and provisions						
Type of exposures/Values	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Net exposure	Accumulated partial write-off [*]
A. On-balance-sheet credit exposures												
a) Bad debts	160,591	X		160,591		(74,228)	X		(74,228)		86,363	
– *of which: forborne exposures*	*650*	*X*		*650*		*(650)*	*X*		*(650)*			
b) Unlikely to pay	235,751	X		235,751		(110,844)	X		(110,844)		124,907	
– *of which: forborne exposures*	*1,889*	*X*		*1,889*		*(1,086)*	*X*		*(1,086)*		*803*	
c) Non-performing past due positions	241,370	X		241,370		(6,918)	X		(6,918)		234,452	
– *of which: forborne exposures*		*X*					*X*					
d) Performing past due positions	122,355	122,308	47	X		(171)	(167)	(4)	X		122,184	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing positions	335,354,542	323,960,650	11,393,892	X		(844,729)	(335,120)	(509,609)	X		334,509,813	
– *of which: forborne exposures*	*1,470,729*	*888,125*	*582,604*	*X*		*(129,023)*	*(1,345)*	*(127,678)*	*X*		*1,341,706*	
Total (A)	**336,114,609**	**324,082,958**	**11,393,939**	**637,712**		**(1,036,890)**	**(335,287)**	**(509,613)**	**(191,990)**		**335,077,719**	
B. Off-balance-sheet credit exposures												
a) Non-performing	4,701	X		4,701		(176)	X		(176)		4,525	
b) Others	33,413,173	30,879,292	41,275	X		(659,418)	(658,159)	(1,259)	X		32,753,755	
Total (B)	**33,417,874**	**30,879,292**	**41,275**	**4,701**		**(659,594)**	**(658,159)**	**(1,259)**	**(176)**		**32,758,280**	
TOTAL (A + B)	**369,532,483**	**354,962,250**	**11,435,214**	**642,413**		**(1,696,484)**	**(993,446)**	**(510,872)**	**(192,166)**		**367,835,999**	

(*) Value to be shown for information purposes.

A.1.5a On-balance sheet exposures to customers subject to Covid-19 support measures: gross and net amounts

(thousands of euro)	Gross exposure					Accumulated impairment and provisions						
Type of exposure/Values	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net exposure	Accumulated partial write off (*)
A. Bad debt:												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
B. Unlikely to pay credit exposures:	**44,861**			**44,861**		**(6,650)**			**(6,650)**		**38,211**	
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans	44,861			44,861		(6,650)			(6,650)		38,211	
C. Non-performing past-due credit exposures:												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
D. Performing past due positions:												
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans												
E. Other performing positions:	**1,216,472**	**1,216,472**				**(4,158)**	**(4,158)**				**1,212,314**	
a) subject to moratoria compliant with the GL												
b) subject to existing moratorium measures no longer conforming to the GLs and not considered forborne												
c) subject to forbearance measures												
d) new loans	1,216,472	1,216,472				(4,158)	(4,158)				1,212,314	
TOTAL (A + B + C + D + E)	**1,261,333**	**1,216,472**		**44,861**		**(10,808)**	**(4,158)**		**(6,650)**		**1,250,525**	

(*) Value to be shown for information purposes.

A.1.6 Prudential consolidation - On-balance sheet exposures to banks: changes in gross non-performing positions

(thousands of euro) Items/Categories	Bad debts	Unlikely to pay	Impaired past-due exposures
A. Opening gross exposure			**241**
– *of which: exposures assigned but not derecognised*			
B. Increase			
B.1 Transfers from performing loans			
B.2 Transfers from purchased or originated credit impaired financial assets			
B.3 Transfers from other categories of impaired exposures			
B.4 Changes in contracts without derecognition			
B.5 Other increases			
C. Decreases			**241**
C.1 Transfers to performing loans			
C.2 Write-off			
C.3 Collections			
C.4 Gains on disposal			
C.5 Losses on disposal			
C.6 Transfers to other categories of non-performing positions			
C.7 Changes in contracts without derecognition			
C.8 Other decreases			241
D. CLOSING GROSS EXPOSURE			
– *of which: exposures assigned but not derecognised*			

A.1.6bis Prudential consolidation - On-balance-sheet exposures to banks: changes in gross forborne exposures by credit quality

There are no forborne credit exposures to banks.

A.1.7 Prudential consolidation - On-balance sheet exposures to customers: changes in gross non-performing positions

(thousands of euro) Items/Categories	Bad debts	Unlikely to pay	Impaired past-due exposures
A. Opening gross exposure	**156,831**	**208,229**	**271,186**
– *of which: exposures assigned but not derecognised*			
B. Increases	**43,308**	**184,277**	**77,914**
B.1 Transfers from performing loans		166,012	40,299
B.2 Transfers from purchased or originated credit impaired financial assets			
B.3 Transfers from other categories of impaired exposures	40,909	2,156	
B.4 Changes in contracts without derecognition			
B.5 Other increases	2,399	16,109	37,615
C. Decreases	**39,548**	**156,755**	**107,730**
C.1 To performing loans		42,440	8,300
C.2 Write-offs			
C.3 Collections	11,631	6,762	62,462
C.4 Gains on disposal			
C.5 Losses on disposal			
C.6 Transfers to other categories of impaired exposures		40,289	2,776
C.7 Changes in contracts without derecognition	39		
C.8 Other decreases	27,878	67,264	34,192
D. Closing gross exposure	**160,591**	**235,751**	**241,370**
– *of which: exposures assigned but not derecognised*			

A.1.7bis Prudential consolidation - On-balance sheet exposures to customers: changes in gross forborne exposures by credit quality

(thousands of euro) Items/Quality	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening gross exposure	**35,062**	**586,712**
– *of which: exposures assigned but not derecognised*		
B. Increase	**1,944**	**935,886**
B.1 Transfers from performing loans not forborne		*893,674*
B.2 Transfers from forborne performing loans		*X*
B.3 Transfers from forborne non-performing loans	*X*	*27,826*
B.4 Transfers from non-forborne non-performing loans		
B.5 Other increases	*1,944*	*14,386*
C. Decreases	**34,467**	**51,869**
C.1 Transfers to non-forborne performing loans	*X*	
C.2 Transfers to forborne performing loans	*27,826*	*X*
C.3 Transfers to forborne non-performing loans	*X*	
C.4 Write-Off		
C.5 Collections	*3,042*	*50,484*
C.6 Gains On Disposal		
C.7 Losses On Disposal		
C.8 Other Decreases	*3,599*	*1,385*
D. CLOSING GROSS EXPOSURE	**2,539**	**1,470,729**
– *of which: exposures assigned but not derecognised*		

A.1.8 Prudential consolidation - On-balance sheet non-performing credit exposures to banks: changes in accumulated impairment

(thousands of euro) Items/Categories	Bad debts		Unlikely to pay		Impaired past-due exposures	
	Total	Of which: forborne exposures	Total	Of which: forborne exposures	Total	Of which: forborne exposures
A. Opening accumulated impairment					**16**	
– *of which: exposures assigned but not derecognised*						
B. Increases						
B.1 Writedowns on purchased or originated credit impaired financial assets		X		X		X
B.2 Other writedowns						
B.3 Losses on disposal						
B.4 Transfers to other categories of impaired positions						
B.5 Changes in contracts without derecognition						
B.6 Other increases						
C. Decreases					**16**	
C.1 Writebacks from valuations						
C.2 Writebacks from collection						
C.3 Gains on disposal						
C.4 Writeoffs						
C.5 Transfers to other categories of impaired positions						
C.6 Changes in contracts without derecognition						
C.7 Other decreases					16	
D. CLOSING ACCUMULATED IMPAIRMENT						
– *of which: exposures assigned but not derecognised*						

A.1.9 Prudential consolidation - On-balance sheet non-performing credit exposures to customers: changes in accumulated impairment

(thousands of euro) Items/Categories	Bad debts		Unlikely to pay		Impaired past-due exposures	
	Total	of which forborne exposures	Total	of which forborne exposures	Total	of which forborne exposures
A. Opening accumulated impairment	**83,459**	**76**	**72,849**	**10,308**	**11,467**	**26**
– *of which: exposures assigned but not derecognised*						
B. Increases	**17,352**	**650**	**79,157**		**1,715**	
B.1 Writedowns on purchased or originated credit impaired financial assets		X		X		X
B.2 Other writedowns	8,900	650	77,697		1,619	
B.3 Losses on disposal						
B.4 Transfers to other categories of impaired positions	8,342		99			
B.5 Changes in contracts without derecognition						
B.6 Other increases	110		1,361		96	
C. Decreases	**26,583**	**76**	**41,162**	**9,222**	**6,264**	**26**
C.1 Writebacks from valuations			7,975	7,975		
C.2 Writebacks from collection	3,424		767	530	1,374	
C.3 Gains on disposal						
C.4 Writeoffs						
C.5 Transfers to other categories of impaired positions			8,323		118	
C.6 Changes in contracts without derecognition						
C.7 Other decreases	23,159	76	24,097	717	4,772	26
D. CLOSING ACCUMULATED IMPAIRMENT	**74,228**	**650**	**110,844**	**1,086**	**6,918**	
– *of which: exposures assigned but not derecognised*						

A.2 Classification of exposures based on external and internal ratings

A.2.1 Prudential consolidation - Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating classes (gross amounts)

(thousands of euro)	External rating grades							
Type of exposures	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Not rated	Total
A. Financial assets measured at amortised cost	**2,780,631**	**1,049,822**	**269,372,644**	**21,607,385**	**3,527,382**	**1,523,618**	**47,322,136**	**347,183,618**
– stage 1	2,780,631	1,049,822	264,015,282	20,591,250	3,527,382	1,503,403	41,663,982	335,131,752
– stage 2			5,357,362	1,016,135		20,215	5,020,442	11,414,154
– stage 3							637,712	637,712
– purchased or originated credit impaired financial assets								
B. Financial assets measured at fair value through other comprehensive income	**692,233**	**306,163**	**9,320,801**	**97,289**		**112,085**	**2,899**	**10,531,470**
– stage 1	692,233	306,163	9,320,801	97,289		112,085	2,899	10,531,470
– stage 2								
– stage 3								
– purchased or originated credit impaired financial assets								
C. Financial assets held for sale								
– stage 1								
– stage 2								
– stage 3								
– purchased or originated credit impaired financial assets								
Total (A + B + C)	**3,472,864**	**1,355,985**	**278,693,445**	**21,704,674**	**3,527,382**	**1,635,703**	**47,325,035**	**357,715,088**
D. Commitments to disburse funds and financial guarantees issued								
– stage 1	755,728		13,367,470	370,913	22,045		13,174,322	27,690,478
– stage 2							41,275	41,275
– stage 3							4,701	4,701
– purchased or originated credit impaired financial assets								
Total (D)	**755,728**		**13,367,470**	**370,913**	**22,045**		**13,220,298**	**27,736,454**
TOTAL (A + B + C + D)	**4,228,592**	**1,355,985**	**292,060,915**	**22,075,587**	**3,549,427**	**1,635,703**	**60,545,333**	**385,451,542**

The following table maps the rating grades and the agency ratings used.

	ECAI		
Rating grades	Moody's	Fitch	Standard & Poor's
Class 1	from Aaa to Aa3	from AAA to AA-	from AAA to AA-
Class 2	from A1 to A3	from A+ to A-	from A+ to A-
Class 3	from Baa1 to Baa3	from BBB+ to BBB-	from BBB+ to BBB-
Class 4	from Ba1 to Ba3	from BB+ to BB-	from BB+ to BB-
Class 5	from B1 to B3	from B+ to B-	from B+ to B-
Class 6	Caa1 and lower	CCC+ and lower	CCC+ and lower

A.3 Breakdown of secured exposures by type of guarantee

A.3.1 Prudential consolidation - On-balance sheet and off-balance sheet secured credit exposures to banks

(thousands of euro)	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)									Total (1) + (2)
							Credit derivatives					Commitments				
								Other derivatives								
			Land and buildings - mortgages	Land and buildings - finance leases	Securities	Other assets	CLN	Central counterparties	Banks	Other financial companies	Other	General government	Banks	Other financial companies	Other	
1. Secured on-balance-sheet credit exposures:																
1.1 Fully secured	11,887,301	11,858,232				3,676,447						8,181,785				11,858,232
– *of which: non-performing*																
1.2 Partially secured																
– *of which: non-performing*																
2. Secured off-balance-sheet credit exposures:																
2.1 Fully secured	1,664	1,657										1,657				1,657
– *of which: non-performing*																
2.2 Partially secured	90,858	90,761										89,430				89,430
– *of which: non-performing*																

A.3.2 Prudential consolidation - On-balance sheet and off-balance sheet secured credit exposures to customers

(thousands of euro)	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)									Total (1) + (2)
							Credit derivatives					Commitments				
								Other derivatives								
			Land and buildings - mortgages	Land and buildings - finance leases	Securities	Other assets	CLN	Central counterparties	Banks	Other financial companies	Other	General government	Banks	Other financial companies	Other	
1. Secured on-balance-sheet credit exposures:																
1.1 Fully secured	12,488,755	12,380,853	272,073		230,978	677,509						9,686,136	427	44,909	1,452,353	12,364,385
– *of which: non-performing*	*245,755*	*159,026*	*8,049*			*43,225*						*105,425*			*2,328*	*159,027*
1.2 Partially secured	6,246,986	6,223,618			3,000	22,188						3,942,288	15,100		588,443	4,571,019
– *of which: non-performing*	*207,846*	*199,567*										*37,856*				*37,856*
2. Secured off-balance-sheet credit exposures:																
2.1 Fully secured	4,545,138	4,537,637	128,495			89,693						3,863,588		5,994	449,662	4,537,432
– *of which: non-performing*	*762*	*723*	*13*									*92*				*105*
2.2 Partially secured	6,085,613	5,484,051				25,191						4,321,555			694,993	5,041,739
– *of which: non-performing*																

A.4 Financial and non-financial assets obtained through the enforcement of guarantees received

There are no financial and non-financial assets obtained through the enforcement of collateral.

It should be noted that CDP holds equity instruments that were not previously granted by the debtor as collateral for loans disbursed but originate from the conversion of impaired financial assets, recognised in the financial statements at zero value under "Financial assets measured at fair value through other comprehensive income" when they were initially recognised and maintained at this value at 31 December 2022.

B. Breakdown and concentration of credit exposures

B.1 Prudential consolidation - On-balance-sheet and off-balance-sheet credit exposures to customers by sector

	General Government		Financial companies		Financial companies (of which: insurance undertakings)		Non financial companies		Households	
(thousands of euro) Exposure/Counterparties	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions
A. On-balance-sheet credit exposures										
A.1 Bad debts		(16,179)					85,644	(57,995)	719	(54)
– *of which: forborne exposures*								*(650)*		
A.2 Unlikely to pay	14	(28,465)					124,233	(82,326)	660	(53)
– *of which: forborne exposures*							*803*	*(1,086)*		
A.3 Non-performing past-due positions	66,745	(5,082)					167,678	(1,833)	29	(3)
– *of which: forborne exposures*										
A.4 Performing exposures	304,337,278	(618,730)	7,407,075	(23,396)			22,864,588	(202,671)	23,056	(103)
– *of which: forborne exposures*	*2,994*	*(300)*					*1,338,712*	*(128,723)*		
Total (A)	**304,404,037**	**(668,456)**	**7,407,075**	**(23,396)**			**23,242,143**	**(344,825)**	**24,464**	**(213)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	3,814	(139)					711	(37)		
B.2 Performing exposures	8,691,993	(619,319)	5,202,314	(4,881)			18,177,136	(35,135)	20,121	(84)
Total (B)	**8,695,807**	**(619,458)**	**5,202,314**	**(4,881)**			**18,177,847**	**(35,172)**	**20,121**	**(84)**
TOTAL (A + B) 31/12/2022	**313,099,844**	**(1,287,914)**	**12,609,389**	**(28,277)**			**41,419,990**	**(379,997)**	**44,585**	**(297)**
Total (A + B) 31/12/2021	**314,894,882**	**(1,068,024)**	**9,675,594**	**(22,553)**	**1,846**	**(5)**	**39,562,709**	**(485,256)**	**65,217**	**(754)**

B.2 Prudential consolidation - On-balance-sheet and off-balance-sheet credit exposures to customers by geographical area

(thousands of euro) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions
A. On-balance-sheet credit exposures										
A.1 Bad debts	86,363	(74,228)								
A.2 Unlikely to pay	124,907	(110,844)								
A.3 Non-performing past-due positions	73,097	(5,288)					161,355	(1,630)		
A.4 Performing exposures	320,535,267	(812,928)	3,760,129	(16,990)	5,702,830	(6,706)	2,425,840	(2,602)	2,207,931	(5,674)
Total (A)	**320,819,634**	**(1,003,288)**	**3,760,129**	**(16,990)**	**5,702,830**	**(6,706)**	**2,587,195**	**(4,232)**	**2,207,931**	**(5,674)**
B. Off-balance sheet exposures										
B.1 Non-performing exposures	4,525	(176)								
B.2 Performing exposures	21,955,513	(647,812)	2,176,180	(1,551)	6,308,563	(7,133)	1,246,620	(1,327)	404,687	(1,594)
Total (B)	**21,960,038**	**(647,988)**	**2,176,180**	**(1,551)**	**6,308,563**	**(7,133)**	**1,246,620**	**(1,327)**	**404,687**	**(1,594)**
TOTAL (A + B) 31/12/2022	**342,779,672**	**(1,651,276)**	**5,936,309**	**(18,541)**	**12,011,393**	**(13,839)**	**3,833,815**	**(5,559)**	**2,612,618**	**(7,268)**
Total (A + B) 31/12/2021	**341,737,205**	**(1,534,251)**	**5,532,721**	**(16,179)**	**10,128,901**	**(11,423)**	**4,177,401**	**(7,583)**	**2,622,174**	**(7,151)**

B.3 Prudential consolidation - On-balance sheet and off-balance sheet credit exposures to banks by geographical area

(thousands of euro) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of the world	
	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions	Net exposure	Accumulated impairment and provisions
A. On-balance-sheet credit exposures										
A.1 Bad debts										
A.2 Unlikely to pay										
A.3 Non-performing past-due positions										
A.4 Performing exposures	23,124,141	(43,448)	871,779	(211)			96		208,023	(5,647)
Total (A)	**23,124,141**	**(43,448)**	**871,779**	**(211)**			**96**		**208,023**	**(5,647)**
B. Off-balance sheet exposures										
B.1 Non-performing exposures										
B.2 Performing exposures	1,086,802	(1,820)	3,335,481						328,356	(768)
Total (B)	**1,086,802**	**(1,820)**	**3,335,481**						**328,356**	**(768)**
TOTAL (A + B) 31/12/2022	**24,210,943**	**(45,268)**	**4,207,260**	**(211)**			**96**		**536,379**	**(6,415)**
Total (A + B) 31/12/2021	**36,498,288**	**(39,015)**	**3,063,850**	**(425)**			**25,177**		**109,872**	**(5,947)**

C. Securitisations

Qualitative disclosures

At the end of 2002, Cassa Depositi e Prestiti, then a public entity, carried out a securitisation with the assignment without recourse of six portfolios of claims on customers in respect of loans to the following types of borrowers:

1. special corporations or consortia operated by local authorities, consortia of local authorities, and public or private limited companies operating public services (extinguished portfolio);
2. departments of the State, the regions, autonomous provinces or local authorities (extinguished portfolio);
3. A2A S.p.A. (extinguished portfolio);
4. Acea Distribuzione S.p.A. (extinguished portfolio);
5. RFI S.p.A.;
6. Poste Italiane S.p.A. (extinguished portfolio).

At 31 December 2022, there was only one portfolio of securitised loans (RFI S.p.A.) outstanding. The transaction and the associated cash flows are proceeding as envisaged. It should be noted that the loans underlying this transaction were fully derecognised, since CDP applied the provisions of paragraph B.2, Appendix B, of IFRS 1, which requires first-time adopters to apply rules for the prospective derecognition of financial assets for transactions effected as from 1 January 2004.

Quantitative disclosures

C.5 Prudential consolidation - Servicer activities - own securitisations: collections on securitised assets and redemption of securities issued by the securitisation vehicle

		Securitised assets (end period figure)		Collections in the year		% of redeemed securities (end-period figure)					
						Senior		Mezzanine		Junior	
(thousands of euro) Servicer	Securitisation vehicle	Non-performing	Performing	Non-performing	Performing	Non-performing assets	performing assets	Non-performing assets	performing assets	Non-performing assets	performing assets
CDP S.p.A.	CPG - Società di cartolarizzazione a r.l.		12,500		6,250						

D. Asset disposals

A. Financial assets assigned but not derecognised

Qualitative disclosures

Financial assets assigned but not derecognised mainly consist of Government securities classified as "Financial assets measured at fair value through other comprehensive income", and "Financial assets measured at amortised cost", underlying repurchase agreements.

Quantitative disclosures

D.1 Prudential consolidation - Financial assets assigned recognised in full and associated financial liabilities: carrying amount

(thousands of euro)	Financial assets assigned recognised in full				Financial liabilities associated		
	Carrying amount	of which: subject to Securitisation	of which: subject to sales agreements with repurchase arrangements	of which impaired	Carrying amount	of which: subject to Securitisation	of which: subject to sales agreements with repurchase arrangements
A. Financial assets held for trading				**X**			
B. Other financial assets mandatorily measured at fair value							
C. Financial assets designated at fair value							
D. Financial assets measured at fair value through other comprehensive income	**3,526,707**		**3,526,707**		**3,567,462**		**3,567,462**
1. Debt securities	3,526,707		3,526,707		3,567,462		3,567,462
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortised cost	**51,596,895**		**51,596,895**		**47,105,985**		**47,105,985**
1. Debt securities	51,596,895		51,596,895		47,105,985		47,105,985
2. Loans							
TOTAL 31/12/2022	**55,123,602**		**55,123,602**		**50,673,447**		**50,673,447**
Total 31/12/2021	**49,823,059**		**49,823,059**		**52,173,405**		**52,173,405**

D.2 Prudential consolidation - Financial assets assigned partially recognised and associated financial liabilities: carrying amount

There are no financial assets assigned partially recognised.

D.3 Prudential consolidation - Disposals with liabilities with recourse only on divested assets but not derecognised: fair value

(thousands of euro)	Fully recognised	Partially recognised	Total 31/12/2022	Total 31/12/2021
A. Financial assets held for trading				
1. Debt securities				
2. Equity securities				
3. Loans				
4. Derivatives				
B. Other financial assets mandatorily measured at fair value				
1. Debt securities				
2. Equity securities				
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	**3,526,707**		**3,526,707**	**3,602,131**
1. Debt securities	3,526,707		3,526,707	3,602,131
2. Equity securities				
3. Loans				
E. Financial assets measured at amortised cost (fair value)	**45,492,962**		**45,492,962**	**48,365,046**
1. Debt securities	45,492,962		45,492,962	48,365,046
2. Loans				
Total financial assets	**49,019,669**		**49,019,669**	**51,967,177**
Total financial liabilities associated	**50,673,447**		**50,673,447**	**52,173,405**
NET VALUE 31/12/2022	**(1,653,778)**		**(1,653,778)**	**X**
Net value 31/12/2021	**(206,228)**		**X**	**(206,228)**

B. FINANCIAL ASSETS ASSIGNED AND DERECOGNISED WITH RECOGNITION OF CONTINUING INVOLVEMENT

There were no transactions in the portfolio of financial assets sold and derecognised in full at the balance sheet date from companies included in the Prudential group.

C. FINANCIAL ASSETS ASSIGNED AND DERECOGNISED

At the reporting date, there were no transactions involving the assignment of credit exposures through the issue of financial instruments partially subscribed by Prudential group companies.

D.4 Covered bond transactions

At the reporting date, no covered bond transactions have been carried out by Prudential group companies.

1.2 MARKET RISK

1.2.1 INTEREST RATE RISK AND PRICE RISK - SUPERVISORY TRADING BOOK

In 2022, the prudential consolidation companies did not undertake any transactions qualifying for allocation to the supervisory trading book.

1.2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

Qualitative disclosures

A. General aspects, management and measurement methods of interest rate risk and price risk

As a result of its operations, the Parent Company is exposed to interest rate risk under all its forms: repricing, yield curve, basis and option risk. CDP also monitors inflation risk within the same conceptual and analytical framework as interest rate risk in the banking book.

These risks can affect both the earnings and the economic value of CDP.

CDP faces a substantial level of interest rate risk due to the presence of large unhedged volumes of assets and liabilities pre-existing before its transformation into a joint-stock company and to its balance sheet structure: a considerable portion of CDP's liabilities consists of Ordinary fixed-rate Postal Bonds with an early redemption option, while the asset side mainly comprises fixed-rate loans. Other types of postal savings bonds also embed an early redemption option, whose value is significantly affected by interest rates and inflation changes.

The basic approach taken by CDP to measuring and managing interest rate risk is an "economic value" perspective, which complements the "earnings-based" perspective. The economic value perspective corresponds to the long-term representation of the earnings-based perspective, as the economic value of the firm is essentially equal to the discounted flows of future net interest income.

From this perspective, CDP analyses its exposure and risk profile by assessing balance sheet items that are sensitive to interest rates, quantifying their reaction to small changes (sensitivity analysis) and to major shocks (stress testing) to the risk factors. The transition from exposure metrics (derived from the sensitivity analyses and stress testing) to risk metrics is carried out by assigning a probability to possible market scenarios. This gives a statistical distribution of the value of the balance sheet items and complex indicators representing the economic capital needed given its risk profile.

This monitoring approach is translated into the calculation of value at risk (VaR), which CDP measures using historical simulations methods.

To quantify and monitor the interest rate risk in the banking book, CDP measures VaR both over short time horizons – such as over one day or ten days – and annually, which is more suited to the internal capital adequacy assessment process with regard to risks in the banking book. The short-term and annual measures of VaR share the same combination of models for valuing balance sheet items and measuring sensitivity, and they use the same input data. The daily VaR is then used for backtesting, thanks to its larger sample dataset available over that interval.

VaR summarises in a single figure the results of the simulation of many scenarios generated in accordance with the statistical characteristics of the risk factors. Despite the limits of any composite metric based on historical scenarios, VaR also has two significant strengths:

- it captures the consequences of complex characteristics of the markets and products (volatility, correlation, optionality and asymmetry);
- it makes it possible, through the backtesting process, to check the hypotheses underpinning not only the calculation of the daily VaR but also the entire simulation.

CDP's Risk Policy sets specific limits to manage the exposure to interest rate and inflation risks. More specifically, limits have been established on the impact on the economic value of parallel shifts (+/- 100 basis points) in the yield curve and the inflation curve. Furthermore, more granular limits set by the Chief Executive Officer are in place.

CDP also assesses the impact of interest rate risk on earnings for shorter horizons using internal planning and ALM systems, specifically quantifying the impact of parallel shifts in the yield curve on net interest income.

CDP's ALM approach seeks to limit the volume of hedging derivatives by exploiting "natural hedges" between fixed-rate assets and liabilities. Hedging therefore regards subsets of those items, depending on the sign of the net exposure, with a view to containing the overall risk exposure.

Operational responsibility for managing interest rate risk lies with the Finance function.

The measurement and the monitoring of interest rate risk are performed by Risk Management and discussed within the Risk Governance Committee. The Board of Directors approves risk management policies and the associated monitoring methodology and receives periodic reporting on the results achieved.

Price risk regards the possibility that the net economic value, profitability or the book equity of CDP could be adversely affected by variables associated with equities, in particular the market prices of such securities and related derivatives, or changes in the current and future profitability of the investment in such instruments.

In line with the net economic value approach, equity risk is quantified in terms of VaR (with a one-year time horizon). The VaR provides a proxy of the risk that the listed and liquid securities – even when they are not recognised at their current fair value – do not recover any potential loss over time. It is calculated based on hypotheses about the statistical distribution of the prices of shares, the related derivatives (where present) and the fair value of unlisted securities. Risk is quantified by assuming continuity in the business model of CDP, which expects to hold most of its stock investments in the long term.

CDP Real Asset SGR has no direct (i.e. resulting from its primary activity) exposure to interest rate risk and inflation risk; a marginal exposure is detected in connection with Real Asset of the available liquidity (mainly, fixed-rate securities issued by the Italian Government and postal savings bonds guaranteed by the Parent Company).

As a closed-end fund manager, Fondo Italiano d'Investimento SGR S.p.A. is not directly exposed to interest rate risk. The liquidity stock during 2022 was held in liquid market instruments (time deposits) or deposited in current accounts. The asset management company is not directly exposed to inflation risk.

As a closed-end fund manager, CDP Venture Capital SGR is not directly exposed to interest rate risk resulting from its primary activity. The held liquidity is currently mainly deposited on current accounts or managed through short-term deposits with leading financial institutions.

In 2022, CDP RA SGR, FII SGR and CDP Venture Capital SGR had not set up any interest-rate-hedging strategy.

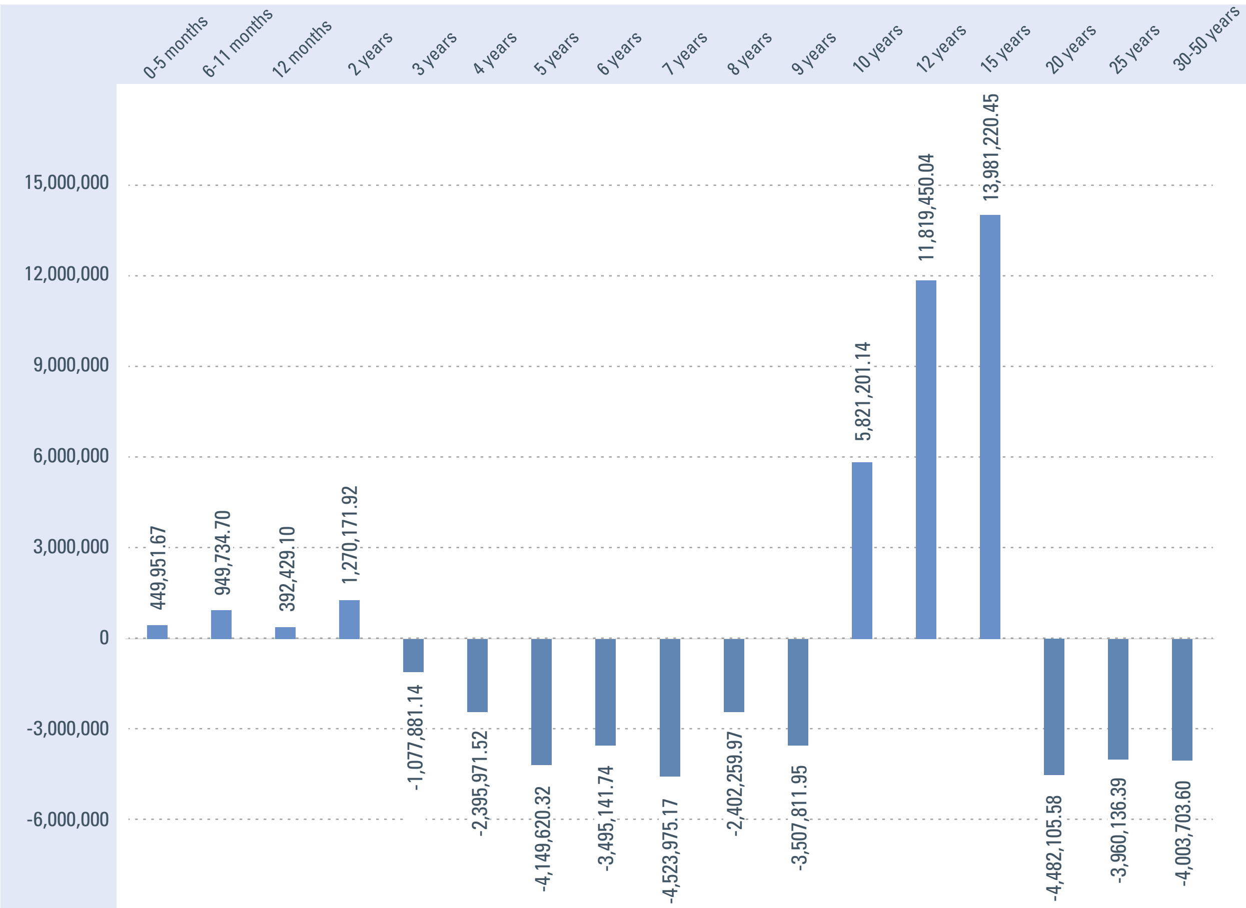
Quantitative disclosures

1. Banking book: breakdown of financial assets and liabilities by residual maturity (repricing date)

The following figure shows an analysis of the interest rate risk sensitivity of the Parent Company based on internal models, in line with the economic value approach.

Sensitivity to zero-coupon rates by maturity: increase of 1 basis point

Market figures at 30/12/2022



Sensitivity to zero-coupon rates: parallel increase/decrease of 100 basis points

Market figures at 30/12/2022

(million of euro) Interest rate scenario	Effect on Economic Value
Parallel shock up of 100 bps	+84
Parallel shock down of 100 bps	-75

1.2.3 EXCHANGE RATE RISK

Qualitative disclosures

A. General aspects, management processes, and measurement methods of exchange rate risk

Exchange rate risk is the risk whereby changes in exchange rates might have a negative impact on the profitability and/or the economic value of CDP.

Some activities of CDP can generate exchange rate risk. CDP undertakes such activities only if covered by appropriate exchange rate hedges.

The activities of CDP that can generate exchange rate risk are normally associated with the issue of bonds denominated in foreign currencies, the purchase of bonds denominated in foreign currencies, and the granting of loans denominated in currencies other than the Euro under the "Export Bank" system.

CDP Real Asset SGR, Fondo Italiano d'Investimento SGR S.p.A. and CDP Venture Capital SGR are not exposed to exchange rate risk within their operations.

B. Hedging exchange rate risk

With regard to the Parent Company's exposure to the US Dollar, there is a residual component of unhedged exchange rate risk at 31 December 2022. This is mainly associated with refinancing operations of assets denominated in US dollars, in the short and medium term.

With regard to the Parent Company's exposure to the Yen, the exchange rate risk arising from a bond issue denominated in Yen is fully hedged through a Cross Currency Swap, which makes the net cash flows paid by CDP equivalent to those of a fixed-rate issue denominated in Euro.

With regard to the Parent Company's exposure to the Renminbi, there is a residual component of unhedged exchange rate risk at 31 December 2022, linked to the sums deposited in current accounts with the Bank of China.

Impacts of the Covid-19 pandemic

With regard to exposure to market risks for companies within the scope of prudential consolidation, the continuation of the Covid-19 pandemic has not generated impacts other than those previously reported, as these types of events fall within the risks already assessed and monitored.

Without prejudice to the uncertainty regarding the prospective impacts of the health emergency, at present there is no evidence that could indicate a significant increase in these risks.

Quantitative disclosures

1. Breakdown by currency of assets, liabilities and derivatives

(thousands of euro)	Currency		
Items	US dollar	Renminbi	Yen
A. Financial assets	**5,529,611**	**1,627**	
A 1 Debt securities	452,649		
A.2 Equity securities	6,351		
A 3 Loans to banks	208,439	1,627	
A 4 Loans to customers	4,862,172		
A 5 Other financial assets			
B. Other assets			
C. Financial liabilities	**1,537,549**		**53,508**
C.1 Due to banks	1,442,689		
C.2 Due to customers	80		
C.3 Debt securities	94,780		53,508
C.4 Other financial liabilities			
D. Other liabilities			
E. Financial derivatives			
– Options			
+ long positions			
+ short positions			
– Other derivatives	3,905,760		53,320
+ long positions			53,320
+ short positions	3,905,760		
TOTAL ASSETS	**5,529,611**	**1,627**	**53,320**
TOTAL LIABILITIES	**5,443,309**		**53,508**
Difference (+/-)	**86,302**	**1,627**	**(188)**

1.3 THE FINANCIAL DERIVATIVES AND HEDGING POLICIES

1.3.1 FINANCIAL DERIVATIVES HELD FOR TRADING

A. Financial derivatives

A.1 Financial derivatives held for trading: period-end notional values

(thousands of euro) Underlying assets/Types of derivatives	31/12/2022 Over the counter Central counter-parties	31/12/2022 Over the counter Without central counterparties With netting arrange-ments	31/12/2022 Over the counter Without central counterparties Without netting arrange-ments	31/12/2022 Organised markets	31/12/2021 Over the counter Central counter-parties	31/12/2021 Over the counter Without central counterparties With netting arrange-ments	31/12/2021 Over the counter Without central counterparties Without netting arrange-ments	31/12/2021 Organised markets
1. Debt securities and interest rates		**3,873,269**	**40,000**			**4,692,721**	**40,000**	
a) Options								
b) Swaps		3,873,269	40,000			4,692,721	40,000	
c) Forwards								
d) Futures								
e) Other								
2. Equity securities and equity indices		**71,250**	**117,419**					
a) Options		71,250	117,419					
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**3,694,051**				**3,138,669**		
a) Options								
b) Swaps		1,990,226				1,824,878		
c) Forwards		1,703,825				1,313,791		
d) Futures								
e) Other								
4. Commodities								
5. Other underlyings								
TOTAL		**7,638,570**	**157,419**			**7,831,390**	**40,000**	

A.2 Financial derivatives held for trading: gross positive and negative fair value – breakdown by product

	31/12/2022				31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
(thousands of euro) Type of derivatives	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Positive fair value								
a) Options		10,063						
b) Interest rate swap		275,325	1,828			198,944	12,667	
c) Cross currency swap		18,961				18,088		
d) Equity swap								
e) Forward		48,760				2,660		
f) Futures								
g) Other								
Total		**353,109**	**1,828**			**219,692**	**12,667**	
2. Negative fair value								
a) Options			7,728					
b) Interest rate swap		274,313				211,615		
c) Cross currency swap		118,306				28,075		
d) Equity swap								
e) Forward						11,316		
f) Futures								
g) Other								
TOTAL		**392,619**	**7,728**			**251,006**		

A.3 OTC financial derivatives held for trading: notional values, gross positive and negative fair values by counterparty

(thousands of euro) Underlying assets	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	X			40,000
– positive fair value	X			1,828
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			117,419
– positive fair value	X			
– negative fair value	X			7,728
3) Foreign currencies and gold				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
4) Commodities				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
5) Other				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
– notional value		1,667,634	1,226,635	979,000
– positive fair value		77,595	51,442	146,287
– negative fair value		141,244	82,639	50,430
2) Equity securities and equity indices				
– notional value		71,250		
– positive fair value		10,063		
– negative fair value				
3) Foreign currencies and gold				
– notional value		2,936,664	757,387	
– positive fair value		54,746	12,976	
– negative fair value		99,514	18,792	
4) Commodities				
– notional value				
– positive fair value				
– negative fair value				
5) Other				
– notional value				
– positive fair value				
– negative fair value				

A.4 Residual life of OTC financial derivatives: notional values

(thousands of euro) Underlyings/Residual maturity	To 1 year	From 1 year to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	812,000	2,115,269	986,000	3,913,269
A.2 Financial derivatives on equity securities and equity indices			188,669	188,669
A.3 Financial derivatives on exchange rates and gold	3,694,051			3,694,051
A.4 Financial derivatives on commodities				
A.5 Financial derivatives on other				
TOTAL 31/12/2022	**4,506,051**	**2,115,269**	**1,174,669**	**7,795,989**
Total 31/12/2021	**4,709,933**	**2,215,457**	**946,000**	**7,871,390**

B. Credit derivatives held for trading

There were no credit derivatives.

1.3.2 ACCOUNTING HEDGES

QUALITATIVE DISCLOSURES

Within the scope of its Asset Liability Management policies, the Parent Company, where possible, makes use of "natural hedges" between assets and liabilities exposed to the same risks, also with a view to minimising recourse to hedging through derivatives.

CDP's transactions in derivatives have the sole purpose of risk hedging, mainly for interest and exchange rate risk, usually designated as accounting hedges under IAS 39.

In residual cases, CDP uses derivatives designated as operational hedges, monitored according to a framework established under the provisions of the EMIR. In this context, at the end of 2022 CDP had in place hedges for:
- liquidity, interest rate and exchange rate risks associated with managing the portfolio of assets denominated in US dollars (granting of loans and purchase of bonds), through Cross Currency Swaps, Repos and Forex Swaps;
- equity risk resulting from the issue of postal bonds savings indexed to the Stoxx Europe 600 ESG-X, through the purchase of call options with financial characteristics and payoff that mirror those embedded in the issued bonds.

A. Fair value hedges

Fair value hedges are applied when the exposure to a specific risk leads to a change in fair value of assets or liabilities which impacts on profits and losses. CDP implements both micro and macro fair value hedges.

In the micro fair value hedge, the hedged item is one or more individually selected contracts, exposed proportionately to the same risk and hedged with one or more derivatives. In some cases, the hedged item is a subset of the cash flows of these contracts, specifically selected according to duration and/or amount (partial term hedge). CDP applies micro hedges in the Separate Account and Ordinary Account, to:
- fixed-rate loans (loans/mortgages);
- fixed-rate asset securities, possibly inflation-linked;
- liability bonds, at fixed rate or indexed to swap rates.

In the macro fair value hedge, the hedged item consists of portfolios of homogeneous loans in Separate Account exposed to interest rate risk. These hedges differ from micro hedges since the hedged item does not match the flows (or part of the flows) of a specific loan that is being hedged (or an aggregate of similar loans), and the explicit relationship between hedged loan and hedging derivative loses significance.

Fair value hedges are put in place through the use of Interest Rate and Asset Swap derivatives, which provide for the exchange of the interest payments of the hedged item with floating-rate interest payments that are usually linked to the 6M Euribor index. For specific ALM purposes, CDP also uses Euribor indexing on different tenors (1M, 3M), overnight rates in Euro (EuroSTR) and rates in Dollars (Libor 6M).

Within the scope of prudential consolidation, no further fair value hedges have been undertaken.

B. Cash flow hedges

Cash flow hedges are risk hedges associated to the variability of cash flows, whose objective is the stabilisation of expected flows. CDP implements the following cash flow accounting hedges in relation to:

- EUR/USD exchange rate risk of asset securities in the Separate Account;
- EUR/JPY exchange rate risk of liability bonds in the Separate Account;
- interest rate risk of liability bonds in the Separate Account and Ordinary Account;
- inflation rate risk of asset securities in the Separate Account;
- sale or purchase price fluctuation risk of asset securities in the Separate Account.

Exchange rate risk hedges are put in place through the use of Cross Currency Swaps, which exchange the foreign currency flows of the securities with fixed-rate cash flows in euro.

Interest-rate risk hedges are performed by using Interest Rate and Asset Swaps, which exchange cash flows indexed to the Euribor (3M or 6M) or the European inflation index with fixed-rate cash flows in euro.

Price fluctuation risk hedges are performed by using Bond Forward instruments.

Within the scope of prudential consolidation, no further cash flow hedges have been undertaken.

C. Hedging of foreign investments

Currently there are no foreign investment hedges.

D. Hedging instruments

The hedging instruments used by CDP for fair value hedge strategies are mainly vanilla Interest Rate Swaps which exchange fixed-rate flows with floating-rate flows indexed to the Euribor, plus any market spread. It is also likely that the derivatives provide for the collection or payment of upfront premiums.

The hedging swaps of loans in micro fair value hedging relationships have amortising profiles that mirror those of the loans/securities or groups of similar loans hedged, generally with spot starting date. Swaps originated as macro hedges typically have bullet or amortizing profiles, also typically with a spot starting date. Where there is a need to cover specific time segments, both in the micro (partial term hedge) and in the macro fair value hedge, it is possible to use derivatives with a forward starting date. All swaps have payment frequency that is the same as the refixing frequency, except in some cases for any initial or final periods.

The hedge of cash flow variability due to the exchange rate, interest rate and inflation rate risks is obtained by using Interest Rate, Asset and Cross Currency Swaps which have amortising profiles and payment frequencies that mirror those of securities hedged. Bond Forward instruments are used to hedge the price risk.

All hedging derivatives are traded Over the Counter (OTC), and include netting to reduce exposure, together with the high frequency exchange of collateral. In most cases, this takes place as part of bilateral agreements entered into with market counterparties and, residually, though growing, through netting via central counterparties.

E. Hedged items

The existing accounting hedges at the end of 2022 were carried out on asset and liability items, such as loans, receivables and bonds.

Within the scope of fair value hedges, hedged items are typically represented by dummy instruments with cash flows representing the hedged risk, namely only the part of the cash flows at market level at the time of the hedge. This results in an item that presents:
- capital flows of the hedged bond/loan;
- interest flows of the hedged bond/loan net of the hedge spread;
- in the event of IRS with forward starting date, an initial capital outflow, equal to the nominal value of the swap on the starting date.

In cash flow hedges, the hedged items are generally represented by using the hypothetical derivative method, i.e. the derivative that is the ideal hedging instrument for the risks being hedged and whose main terms are aligned with those of the hedged item, regardless of the hedge actually implemented and net of the counterparty risk inherent in the derivative closed on the market.

QUANTITATIVE DISCLOSURES

A. Financial derivatives held for hedging

A.1 Financial derivatives held for hedging: period-end notional values

(thousands of euro) Underlying assets/Type of derivatives	Total 31/12/2022				Total 31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Debt securities and interest rates	**3,834,241**	**36,145,130**			**5,000**	**41,857,210**		
a) Options								
b) Swaps	3,834,241	35,998,437			5,000	40,754,283		
c) Forwards		146,693				1,102,927		
d) Futures								
e) Other								
2. Equity securities and equity indices								
a) Options								
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**240,832**				**234,111**		
a) Options								
b) Swaps		240,832				234,111		
c) Forwards								
d) Futures								
e) Other								
4. Commodities								
5. Other underlyings								
TOTAL	**3,834,241**	**36,385,962**			**5,000**	**42,091,321**		

A.2 Financial derivatives held for hedging: gross positive and negative fair value – breakdown by product

(thousands of euro)	Positive and negative fair value							
	31/12/2022				31/12/2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
Type of derivatives	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets	Central counter-parties	With netting arrange-ments	Without netting arrange-ments	Organised markets
1. Positive fair value								
a) Options								
b) Interest rate swap	48,151	4,294,722			16	271,628		
c) Cross currency swap		1,121				667		
d) Equity swap								
e) Forward						3,742		
f) Futures								
g) Other								
TOTAL	**48,151**	**4,295,843**			**16**	**276,037**		
2. Negative fair value								
a) Options								
b) Interest rate swap	16,671	1,057,724				3,065,143		
c) Cross currency swap		12,400				8,518		
d) Equity swap								
e) Forward		4,593				17		
f) Futures								
g) Other								
TOTAL	**16,671**	**1,074,717**				**3,073,678**		

A.3 Financial derivatives held for hedging: notional values, gross positive and negative fair values by counterparty

(thousands of euro) Underlying assets	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
3) Foreign currencies and gold				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
4) Commodities				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
5) Other				
– notional value	X			
– positive fair value	X			
– negative fair value	X			
Contracts covered by netting arrangements				
1) Debt securities and interest rates				
– notional value	3,834,241	28,843,150	7,301,980	
– positive fair value	48,151	3,598,712	696,010	
– negative fair value	16,671	639,979	422,338	
2) Equity securities and equity indices				
– notional value				
– positive fair value				
– negative fair value				
3) Foreign currencies and gold				
– notional value		147,076	93,756	
– positive fair value		1,121		
– negative fair value		8,379	4,021	
4) Commodities				
– notional value				
– positive fair value				
– negative fair value				
5) Other				
– notional value				
– positive fair value				
– negative fair value				

A.4 Residual life of OTC financial derivatives held for hedging: notional values

(thousands of euro) Underlyings/Residual maturity	To 1 year	From 1 year to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	4,210,533	9,589,106	26,179,732	39,979,371
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on exchange rates and gold		93,756	147,076	240,832
A.4 Financial derivatives on commodities				
A.5 Financial derivatives on other				
TOTAL 31/12/2022	**4,210,533**	**9,682,862**	**26,326,808**	**40,220,203**
Total 31/12/2021	**4,759,432**	**10,296,554**	**27,040,335**	**42,096,321**

B. Credit derivatives held for hedging purposes

There were no credit derivatives.

1.3.3 OTHER INFORMATION ON DERIVATIVES (HELD FOR TRADING AND HEDGING)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

(thousands of euro)	Central counterparties	Banks	Other financial companies	Other
A. Financial derivatives				
1) Debt securities and interest rates				
– notional value	3,834,241	30,510,784	8,528,615	1,019,000
– positive fair value	48,151	3,676,307	747,452	148,115
– negative fair value	16,671	781,221	504,977	50,430
2) Equity securities and equity indices				
– notional value		71,250		117,419
– positive fair value		10,063		
– negative fair value				7,728
3) Foreign currencies and gold				
– notional value		3,083,740	851,143	
– positive fair value		55,867	12,976	
– negative fair value		107,893	22,813	
4) Commodities				
– notional value				
– positive fair value				
– negative fair value				
5) Other				
– notional value				
– positive fair value				
– negative fair value				
B. Credit derivatives				
1) Protection purchases				
– notional value				
– positive fair value				
– negative fair value				
2) Protection sales				
– notional value				
– positive fair value				
– negative fair value				

1.4 LIQUIDITY RISK

QUALITATIVE DISCLOSURES

A. General aspects, management processes, and methods for measurement of liquidity risk

Liquidity risk arises in the form of "asset liquidity risk[93]" and "funding liquidity risk[94]".

Since the banking group does not engage in trading activities, the exposure to liquidity risk in the sense of asset liquidity risk is limited.

In view of the dominant weight of demand deposits (savings accounts) and bonds redeemable on demand (postal savings bonds) on the liability side of the Separate Account, for the Parent Company liquidity risk becomes significant mainly in the form of funding liquidity risk.

In order to ensure that any uncontrolled run-off scenario remains remote, CDP benefits from the mitigating effect of the state guarantee on postal savings. In addition to the key function of that guarantee, the ability of CDP to ensure that such a scenario does in fact remain remote is based on its capital strength, on the protection and promotion of postal savings reputation with the public, on safeguarding CDP's reputation in the market and on liquidity management. With regard to the latter, CDP adopts a series of specific measures to prevent the emergence of unexpected funding requirements and to be able to meet them if it should prove necessary.

To this end, Risk Management (RM) monitors a lower limit on the stock of liquid assets together with a number of aggregates that represent the capacity of CDP to cope with potential crisis. As an operational protection measure for liquidity risk, CDP has adopted a Contingency Funding Plan (CFP). The CFP sets out the processes and strategies used by CDP to manage possible liquidity crises, whether of systemic origin — caused by an unexpected deterioration in monetary and financial market conditions — or due to idiosyncratic difficulties at CDP itself.

As regards the Ordinary Account, CDP raises funds through the market or the EIB, adopting approaches, opportunities and constraints more similar to those of ordinary banks.

CDP prevents the emergence of unexpected liquidity requirements by developing effective loan disbursement forecasting systems, setting structural limits on maturity transformation, monitoring the short-term liquidity position, carried out on a continuous basis by the Finance function, and monitoring liquidity gaps at short, medium and long term, which is performed by RM.

Management of treasury activities by the Finance department enables CDP to raise funds using repos, for both the Separate and Ordinary Accounts.

CDP can also take part in European Central Bank refinancing operations, as it holds a significant stock of eligible negotiable and non-negotiable assets.

As a further control, for both the Separate and the Ordinary Account, RM monitors the incremental liquidity available in a stress scenario through transactions with the European Central Bank and by refinancing liquid assets with market counterparts.

In addition to the monitoring tools described, RM performs a stress test to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

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[93] Asset liquidity risk means the impossibility, for a financial institution or a generic investor, of selling assets on the market without significantly reducing their price.

[94] Funding liquidity risk means the impossibility, for a financial institution, to meet its obligations by collecting liquidity at non-penalising conditions or selling assets held.

As far as liquidity risk is concerned, CDP Real Asset SGR is potentially exposed to a cash shortfall risk, caused by, among others, lower management fees due to fluctuations in values of the real estate Alternative Investment Fund (AIF) units and/or real estate direct assets held by the portfolios it manages, as management fees are calculated as a percentage of either the Net Asset Value or the Gross Asset Value.

Any value fluctuation for the real estate funds and/or assets held in their portfolios might consequently affect the management fees. Such risk currently appears not significant.

From an operational point of view, liquidity risk is monitored through a careful planning of Company cash flows ("financial forecast").

With regard to Fondo Italiano d'Investimento SGR, the increased exposure to liquidity risk consists of asset liquidity risk. The asset management company manages closed-end funds with underlyings characterized by a limited level of liquidity and a long-term time horizon. The potential need, which is currently very unlikely, to rapidly liquidate the assets could significantly affect the prices of those assets.

In terms of funding risk, FII SGR has limited exposure due to the type and standing of its counterparties, which are periodically monitored, and the operating procedures of the individual funds (in addition to the possibility of using funding facilities in its operations).

Also with regard to CDP Venture Capital SGR, the greater exposure to the liquidity risk is attributable to the asset liquidity risk, considering the nature of the alternative funds managed by the SGR, and in particular that: (i) they fall into the category of call closed funds, (ii) there is no provision for the redemption of the shares or their negotiation, unless previously authorised by the SGR in the manner provided for by the regulation, (iii) they invest largely in inherently illiquid assets, characterised by particular complexity of the valuation and sale processes. The expected liquidity profile for the investor depends on the expected duration of the funds, the timing and methods of calling the commitments, the timing of the portfolio divestment process, the consequent profile of the distributions of income and capital and, ultimately, the method of redemption of the shares.

Regarding the funding liquidity risk for CDP Venture Capital SGR, the exposure is residual.

Given that the exposure in currencies other than the euro is not significant compared to the overall exposure, the following breakdown by residual maturity refers only to assets and liabilities in euro.

IMPACTS OF THE COVID-19 PANDEMIC

With regard to exposure to liquidity risk for companies within the scope of prudential Group, the continuation of the Covid-19 pandemic has not generated impacts other than those previously reported, as these types of events fall within the risks already assessed and monitored.

Since the start of the health emergency, the Group has intensified its monitoring of this area, with the aim of promptly detecting any situations at risk and evaluating corrective action.

Without prejudice to the uncertainty regarding the prospective impacts of the health emergency, there is currently no evidence to suggest an increase in the risk of the companies being unable to meet their commitments.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual maturity

(thousands of euro) Items/Maturities	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite life
A. On-balance-sheet assets	**169,556,431**	**344,634**	**333,379**	**153,580**	**719,400**	**1,970,295**	**5,553,123**	**57,931,717**	**122,997,480**	**2,983,029**
A.1 Government securities		7,788	170,702	25,085	450,340	1,300,803	1,457,144	23,251,319	37,869,284	
A.2 Other debt securities	19,347	8,056	466	5,143	74,789	257,791	412,036	6,933,500	4,362,550	
A.3 Units in collective investment undertakings	3,563,715									
A.4 Loans	165,973,386	328,790	162,211	123,352	194,271	411,701	3,683,943	27,748,986	80,765,646	2,983,029
– banks	3,057,980				750	1,375	888,551	3,418,802	8,780,074	2,983,029
– customers	162,915,406	328,790	162,211	123,352	193,521	410,326	2,795,392	24,330,184	71,985,572	
B. On-balance-sheet liabilities	**97,044,631**	**25,258,704**	**4,471,948**	**3,766,977**	**11,075,227**	**14,849,929**	**12,598,762**	**171,044,038**	**31,220,047**	
B.1 Deposits and current accounts	96,797,398	549,197	3,226,349	1,171,284	3,615,719	8,772,001	9,586,635	155,014,271	10,263,403	
– banks	236,164	55,750	98,084	125,438	348,333	5,365		445,852	70,273	
– customers	96,561,234	493,447	3,128,265	1,045,846	3,267,386	8,766,636	9,586,635	154,568,419	10,193,130	
B.2 Debt securities				355,000	1,388,756	500,000	1,805,000	7,540,000	5,722,320	
B.3 Other liabilities	247,233	24,709,507	1,245,599	2,240,693	6,070,752	5,577,928	1,207,127	8,489,767	15,234,324	
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
– long positions				212,065	1,283,787	2,163,492		240,752	144,039	
– short positions				343,581	1,282,324	2,214,840		93,756	150,925	
C.2 Financial derivatives without exchange of capital										
– long positions				1,371	31,292	223,841	512,576			
– short positions		157,766		1,050	25,035	96,299	104,178			
C.3 Deposits and loans to receive										
– long positions										
– short positions										
C.4 Irrevocable commitments to disburse funds										
– long positions	21,503,898		278,843				4,258,846	4,200	405,244	
– short positions	21,503,898		278,843				4,258,846	4,200	405,244	
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										

1.5 OPERATIONAL RISKS

QUALITATIVE DISCLOSURES

A. General aspects, management processes, and methods for measurement of operational risk

Definition of operational risk

The CDP Group has adopted the guidelines established by the Basel Committee for the banking industry and incorporated by Bank of Italy in Circular no. 285 of 17 December 2013 as the benchmark for managing operational risk.

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such risk includes, among others, losses resulting from internal or external fraud, human error, employment practices and workplace safety, business disruption, system unavailability, breach of contract, and natural disasters.

Operational risk includes legal risk but not strategic or reputational risk.

The "legal risk" is the risk of incurring losses resulting from violations of laws or regulations, from contractual or tortious liability or from other disputes.

As part of the operational risk management system used at CDP, the ICT risk assessment methodology was defined. ICT risk is the risk of (current or potential) financial, reputational and market share losses in relation to using information and communication technology (ICT) due to events that are likely to compromise the Availability, Integrity and Confidentiality of technical infrastructures and/or data.

System for managing operational risks

Apart from adopting best practice in the banking sector as a reference, the CDP Group pays particular attention to industrial sector benchmarks for the management of operational risks. The methodological and organisational framework implemented aims to capture the company's actual risk profile, similarly to what occurs in the most advanced corporates, which actively manage operational risks even though they are not subject to capital requirements.

The objective is to improve corporate processes and the Internal Control System, so as to lay the foundations for the most appropriate mitigation actions and to make a more accurate quantification of the associated economic capital, currently estimated using the Basic Indicator Approach.

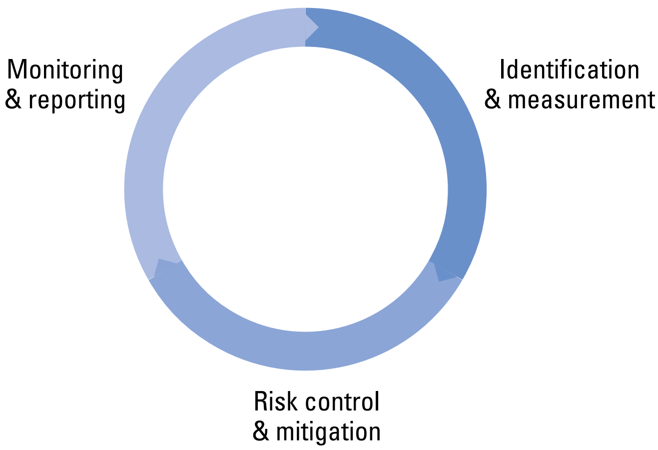
The Operational and ICT Risk Organisational Unit, operating within the Risk Management Function, is responsible for designing, implementing and monitoring the methodological and organizational framework for (i) the assessment of the exposure to operational risks, (ii) the monitoring of the implementation of the mitigation measures proposed by the Risk Owners, and (iii) the reporting system designed to ensure that information is made available to the Governing Bodies and to the managers of the Organisational Units concerned.

The adopted framework involves the inclusion of information on operational losses classified according to specified Loss Event Types (i.e. a Model of loss events), Loss Effect Types (i.e. a Model of types of losses) and Risk Factors (i.e. a Model for the classification of risk factors). With particular reference to ICT risk, CDP defined specific libraries of threats and security countermeasures which CDP applies to protect its ICT assets.

This information comprises:
- internal data on operational losses (Loss Data Collection);

- external loss data;
- potential loss data (risk self-assessment);
- key factors of the business environment and internal control systems.

The CDP Group's system for managing operational risks is divided into the following stages:



1. Identification and measurement

This stage involves the:
- structured collection and timely updating of internal data on losses attributable to operational risk events (loss data collection);
- identification of potential operational risks associated with business processes and the forward-looking assessment of the Company's level of exposure to those risks (risk self-assessment);
- analysis of operational events received from the Italian database on operational losses (*Database Italiano delle Perdite Operative* - DIPO) (external loss data);
- identification of potential operational risks arising from the introduction of new products, services and activities.

1.1 Loss Data Collection

Loss data collection is the process designed to collect and manage – in a structured manner and according to rigorous criteria – the internal data on losses attributable to operational risk events occurred in the Company. The data recording concerns both operational risk events which have negative economic effects recorded in the income statement items (actual losses) and events that do not generate a loss (near misses).

The loss data collection process is structured as follows:
- collection and recording of internal loss data, to classify the data on losses attributable to operational risk events;
- monitoring and management of loss data, to observe the evolution of the Company's exposure to operational risks over time, in order to identify appropriate mitigation measures for the most significant events (in terms of impact, frequency and/or relevance to the strategic company objectives).

The data collection is supported by a network of information sources (an information source is defined as the organisational unit that can provide information concerning the main features of each loss event recorded and its associated effects).

The prompt availability of uniform, comprehensive and reliable data - within a dedicated database - allows the appropriate mitigation actions to be identified in order to combat the most significant risks and to achieve overall improvements, in terms of effectiveness and efficiency, of the corporate processes and the internal control system (so-called use test).

1.2 Risk Self-Assessment

This consists of a self-assessment of the potential operational risks inherent in the processes, carried out by the parties involved in the operations reviewed. The aim is to assess the level of the Company's vulnerability to these risks and, at the same time, to establish the necessary corrective actions, if the monitoring system is inadequate. The process consists of the following activities:

- mapping of the operational risk events to the corporate processes (risk mapping), in order to understand the origin of potential losses attributable to operational risks by retracing the events and causes that may generate those losses;
- assessment of the operational risk events and of the related controls for estimating the residual exposure to each risk.

The aim of the Risk Self-Assessment is to produce a Risk Map, which is a tool designed to dynamically monitor the evolution of the Company's risk profile, in order to:

- ensure an overall view of the main areas of risk of the company by process and by nature of the risk;
- strengthen the controls;
- monitor the actions to prevent and mitigate risks.

Based on the risk perception of the officers interviewed (Organizational Unit Managers, Risk owners, other employees who are 'experts' in the relevant processes, individuals representing specialist and control functions), suitably 'weighted' with that of Risk Management and supplemented by additional relevant considerations, forward-looking indications are provided to the Company's management on events that have not yet occurred but could take place as a result of 'latent' risks in corporate processes.

Risk Self-Assessment findings, therefore, are used for management purposes (use test): the operational risk management system, integrated into the Management's decision-making, aims at strengthening corporate processes and improving the Internal Control System.

1.3 External loss data

CDP subscribes to the Italian Operational Loss Database (DIPO) managed by ABIServizi S.p.A. in order to be able to retrieve data on operational risk events that took place in other financial institutions; this enables CDP to improve its estimates about operational losses and to compare itself against the best practices used by other main Banking Groups.

2. Risk control and mitigation

Based on the findings from the Risk Self-Assessment and any specific further analyses conducted by the other corporate Control Functions, supported by the trends in operational losses found in the loss data collection, the mitigation process is activated in order to reduce the Company's exposure to the most significant operational risks — in terms of likelihood of occurrence and/or impact — through the identification and adoption of appropriate corrective measures.

Corrective actions are defined by the Risk Owners, with the support - where necessary - of the other corporate functions and the Risk Management Area, which verifies the implementation of the corrective actions through periodic follow-ups.

The Operational and ICT Risk Organisational Unit monitors the status of the mitigation actions initiated by periodically checking their progress with the individuals responsible for the actions taken and/or to be taken.

3. Monitoring and reporting

The results of the activities performed are shared and disseminated through dedicated reports, which detail operational risk exposures and detected losses. In this way, information on operational risks is provided to the Top Management and the managers of the business units involved, in order to enable the implementation of the most appropriate mitigation actions.

The main reports produced cover:

- Loss Data Collection, in relation to which a report is prepared every six months and sent to the Governing Bodies;
- Risk Self-Assessment, for which, at the end of each analysis on processes/operational areas a report with the assessment of individual risks and relevant control centres is produced, with an indication of the most vulnerable areas;
- follow-up on the mitigation actions, identified for the most significant risks detected by the Loss Data Collection and Risk Self-Assessment.

Operational Risk Culture

In line with the mission of the Operational and ICT Risk Organisational Unit, which is to develop and disseminate awareness of operational risks within the Company, during 2022 training initiatives addressed to all the staff involved in the analyses were organised.

Other periodical actions organised by the Operational and ICT Risk Organisational Unit for the staff concerned include training, also in the form of on-the-job training. These actions ensure that the contact persons have appropriate knowledge of the process and of its attendant responsibilities, so as to make the best use of support tools.

The aim is to put in place a coordinated approach at all levels within the Company, which can be achieved by wide dissemination of operational risk awareness.

IT risk

The IT system, consisting of the ICT Assets and the human resources dedicated to their management, is an essential tool to achieve the strategic and operational objectives of a company, by virtue of the critical level of the business processes that depend on it. With a view to sound and prudent management, the IT system allows management to have up-to-date and secure information for timely decision-making and the correct implementation of the risk management process. Therefore, it is essential to guarantee the Confidentiality, Integrity and Availability of the information processed by company IT systems, in line with the identified risk profiles.

The ICT risk is the risk of (current or potential) financial, reputational and market share losses in relation to using information and communication technology (ICT) due to events that are likely to compromise the Availability, Integrity and Confidentiality of technical infrastructures and/or data.

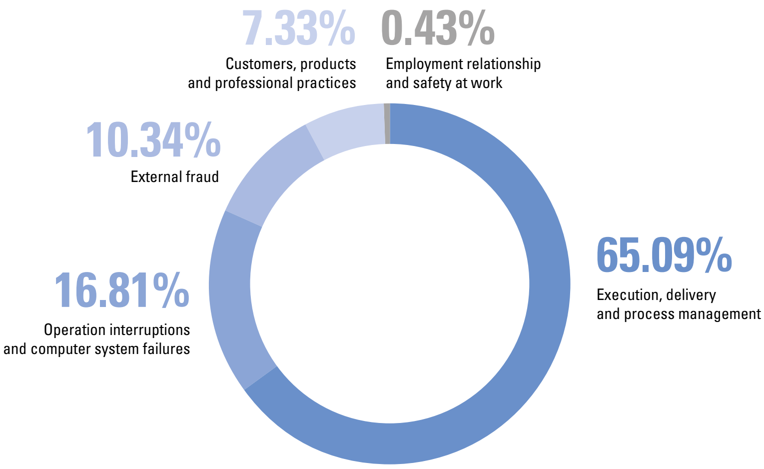
ICT risk includes Cyber risk, which is the risk associated with any intentional and malicious act on the IT system caused by internal, external or third parties capable of affecting the Confidentiality, Integrity and Availability of technical infrastructures and/or data. The cause of a Cyber risk is not necessarily intentional and malevolent.

CDP, in order to ensure the protection of its corporate assets, has developed and implemented a Framework for measuring and monitoring ICT risk (including Cyber risk) that allows targeting activities and related intervention priorities, within the broader Security Plans.

QUANTITATIVE DISCLOSURES

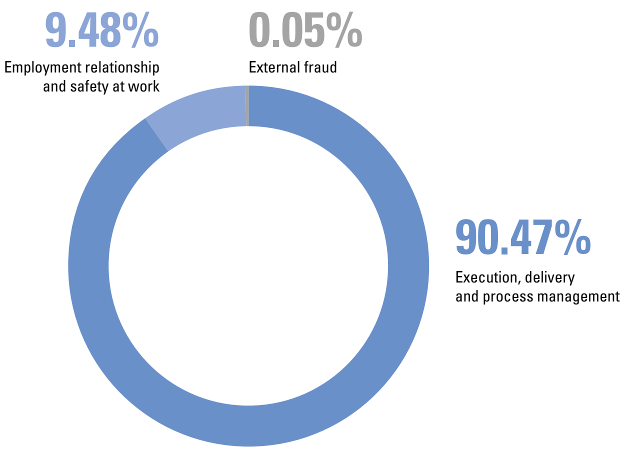
The chart below gives the breakdown by event type[95], showing the number and the impact in 2022, based on the event type classification scheme established by the New Basel Capital Accord.

% breakdown by number of events (actual and near-miss losses)



In 2022, the events identified with greater frequency were of the "Execution, delivery and process management" type, referring to losses arising mainly from executing and completing transactions.

% breakdown by accounting amount recorded



During 2022, the most significant type of event, in terms of impact, is attributable to "Execution, Delivery, & Process Management".

[95] The data refers to CDP and CDP Real Asset SGR.

CDP Real Asset SGR

CDP RA SGR adopts the Group's operational risk management framework for the purpose of strengthening risk controls and improving the overall effectiveness and efficiency of processes, in order to reduce the variability of operating profits and protect its assets.

During the second half of 2022, the Risk Self Assessment was launched for some corporate processes.

Regarding the Loss Data Collection, the Company adopts a bottom-up approach for the collection and recording of loss data through a network of information sources that can provide information concerning the main features of each loss event recorded and its associated effects.

Fondo Italiano d'Investimento SGR

FII SGR has set up a proprietary operational risk management system covering (i) risks associated with human error (i.e. errors, unintentional damage and/or fraudulent situations carried out by internal and external operators that may be detrimental to the company), (ii) technology-related risks (i.e., IT procedures and intentional or unintentional damage to company hardware and software), (iii) process-related risks (i.e., missing or incomplete internal procedures or breaches), and (iv) risks related to external factors (i.e., events external to the company). FII SGR's overall exposure to operational risks is limited and is mainly focused on the areas of internal processes, regulatory compliance and employment relationships.

CDP Venture Capital SGR

CDP Venture Capital SGR manages the operational risks (i.e. arising from anomalies in internal procedures, inefficiencies in systems, human errors or external events) relating to the company through a process that involves the identification, measurement, management and periodic monitoring of potential operational risks, including those related to the professional responsibility of the SGR. CDP Venture Capital SGR assesses operational risks using a specific methodology that includes: (i) the "legal risk", defined as the risk of incurring losses resulting from contractual or tortious liability or from other disputes, (ii) the risk of valuation of the assets and the NAV of the AIFs, (iii) the compliance risk, defined as the risk of incurring legal or administrative penalties, significant financial losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. articles of association, codes of conduct, corporate governance rules), (iv) the sustainability risk. There are no significant operational risks at present.

In addition to the operational risks themselves, given the importance of the fiduciary component inherent in the relationship with third parties, particular attention is given to reputational risk, defined as the current or prospective risk of a decline in profits or capital resulting from a negative perception of the Company's image by counterparties, shareholders, investors or regulators.

IMPACTS OF THE COVID-19 PANDEMIC

The Covid-19 pandemic has accentuated the potential operational risks already mapped and monitored. In particular, the following key risk areas have been identified:
- cybersecurity, due to a possible intensification of cyber-attacks in view of the higher levels of remote working and the mass use of technological tools which could make business processes more vulnerable;
- continuity of business processes, due to a potential unavailability of critical system providers;
- potential staff shortages, temporary or not, due to illness.

However, in 2022, no particular issues were identified in any of these areas, which are monitored on an ongoing basis.

Considering the impacts of the pandemic, the companies within the scope of prudential consolidation have made huge efforts and implemented important actions to ensure business and operational continuity and, above all, the safety of their staff from the first outbreaks in Italy. The actions taken, which have involved coordination between the different company functions, include the use of remote working, with the provision of the required equipment, taking out specific insurance and healthcare coverage plans, making arrangements to ensure access to Covid-19 blood tests and antibody tests, and the periodic rotation and sanitisation of the work areas.

CIVIL AND ADMINISTRATIVE DISPUTES

At 31 December 2022, there are 113 pending disputes in civil and administrative matters in which CDP is a defendant, for a total amount of approximately 214.4 million euro.

With reference to the above-mentioned disputes, there are 29 disputes with a risk of a ruling against the company estimated to be **probable**. Of these: (i) 19 refer to positions relating to Postal Savings products amounting to approximately 120 thousand euro; (ii) 5 refer to credit positions amounting to approximately 174 million euro; and (iii) 5 refer to other civil and administrative law issues amounting to approximately 90 thousand euro.

There are also 46 disputes with a risk of a ruling against the company estimated to be **possible**. Of these: (i) 20 refer to positions relating to Postal Savings products amounting to approximately 227 thousand euro; (ii) 17 refer to credit positions amounting to approximately 31.3 million euro; (iii) 9 refer to other civil and administrative law issues amounting to approximately 1.3 million euro.

With reference to ongoing disputes, at 31 December 2022 a provision for risks and charges was set up amounting to approximately 66.9 million euro.

LABOUR LAW DISPUTES

At 31 December 2022, there were 18 pending pre-disputes and disputes in labour matters in which CDP is a defendant, for which provisions were made for a total of about 4.2 million euro.

SECTION 4 - THE RISKS OF OTHER ENTITIES

This section analyses the main risks that fully consolidated companies not included in the "prudential consolidation" as previously described in sections 2 of part E of the Notes to the consolidated financial statements.

As a result of the variety of businesses carried out by the companies included in this section, specific information is provided for each of the main entities, in order to better represent their peculiarities in terms of risks and related mitigation actions.

Quantitative information is reported gross of any intragroup eliminations and consolidation adjustments, which is why the amounts reported in the following paragraphs may not be immediately comparable with those discussed in parts B and C of the consolidated financial statements.

TERNA GROUP

In the course of its operations, the Terna group is exposed to a variety of financial risks: market risk, liquidity risk and credit risk.

In this section information is provided on the Terna group's exposure to each of the risks listed above, the aims, policies and processes for managing these risks and the methods used to measure them, also including further quantitative information on the 2022 financial statements.

The group's risk management policies seek to identify and analyse the risks to which the group companies are exposed, establish their limits and create a system to monitor them. These policies and the related systems are reviewed on a regular basis in order to take account of any changes in market conditions or in the operations of group companies.

The exposure of the Terna group to the aforementioned risks is largely represented by the exposure of Terna S.p.A.

As a part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, specifically with respect to the instruments to be used and the precise operating limits in managing them.

	31/12/2022			31/12/2021		
(million of euro)	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Assets						
Derivative financial instruments		75.7	75.7		1.6	1.6
Cash and equivalent and government bonds	2,155.1	366.5	2,521.6	1,566.8	958.5	2,525.3
Trade receivables	2,358.3		2,358.3	2,777.4		2,777.4
TOTAL	**4,513.4**	**322.5**	**4,955.6**	**4,344.2**	**960.1**	**5,304.3**

	31/12/2022			31/12/2021		
(million of euro)	Amortized cost	Fair value	Total	Amortized cost	Fair value	Total
Liabilities						
Long-term debt	10,326.0		10,326.0	10,475.0		10,475.0
Derivative financial instruments		247.9	247.9		83.7	83.7
Trade payables	3,687.7		3,687.7	3,275.6		3,275.6
TOTAL	**14,013.7**	**247.9**	**14,261.6**	**13,750.6**	**83.7**	**13,834.3**

FINANCIAL RISKS

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in financial market conditions. Market risk comprises three forms of risk: exchange rate risk, interest rate risk and inflation risk.

Risk management pursues the objective of minimising the risks in question by selecting counterparties and instruments compatible with the corporate Risk Management policy. Speculative activity is not envisaged in the corporate mission.

The Terna group adopts a dynamic approach to financial risk management. This approach is characterised by risk aversion, aiming at minimising risk through continuous monitoring of financial markets in order to execute planned recourse to new debt and hedging transactions in favourable market conditions. The dynamic approach makes it possible to take action to improve existing hedges where changing market conditions or changes in the hedged item make the latter unsuitable or unduly expensive.

The fair value of instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (level 2) by means of appropriate valuation models for each category of financial instrument, using market data as at the end of the financial year (such as interest rates, exchange rates and volatility) and discounting projected cash flows on the basis of the market yield curve at the reporting date.

Interest rate risk

Interest rate risk is represented by the uncertainty associated with changes in interest rates. It is the risk that a change in market interest rates could have an impact on the fair value or future cash flows of financial instruments.

In conducting its operations, Terna group is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk derives from items of net financial debt and the associated hedging positions in derivatives, which generate financial expenses. Terna's borrowing strategy focused on debt instruments with long-term maturities reflecting the useful life of the company's assets. It also pursued an interest rate risk hedging policy that aimed to cover at least 40% of fixed-rate debt, as established in the company's policies. At the end of 2022, the fixed-rate group debt was 87%.

As at 31 December 2022, interest rate derivatives are fair value hedge derivatives and cash flow hedge derivatives, used to hedge the risk of changes in the cash flows associated with loans.

The following table shows the notional amounts and the fair value of derivatives entered into by the Terna group:

	31/12/2022		31/12/2021		Change (+/-)	
(million of euro)	Notional	Fair value	Notional	Fair value	Notional	Fair value
FVH derivatives	1,973.5	(247.9)	1,700.0	1.6	273.5	(249.5)
CFH derivatives	1,996.3	75.7	3,241.0	(83.7)	(1,244.7)	159.4

The notional amounts of CFH derivatives as at 31 December 2022, amounting to 1,996.3 million euro, are broken down as follows:
- 100.0 million euro (fair value equal to 1.9 million euro) maturing in 2023;
- 1,496.3 million euro (fair value equal to 69.2 million euro) maturing in 2024;
- 200.0 million euro (fair value equal to 1.8 million euro) maturing in 2025;
- 200.0 million euro (fair value equal to 2.8 million euro) maturing in 2028.

The notional amounts of FVH derivatives as at 31 December 2022, amounting to 1,973.5 million euro, are broken down as follows:
- 100.0 million euro (fair value equal to -0.8 million euro) maturing in 2023.
- 950.0 million euro (fair value equal to -90.2 million euro) maturing in 2030;
- 343.5 million euro (fair value equal to -51.9 million euro) maturing in 2039;
- 490.0 million euro (fair value equal to -88.1 million euro) maturing in 2042;
- 90.0 million euro (fair value equal to -17.0 million euro) maturing in 2043.

Sensitivity to interest rate risk

Terna has interest rate swaps in place through which it manages the interest rate fluctuation risk.

Since the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, initially and periodically verified, is high, Terna chose to apply hedge accounting in order to ensure perfect time matching between the hedge and the hedged item. The purpose of hedge accounting is to recognise simultaneously the income statement effects of the hedges and the hedged item. As a result, for CFH derivatives, the fair value changes of the derivative must be recognised in "Other comprehensive income" (immediately recognising any ineffective portion in profit or loss) and then derecognised from Equity and recognised in profit or loss in the same period in which the cash flows relating to the hedged item have an impact on income. The characteristics of the CFH derivative contracts in place mirror those of the underlying hedged items; therefore, the related cash flows shall occur at the same maturities as the interest on debt, with no impact of fair value changes on the income statement.

The following table shows: the amounts recognised in the income statement and in "Other comprehensive income" in respect of positions sensitive to changes in interest rates; the theoretical value of those positions following a positive or negative shift in the market yield curve; and the differential impact of those changes recognisable in the income statement and in "Other comprehensive income". A hypothetical 10% variation (increases and decreases) in the yield curve with respect to market interest rates at the reporting date has been assumed.

	Net income or loss			Equity		
(million of euro)	Current rates +10%	Current values	Current rates -10%	Current rates +10%	Current values	Current rates -10%
31 December 2022						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	5.0	3.6	2.1	169.8	159.1	148.3
Hypothetical change	*1.4*	*0.0*	*(1.4)*	*10.7*	*0.0*	*(10.8)*
31 December 2021						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	1.4	1.3	1.2	169.5	167.7	165.9
Hypothetical change	*0.1*		*(0.1)*	*1.8*		*(1.8)*

Global regulators have begun reforming the IBOR (Interbank Offered Rates) indices, which are the benchmark indices for most financial instruments traded worldwide, in order to restore the reliability and robustness of the benchmarks. The transition from EONIA to ESTER has already taken place in 2022, with no major impact The group continues to closely monitor the market and the results obtained by the various working groups in the sector that manage the transition to the new reference rates for the other maturities (EURIBOR). Management is aware of the associated risks and accordingly activities are planned to complete the transition in parallel with the changes in the applicable regulations. In addition, all new financial agreements include fallback clauses governing the transition period.

Inflation risk

As regards inflation rate risk, the rates established by the Regulator to remunerate Terna S.p.A.'s activities are determined so as to allow coverage of the sector's recognised costs. These cost components are updated each year to reflect the accrued impact of inflation. In 2007, the company used an inflation-linked bond issue, thereby obtaining a partial hedge on net income for the year: any decrease in expected revenues due to a decrease in the inflation rate is partially offset by lower financial expense and vice versa.

Exchange rate risk

Exchange rate risk management is carried out with the aim of defending the company's profitability from the risks of exchange rate fluctuations through continuous market control and constant monitoring of existing exposure. To manage this risk, each time, Terna selects the financial hedging instruments with structural and duration characteristics consistent with the group's exposure to foreign currencies. The instruments used by Terna are those with limited complexity, high liquidity and ease of pricing, such as forward contracts and options. The group's existing contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from an appreciation or depreciation of the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position.

As at 31 December 2022, the group's Income Statement exposure to exchange rate risk was residual and due to the currency flows of subsidiaries Tamini and Brugg.

Liquidity risk

Liquidity risk is the risk that the Terna group might experience difficulties in discharging its obligations in respect of its financial liabilities and operational cycle. Liquidity risk management seeks to ensure adequate coverage of cash needs by obtaining adequate lines of credit and appropriately managing any surplus liquidity. As at 31 December 2022, the group had approximately 884 million euro available in short-term credit lines (out of total credit lines of around 1,010 million euro), and 3,150 million euro in revolving credit lines.

With specific regard to the bonds reported in Item 10c of liabilities of the CDP Group's consolidated financial statements and other loans, the table below provides a breakdown by maturity:

(million of euro)	Maturity	31/12/2021	31/12/2022	Portion falling due within 12 months	Portion falling due after 12 months	2024	2025	2026	2027	2028	Over	Average interest rate 2022	Average net interest rate 2022
P.O.	2022	999.9										0.88%	0.98%
	2023	622.9	659.6	659.6								2.73%	8.52%
	2023	997.8	999.2	1,000.0							(0.80)	1.00%	1.14%
	2024	889.8	858.2		800.0	800.0					58.20	4.90%	0.87%
	2025	496.6	497.6		500.0		500.0				(2.40)	0.13%	0.32%
	2026	498.5	498.8		500.0			500.0			(1.20)	1.00%	1.28%
	2026	79.4	79.5		80.0			80.0			(0.50)	1.60%	1.80%
	2027	1,013.7	984.8		1,000.0				1,000.0		(15.20)	1.38%	1.90%
	2027		99.8		100.0				100.0		(0.20)	3.44%	3.00%
	2028	763.7	705.6		750.0					750.0	(44.40)	1.00%	1.28%
	2029	596.7	597.2		600.0						597.20	0.38%	1.71%
	2030	496.1	403.8		500.0						403.80	0.38%	0.12%
	2032	470.4	353.6		500.0						353.60	0.75%	1.19%
BEI	2044	854.0	1,475.0	20.5	1,613.0	24.6	47.7	58.5	92.1	92.1	1,139.50	1.74%	0.97%
Terna borrowing	2024	200.0	300.0		300.0	300.0							0.49%
Total fixed rate		**8,979.5**	**8,512.7**	**1,680.1**	**7,243.0**	**1,124.6**	**547.7**	**638.5**	**1,192.1**	**842.1**	**2,487.60**		
BEI	2041	1,062.9	950.2	113.9	836.4	115.3	115.3	115.3	115.3	115.3	259.80	1.25%	0.76%
Terna borrowing	2023	400.0	799.1	100.0	700.0	100.0	600.0				(0.90)	1.47%	1.56%
Total variable rate		**1,462.9**	**1,749.3**	**213.9**	**1,536.4**	**215.3**	**715.3**	**115.3**	**115.3**	**115.3**	**258.90**		
TOTAL		**10,442.4**	**10,262.0**	**1,894.0**	**8,779.4**	**1,339.9**	**1,263.0**	**753.8**	**1,307.4**	**957.4**	**2,746.50**		

Bonds fair value is 6,737.7 million euro and is based on prices at the reporting date. Borrowings fair value equals carrying amount for a total of 3,524.3 million euro as at 31 December 2022, and it is measured by discounting expected cash flows based on the market interest rate curve at the reporting date.

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a transaction in financial instruments could cause a financial loss by failing to discharge an obligation. It is mainly generated by the group's trade receivables and financial investments.

The credit risk originated by open positions on transactions in financial derivatives is considered to be marginal since, in compliance with financial risk management policies, the counterparties are leading international credit institutions with high ratings.

Terna essentially renders its services to counterparties considered solvent by the market and hence with a high credit standing, and avoids concentrations of credit risk.

Credit risk management is also compliant with Resolution no. 111/06 of the Italian Regulatory Authority for Energy, Networks and the Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA), which, at Article 49, introduced instruments to limit the risks linked to the insolvency of dispatching customers, both on a preventive basis and in the event of actual insolvency. In particular, the Resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their turnover), the option of terminating dispatching contracts (in the event of insolvency or failure to replace enforced guarantees) and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee to be defined by ARERA where necessary.

At the end of the year, this exposure was as follows:

(million of euro)	31/12/2022	31/12/2021	Change (+/-)
FVH derivatives	75.7	1.6	74.1
Cash and cash equivalents and other financial assets	2,155.1	1,566.8	588.3
Trade receivables	2,358.3	2,777.4	(419.1)
TOTAL	**4,589.1**	**4,345.8**	**243.3**

The overall credit risk exposure as at 31 December 2022 is represented by the carrying amount of trade receivables, CHF derivatives and cash and cash equivalents.

The following tables provide qualitative disclosures on loans to customers in terms of geographical distribution and type of customer.

Geographical distribution

(million of euro)	31/12/2022	31/12/2021
Italy	2,092.6	2,222.5
Euro-area countries	165.9	482.4
Other countries	99.8	72.5
TOTAL	**2,358.3**	**2,777.4**

Type of customer

(million of euro)	31/12/2022	31/12/2021
Distributors	472.8	395.8
CSEA	94.3	138.4
Dispatching customers for injections	826.2	755.1
Dispatching customers for withdrawals (not distributors)	682.0	1,288.1
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	11.8	13.8
Sundry receivables	271.2	186.2
TOTAL	**2,358.3**	**2,777.4**

The following table breaks down trade receivables by past-due band, with the related impairment:

	31/12/2022		31/12/2021	
(million of euro)	Impairment	Gross	Impairment	Gross
Current	(0.6)	2,103.6	(0.6)	2,701.9
0-30 days past due	(0.6)	28.8		30.8
31-120 days past due	(0.4)	56.2	(0.3)	14.0
Over 120 days past due	(35.4)	206.7	(48.7)	80.3
TOTAL	**(37.0)**	**2,395.3**	**(49.6)**	**2,827.0**

Changes in the bad debt provision for trade receivables during the year were as follows:

(million of euro)	31/12/2022	31/12/2021
Balance at 1st January	(49.6)	(51.9)
Release of provisions	14.3	2.7
Impairments for the year	(1.7)	(0.4)
BALANCE	**(37.0)**	**(49.6)**

The value of guarantees issued by electricity market operators is shown below:

(million of euro)	31/12/2022	31/12/2021
Dispatching - Injections	249.7	265.1
Dispatching - Withdrawals	1,665.8	1,349.2
Transmission charges due from distributors	329.3	334.3
Virtual imports	269.6	134.3
Capacity market	181.4	129.5
BALANCE	**2,695.8**	**2,212.4**

For the Unregulated business, assets are exposed to "counterparty risk", in particular towards those parties with whom active contracts are concluded, in consideration of the credibility and solvency of the parties in question and the impact that any insolvency may have on the financial position of the business. Counterparty risk is mitigated by implementing counterparty assessment procedures that measure economic, financial and reputational aspects of the parties involved.

Default risk and debt covenants

This risk is associated with the possibility that the loan contracts or bond rules to which the parent company is party may contain provisions authorising counterparties to call in such loans immediately upon the occurrence of certain events, thereby generating liquidity risk. For more information on the contractual provisions of outstanding loans at 31 December 2022, please see the section "Loans and financial liabilities" in the Notes to the financial statements of the Terna group.

Bank Guarantees

The amount of bank guarantees issued to third parties on behalf of the group companies as at 31 December 2022 totalled 315.1 million euro, subdivided as follows: 76.5 million euro on behalf of Terna S.p.A., 78.7 million euro on behalf of the company Tamini Trasformatori S.r.l., 61.9 million euro on behalf of the company Terna Rete Italia S.p.A., 39.2 million euro on behalf of the company Terna Interconnector S.r.l., 47.7 million euro on behalf of the Brugg group companies, 0.1 million euro on behalf of the company Terna Plus S.r.l., 4.7 million euro on behalf of the company Terna Perù SAC, 0.4 million euro on behalf of the company Difebal S.A., 5.8 million euro on behalf of the company Terna Energy Solutions S.r.l. and 0.1 million euro on behalf of the company Terna Chile S.p.A.

LITIGATION

We describe below the main off-balance sheet commitments and risks at 31 December 2022, related to the parent company Terna and its subsidiary Terna Rete Italia S.p.A., as there were no significant commitments and risks for the other subsidiaries at the reporting date.

Environmental and town planning disputes

The disputes involving environmental issues linked to the construction and operation of power plants under Terna's responsibility refer, in part, to legal actions brought against the alleged adverse effects of exposure to electric and magnetic fields generated by the power lines. In general, these disputes require the parent company to be involved, as owner of the plants in question. It cannot in any case be excluded that the subsidiary Terna Rete Italia S.p.A. may also be summoned, as the electromagnetism generated by the power lines concerns not only the owner of the plant, but also its operation and the quantity/quality of the electricity in transit.

Regarding this matter, it should be noted that the issue of the Cabinet Office Decree of 8 July 2003 — which specifically set the values of the three parameters (exposure limits, safety thresholds and quality targets) provided for in Framework Law 36 of 22 February 2001, which electricity infrastructure must comply with — led to a significant reduction in any such litigation. Other environmental and urban planning disputes, which do not relate to electromagnetic fields, are also pending with regard to Terna S.p.A. These disputes are connected with the operation of certain Terna-owned plant, which in the event of an unfavourable outcome could also generate immediate effects for Terna Rete Italia S.p.A. (to date unforeseeable and therefore not included in "Provisions for litigation and sundry risks"), both as the entity appointed by Terna S.p.A. to build the related infrastructure and as the entity responsible for its operation. In particular, charges may arise for Terna Rete Italia S.p.A. connected with changes to the infrastructure involved in such disputes and its temporary unavailability. Terna S.p.A. and the outside legal consultants engaged by the latter have reviewed the disputes in question and concluded that a negative outcome is unlikely.

In particular, there is a dispute pending concerning the new "Udine Ovest – Redipuglia" 380 kV line and associated works, which has been operational for two years. Should the claims filed by the Municipalities and/or private citizens be upheld, with the resulting annulment of the decree authorising the works, this could also have consequences on the running of the plant.

Disputes concerning the validity of authorisations to build and operate plants

Other disputes related to the plants owned by the Parent Company arise out of legal actions brought before the administrative courts to render null and void authorisations granted to build and operate the plants.

Disputes concerning activities granted under concession arrangements

As the holder of a transmission and dispatching concession as of 1 November 2005, the parent company is a party to a number of legal proceedings involving such activities - mostly appeals against measures of the energy networks and environment Regulator ARERA and/or the Ministry of Economic Development and/or of Terna itself. Where the appellants have alleged not only the flawed nature of the measures challenged, but also a violation by Terna of the rules set by the aforementioned Authorities, that is, in the cases in which the proceedings may have an impact on Terna, the company has appeared in court. Within the scope of such litigation — even though some cases have been concluded, at first and/or second instance, with the annulment of ARERA's resolutions and, when applicable, of the consequent determinations adopted by Terna — any negative outcomes for the Company itself may be deemed unlikely, as these disputes normally relate to pass-through items.

SNAM GROUP

STRATEGIC RISKS

Regulatory and legislative risk

Snam's regulatory and legislative risk concerns the rules applicable to the gas industry. The resolutions of the Energy Networks and Environment Regulator (ARERA) and the National Regulatory Authorities of the countries where the foreign affiliates operate, the European and Italian legislation and, more generally, changes to the reference regulatory framework may have a significant impact on company operations, earnings and financial stability.

It is impossible to envisage the effect that future changes in legislative and tax policies might have on the business of Snam and on the industrial sector in which it operates.

Considering the specific nature of its business and the area in which Snam operates, developments in the regulatory context with regard to criteria for determining reference tariffs are particularly significant.

Macroeconomic and geopolitical risk

In view of the specific nature of its business sector, Snam is also exposed to risks linked to political, social and economic instability in natural gas supplying countries, mainly affecting the gas transport sector. Most of the natural gas transported in the Italian national transport network is historically imported from, or transits through, countries included in the MENA area (Middle East and North Africa, in particular Algeria, Tunisia, Libya and, in TANAP-TAP perspective, Turkey together with the States bordering the Eastern Mediterranean) and in the former Soviet bloc (Russian Federation, Ukraine, Azerbaijan and Georgia). These countries are subject to instability from a political, social and economic point of view. The import of natural gas from these countries, or its transit through them, is subject to a wide range of risks, including: terrorism and general crime; changing levels of political and institutional stability; armed conflict, social-economic and ethnic-sectarian tensions; social unrest and protests; inadequate legislation on insolvency and creditor protection; ceilings placed on investments and on the import and export of goods and services; introduction of and hikes in taxes and excise duties; forced contract renegotiation; nationalisation of assets; changes in commercial policies and monetary restrictions.

More specifically, 2022 was a year of particular importance for the energy system as a whole in view of the persistence of high prices associated with the progressive reduction in the natural gas imported from the Russian Federation (in Italy and in Europe in general), which also made the issue of security of supply a priority at the continental level.

In a time of crisis characterised by a scenario of future uncertainty and extreme volatility, greater flexibility and adequate sizing of gas infrastructures along the entire value chain is therefore increasingly necessary, in order to mitigate supply risks.

With regard to market operators, if the shippers that operate the transport service through Snam's networks are unable to complete the supply or transport of natural gas from or through these countries due to the occurrence of the aforesaid adverse conditions, or are affected by said adverse conditions, to an extent that causes or worsens the inability to fulfil their contractual obligations towards Snam, this may produce adverse impacts on the business and on the performance and financial position of the Snam group.

In addition, Snam is exposed to macroeconomic risks arising from displacement or tension in financial markets or situations deriving from external events, which could affect liquidity and accessibility to financial markets.

Market risk

Lastly, as to the risk linked to gas demand, under the current tariff system applied by the ARERA to natural gas transport, Snam's revenues, through its directly controlled transport subsidiaries, are partly correlated to volumes redelivered. However, with resolution 114/2019/R/gas, ARERA confirmed for the fifth regulatory period (2020-2023) the guarantee mechanism covering the share of revenues correlated with redelivered volumes already introduced in the fourth regulatory period on volumes transported. This mechanism reconciles higher or lower revenues exceeding ± 4% of the reference revenue correlated with output volumes. This mechanism guarantees about 99.5% of the authorised overall revenues from transmission activities.

Under the current tariff system applied by ARERA to natural gas storage, Snam's revenues, through Stogit, are correlated to the use of infrastructure. However, ARERA has introduced a guarantee mechanism covering these revenues, which allows companies to cover a main share of the authorised revenues. Until the fourth regulatory period (2015-2019), the minimum guaranteed level of recognised revenue was approximately 97%, while for the fifth regulatory period (2020-2025) Resolution 419/2019/R/gas extended the level of guarantee to all recognised revenue (100%). The same resolution also introduced an enhanced incentive mechanism (defined by subsequent Resolution 232/2020/R/gas) with voluntary participation, which provides for an increase in the profit-sharing of revenues from short-term services from 50% to 75% against a reduction in the portion of recognised revenue subject to a hedging factor.

Finally, with reference to the tariff regulatory criteria for the LNG regasification service for the fifth regulatory period (2020-2023), Resolution 474/2019/R/gas confirmed the mechanism to cover reference revenue at a guaranteed minimum level of 64%.

In general, the changes in the current regulatory framework might have adverse impacts on the Snam group's business, financial position and results.

Abroad, protection against market risk is offered by French (Teréga) and Greek (DESFA) regulations, long-term TAP agreements, as well as agreements for Austria (different deadlines for TAG and Gas Connect starting from 2023), France (with gradual maturity of the long-term contracts in the interconnection point with Spain starting from 2023) and for Adnoc Gas Pipeline (20 years tariff-based with ship or pay minimum). In Austria, the United Kingdom (Interconnector) and Egypt the volume risk is not hedged.

With reference to the macroeconomic market and consumption framework, there has been a rapid increase in wholesale energy prices in Europe with possible effects on the reduction of gas consumption by end users (industrial players / private individuals) and switching to other energy carriers. This growth is due to a number of factors including: post-Covid consumption increase, structural reduction in the continental production of gas, reduction in imports from Russia, lower production from electrical renewables (wind, solar), especially in Northern Europe, gas consumption increase and LNG imports at a global level in Asia, and increase in the CO_2 prices on the ETS.

The contingent trend of commodity prices in Europe and the high energy dependence on imports could represent elements of vulnerability for the Italian energy system. Regarding gas, Snam has already mitigated this risk thanks to a series of counter measures adopted over the last few years such as: diversifying the sources of procurement (most recently, the commissioning of the TAP gas pipeline), a wide availability of gas storage capacity (able to cover over 23% of current gas demand), efficient network management through coordination with other infrastructure operators and the adoption of additional tools to support extraordinary emergencies (e.g.: peak shaving via regasification terminals, interruptibility service for withdrawals from the transport network).

On the indication of the Italian Government, two floating storage and regasification units (FSRU) have been purchased in recent months that, once in operation, will be able to contribute to the security and energy diversification of the country by enhancing the LNG capacity entering Italy.

For some sectors, particularly private users, there may be a perception that higher prices are structural, with the risk of reduced or interrupted gas supplies in favour of other energy carriers.

Climate change risk

Achieving global climate targets will require significant investment in the decarbonisation of the energy sector over the next 30 years. In recent years, Snam has repositioned itself to benefit from the new energy transition mega-trends, through its infrastructure, which will be crucial to achieving decarbonisation targets, its presence in the energy transition businesses, international expansion and a disciplined approach to investments.

Snam has made a commitment to achieving carbon neutrality by 2040, with an intermediate target of a 50% reduction in direct (Scope 1) and indirect (Scope 2) emissions from the 2018 values by 2030, in line with the goal to limit global warming to 1.5° C set by the Paris Agreement adopted at the Climate Conference (COP 21). This objective is also consistent with the CO_2 emissions reduction targets set by the UNEP (UN Environment Programme), with which Snam has signed a protocol.

With regard to the risks associated with the emissions market, within the scope of the European Union directives on trading carbon dioxide emission permits and the rules for controlling emissions of certain atmospheric pollutants, the update of the sector regulations accompanying the start of the fourth regulatory period (2021-2030) of the European Emissions Trading System (EU ETS), has confirmed a continuous reduction in the number of free emission allowances. The allowances are allocated to each plant with progressively decreasing, and no longer constant grants, and also depend on the actual operation of the plants. The allowances granted free of charge to the group's plants are no longer sufficient to comply with regulatory compliance obligations relating to ETS mechanisms and, as a result, the companies of the Snam group obtain the missing allowances from the market.

With resolution 114/2019/R/gas of 28 March 2019, ARERA defined the regulatory criteria for the fifth regulatory period (2020-2023) of the natural gas transport and measurement service, including – among other things – the recognition of the costs relating to the Emission Trading System (ETS). With Resolutions 419/2019/R/gas and 474/2019/R/gas, the recognition of the costs relating to the ETS mechanism was introduced also for the storage services (regulatory period 2020-2025) and for the regasification service (2020-2023).

Climate change scenarios could also lead to a change in the choice of the energy mixes of the various European countries and in consumer behaviour, with resulting impacts on the demand for natural gas (and on volumes transported). On one hand, the latter may benefit from greater sustainability compared to other fossil fuels in the short- to medium-term and act as a bridge towards the full decarbonisation of some sectors, but, on the other hand, may be affected by policies and individual choices that could lead to a progressive decrease in natural gas consumption with consequent repercussions on the current use of infrastructure. The rise in the decarbonisation targets at EU level, including the new legislative proposals being issued on energy transition (such as the EU's Fit for 55 package and EU Taxonomy) and the publication of studies of major importance in the international energy scene (such as the IEA's Roadmap to Net-Zero Emissions), could in fact accelerate the progressive reduction in demand for and supply of fossil natural gas. On the other hand, this could encourage a greater and earlier penetration of renewable, low-carbon gases (green hydrogen, blue hydrogen, biomethane, synthetic methane) in the energy mix, supporting the promotion of Snam's new businesses.

Climate change could also increase the severity of extreme weather conditions (flooding, drought, extreme temperature fluctuations), thus deteriorating the natural and hydro-geological conditions of the territory, with possible impacts on both the quality and continuity of the service supplied by Snam and on the demand for gas at national and European level. With reference to the effects of the change in gas demand on the financial position and results of the Snam group, see the "Market risk" paragraph in this chapter.

Lastly, Snam has signed up to the Methane Guiding Principles, which commit the company to further reducing methane emissions from its operations in natural gas infrastructure. In subscribing to these principles, Snam is also committed to encouraging other players in the entire gas supply chain – from producer to end consumer – to pursue the same objective.

Snam joined the Oil & Gas Methane Partnership (OGMP) 2.0, a voluntary initiative launched as part of UNEP to support Oil & Gas companies in reducing methane emissions. The company participated, and is still actively involved, in various UN working groups which led to developing a framework able to provide governments and the general public with the guarantee that methane emissions are treated and managed in a responsible manner, with progress against stated objectives, offering transparency and cooperation, including the implementation of best practices. The protocol suggests the targets to reach: -45% by 2025 compared to 2015. Snam renewed its commitment by setting the target reductions in methane emissions by 2025 and 2030 equal respectively to -55% and -65% compared to 2015. These targets are stricter than those proposed by UNEP and have become a fundamental part of the 2040 Carbon Neutrality Strategy.

Legal and compliance risk

Legal and compliance risk concerns the failure to comply, in full or in part, with laws and regulations at European, national, regional and local level with which Snam must comply in relation to the activities it performs. The violation of such laws and regulations may result in criminal, civil, tax and/or administrative penalties, as well as damage to its financial position, results and/or reputation.

Specific cases, including infringements of workers' health and safety, environmental protection or anti-corruption rules may also entail substantial fines for the Company based on the administrative liability of entities (Legislative Decree no. 231 of 8 June 2001). Snam has therefore adopted and is committed to promoting and maintaining an effective internal control and risk management system aimed at enabling the identification, measurement, management and monitoring of the main risks relating to its operations.

With regard to the Risk of Fraud and Corruption, it is a top priority for Snam to conduct its business fairly and transparently and to reject all forms of corruption as part of its commitment to the respect of ethical principles. Snam's management is fully engaged in implementing an anti-corruption policy: they strive to identify potential weaknesses and to eliminate them, strengthening their control and working constantly to raise all workers' awareness of how to identify and prevent corruption in all business contexts. During 2022, Snam started the project to implement a company Management System for the Prevention of Corruption in order to achieve certification under the ISO 37001:2016 standard, with the adoption of an "Anti-Corruption Policy" and the establishment of an "Anti-Corruption Committee" that performs the Compliance Function for the Prevention of Corruption referred to in the aforementioned ISO (FCA) standard. The committee relies on the operational support of the Compliance & Business Integrity function which is already entrusted with the role of Anti-Corruption function overseeing Snam's existing Anti-Corruption Compliance Programme.

The "Anti-Corruption Policy", approved by the Board of Directors of Snam S.p.A. on 18 January 2023, expresses the commitment of the Senior Management and the Board of Directors to preventing corruption, in line with the long-established values and ethical principles. It also incorporates the essential elements referred to in the ISO 37001 standard and includes the clarification of the approach adopted by the company based on "zero tolerance" with respect to any corrupt practice in the context of relations with public and private stakeholders. Reputational Check, as well as acceptance and signing of the Ethical and Integrity Agreement are the pillars of the set of controls designed to prevent the risks associated with illegal conduct and criminal infiltration of our suppliers and subcontractors, with the aim of ensuring transparent relationships and professional morality requirements in the entire chain of companies and for the duration of the relationship. Snam is a member of the United Nations Global Compact and operates according to the principles laid down in that global initiative, which are an integral part of the company's strategies, policies and rules, including the tenth principle of zero tolerance towards all forms of corruption, which underpins a firmly established culture of integrity and business ethics.

Snam has been a partner of the General Secretariat of Transparency International since 2016 and, thanks to its active role within the Italian Chapter of the Business Integrity Forum, the company has been involved in several working groups and institutional events, in which it is called upon to present its best practices in the field of business integrity and anti-corruption. As part of the partnership, Snam was one of the main actors in reviewing/updating the Charter of Ethical Principles of Transparency International Italia, presented in September 2022. In 2017, Snam started working with the OECD, joining the Business at OECD Committee (BIAC), and in October 2019 – as the first Italian company – it joined the Leadership as Vice-Chair of the Anticorruption Committee. Within the OECD, Snam took part in several events, including the Global Anti-Corruption & Integrity Forum, the Anticorruption Committee annual meeting and the 60th Anniversary of the Business at OECD (BIAC).

Finally, it has been a standing member of the Integrity & Compliance Taskforce of the B20 Forum since 2020 and actively participates in work to develop the related annual Policy Paper for members of the G20. Also in 2022, it actively cooperated in preparing the

Policy Recommendation Paper on Integrity & Compliance as part of the participation in the Integrity & Compliance Taskforce of the Indonesian Presidency.

As part of the multilateral collaborations, in addition to the above, Snam was a guest at the "Business Integrity Forum Academy Day" of 1 June 2022, in which Snam's CEO Stefano Venier spoke on the theme "Supply Chain of integrity" and participated in the "BIF Academy Day" panels of 2 June 2022, on the theme "Sustainable Supply Chain", "BIF Academy" of September, on the theme "Circular Integrity" and the "BIF National Event" on the round table entitled "Transparency, anti-corruption, ESG values and SDGs activities".

OPERATIONAL RISKS

Ownership of gas storage concessions

For Snam, the risk connected with keeping storage concessions stems from the business operated by its subsidiary Stogit, on the basis of concessions awarded by the Ministry of Economic Development. Eight of the ten concessions (Alfonsine, Brugherio, Cortemaggiore, Minerbio, Ripalta, Sabbioncello, Sergnano and Settala) expired on 31 December 2016 and may be extended not more than twice for ten years each time. With regard to those concessions, Stogit submitted, within the legal time limits, application for their renewal to the Ministry of Economic Development. The extensions of the concessions in Brugherio, Ripalta, Sergnano, Settala and Sabbioncello were issued at the end of 2020, while those for the concessions in Cortemaggiore and Minerbio were issued in January 2022. For Alfonsine concession, the procedure is still pending at the Ministry. For the extension still pending, the company, as provided for by the reference standards, will continue to operate under the old concessions, whose expiry is automatically extended for the purpose until completion of the renewal process. A concession (Fiume Trieste) will expire in June 2022, which was already subject to a ten-year extension in 2011, and for which a request for a second 10-year extension was submitted on 18 May 2020. Lastly, a concession (Bordolano) will expire in November 2031 and may be extended for another ten years. If Snam is unable to retain ownership of one or more of its concessions or if, at the time of renewal, concessions are awarded under terms less favourable than current ones, the Company may experience negative effects on its business, financial position and results.

Failures and unforeseen interruption of the service

The risk of service malfunction and sudden outages is due to unforeseeable events, such as breakdowns or malfunctioning of equipment or control systems, lower plant yield and extraordinary events such as explosions, fires, landslides or other similar events, interference from third parties and cases of corrosion that fall outside Snam's control. Such events may cause a drop in revenues as well as result in significant damage to persons and property, with possible compensation obligations. Although Snam has taken out specific insurance policies to cover some of these risks, in accordance with the sector best practice, the related insurance cover could be insufficient to meet all the losses incurred, compensation obligations or cost increases.

Delays in infrastructure work progress

Moreover, Snam may incur delays in infrastructure work progress due to the many unknown factors linked to operational, financial, regulatory, authorisation, competition, social, or health emergency aspects over which it has no control. Snam is therefore unable to absolutely guarantee that planned works to expand, improve and maintain the network are effectively undertaken or, if undertaken, are effectively completed or able to achieve the benefits envisaged by the tariff system. Furthermore, development projects may involve higher levels of investment or longer timeframes than initially estimated, thus affecting Snam's financial position and performance.

Investment projects could be stalled or delayed due to difficulties in obtaining environmental and/or administrative authorisations or due to objections raised by political forces or other organisations, or could be affected by changes in the price of equipment, material and labour, or by political and regulatory changes during construction, or by the inability to obtain financing at acceptable interest rates. Such delays might have adverse impacts on the Snam group's business, financial position and results. In addition, changes in the price of commodities, equipment, material and labour could affect Snam's financial results.

Environmental risks

Snam and the sites where it operates are subject to laws and regulations covering pollution, environmental protection, the use of hazardous substances and waste management. Applying these rules exposes Snam to contingent costs and liabilities connected with the use of its assets. The company cannot predict the evolution of environmental legislation over time and whether and in what way it may eventually become more binding. Nor can assurance be provided that future costs necessary to ensure compliance with environmental legislation will not increase or that these costs may be recovered within the applicable tariff mechanisms or regulation. In addition, the costs arising from potential environmental remediation obligations on Snam's sites are subject to particular uncertainty. These costs are especially difficult to estimate in terms of the extent of the contamination, the appropriate corrective actions to be implemented and, finally, the possible share of responsibility of other parties.

Although Snam has taken out specific insurance policies to cover some environmental risks, in accordance with the sector best practice, substantial increases in costs related to environmental compliance and other associated aspects cannot be excluded. The same can be said for the costs of paying possible sanctions, which could negatively impact the business, operating results and financial and reputational aspects.

Employees and personnel in key roles

Snam's ability to run its business efficiently is dependent on the skills and performance of its personnel. The loss of "key" personnel or the inability to attract, train and retain skilled personnel (especially in technical positions for which there may be limited availability of appropriately skilled personnel), or situations where the ability to implement a long-term business strategy is negatively affected by significant disputes with employees, could have an adverse impact on the business, the financial situation and the operating results. The events related to this risk category may also refer to the issues of Diversity and Inclusion.

Risks linked to foreign equity investments

Snam's foreign investee companies may be subject to regulatory/legislative risk, political, social and economic instability risk, market risk, climate change risk, cyber security risk, credit and financial risks and all other risks typically affecting Snam's business in the natural gas transport and storage sector. These risks could therefore have an adverse impact on their business, financial position and performance. This could have a negative impact on the investees' contribution to Snam's net income.

In addition, following the worsening of the economic scenario caused by the recent conflict between Russia and Ukraine, the shareholders Snam and GCA assured TAG on the coverage of any liquidity shortfalls, in the case the company is unable to use the credit lines already available and/or in the process of being finalised, for a period of 12 months from the date of issuing the audit report on the 2021 separate financial statements (i.e. from 30 June 2022). This risk was mitigated by the fact that TAG completed the subscription of an additional 200 million euro of committed credit facilities in the last quarter of 2022.

Risks linked to future acquisitions/equity investments

Investments made under joint-venture agreements and any future investments in Italian or foreign companies could increase the complexity of the Snam group's operations insofar as it cannot be guaranteed that these investments will generate the expected profitability as part of the acquisition or investment decision and will integrate effectively with the group's other operations in terms of consistency with quality standards, policies and procedures. The integration process may involve additional outflows and investments. An inadequate management or supervision of the investment could have negative impacts on business, operating results and financial performance.

EMERGING RISKS

The group's Enterprise Risk Management model pays particular attention to identifying changes in the operating environment in order to detect events or macro-trends originating from outside the organisation that could have a significant medium-to-long-term impact (3-5 years and more) on Snam's business or its industry sector. These changes may give rise to new risks in the long term, but may also start to already have consequences for the company now, changing the nature and extent of the potential impacts and likelihood of occurrence of the risks already identified. The purpose of the process of identifying emerging risks is to be able to assess their impacts in a timely manner and put in place the necessary strategies and related mitigation actions to prevent and control those risks. The emerging risks identified by Snam in this area include cyber security and energy transition–related risks.

Cyber security

Significance and potential impact on Snam

Snam adopts a complex technological structure to conduct its business, relying on an integrated model of processes and solutions able to ensure the efficient management of the gas system nationwide. The development of the business and the use of innovative solutions to improve it constantly require attention and the ability to continuously adapt to the changing needs for cyber security protection. Snam has been making significant investments in digitisation for years, from the control of activities on a remote basis to the adoption of complex infrastructure enabling the Internet of Things, through which Snam aims to become the most technologically advanced gas transmission operator in the world and ensure ever increasing levels of security and sustainability of its business processes.

The company's view, supported by public data and evidence, is that cyber security threats should be assessed and managed with great sensitivity and attention also because they will evolve further in terms of both number and complexity. The digital channel is increasingly used illicitly by different types of actors with different aims and different methods: cyber criminals, cyber hacktivists, state-sponsored action groups.

The radical changes taking place in the logics and working processes following the pandemic (including the widespread use of remote working) have exacerbated certain specific types of threat and have made it necessary to increase the levels of attention to criminal phenomena that are bound to persist over time. In addition, technological development has made increasingly sophisticated tools available to attackers, enabling them to increase the effectiveness of existing attack techniques and develop new ones. The increasing digitisation of the network with the use of new technologies (e.g. Internet of Things) also poses significant challenges to the group, broadening the potential attack surface exposed to internal and external threats.

Lastly, the global geopolitical tensions should not be underestimated, as the cyber terrain has become – to all intents and purposes – an area of economic and political confrontation and conflict. Cyber security plays a very important role in this scenario, because it has the task of preventing or dealing with a wide variety of events, which can range from the compromising of individual workstations to the disruption of entire business processes relating to transport, storage and regasification, potentially affecting the ability to deliver the service.

A correct approach to cyber security management is also necessary to ensuring full compliance with the increasingly strict industry sector regulations, issued both at European and Italian level, aimed at improving the management and control of companies that provide essential services for Italy.

Mitigation actions

Snam has developed its own cyber security strategy based on a framework developed in accordance with the main applicable standards, and has a dedicated function, which has been in place for several years now, which is responsible for holistically guiding and implementing measures established at strategic level, ranging from governance to technological aspects. This includes the alignment of the internal processes to the provisions of ISO/IEC 27001 (Information Security Management Systems) and ISO22301 (Business Continuity Management Systems) and the formal certification of compliance of part of those processes with the standards listed by a third-party body. In addition, through a variety of activities, including Risk Analysis and Technical Verification, Snam assesses the protection needs arising from technological developments, changes in business processes or the identification of previously unknown vulnerabilities, and implements solutions to replace or supplement the existing solutions where necessary. More specifically, to adequately combat the most modern cyber threats, Snam has defined a cyber security incident management model aimed at preventing, monitoring and, where necessary, directing timely remediation actions in response to events capable of damaging the confidentiality, integrity and availability of the information processed and the technologies used.

This activity is the responsibility of a Security Incident Response Team that, by adopting solutions that collect and correlate all the security events recorded on the entire perimeter of the company's IT infrastructure, has the task of monitoring all anomalous situations from which negative impacts for the company may arise, and initiating, where necessary, the appropriate containment and remediation actions by engaging the various technical and business structures concerned.

In support of the Security Incident Response Team, threat intelligence processes have been defined and enhanced over time, providing constant monitoring of potential external threats, which also affect the supply chain.

In 2022, the Security Incident Response Team was able to operate without interruption, providing support 24 hours a day, seven days a week. Starting from 2020, the change that has been necessary in the operational processes, and in particular the extensive use of remote working arrangements, has not affected the overall level of security. This is mainly because the adoption of remote working, which had already taken place before the pandemic period, had prompted the company to conduct the necessary risk analysis and implement appropriate security solutions for protecting the company's interests, also in the presence of a larger potential attack surface than in the past.

In addition, within the context of the security prevention and security response activities and in accordance with the formal agreements signed between the parties, info-sharing logic is used with national and European institutions and peers in order to improve the response times and capacity in respect of possible negative events that the company may be exposed to also indirectly. This approach is also essential in order to better respond to the latest provisions of the national security regulations.

With regard to technological development, as mentioned above, Snam is currently implementing an ambitious digitisation programme that will radically change its business processes in the coming years and which will always include a strong focus on cyber security issues. In particular, starting from 2020, the foundations were laid and the necessary processes implemented for the secure development of all the emerging Internet of Things initiatives. Firstly, a Security by Design process was introduced, which imposes compliance with specific requirements and checks for each application and infrastructure development. In addition, the most suitable security technologies were identified for the support of the new capabilities that Snam has acquired and will acquire in the coming years.

Considerable attention is also paid to raising awareness and training specialist staff, to make it easier to identify weak signs and make everyone as aware as possible of the cyber risks that can occur during normal work activities. In this context, initiatives of various kinds are organised on a regular basis, using the most appropriate teaching methods: face-to-face training, multimedia, exercises and tests, newsletters, etc.

Finally, with reference to managing information supporting business processes, it should be noted that the company owns the asset used for data transmission to and from the territory (fibre); this results in greater intrinsic security thanks to its non-dependence on the service provided by third parties and the possibility of exclusively using the communication channel.

Energy transition and development of the hydrogen market and technologies

Significance and potential impact on Snam

As climate change shows the concrete effects of rising temperatures, the energy world is facing a period of radical transformation. While maintaining its commitment to the company's core business of regulated natural gas transportation, storage and regasification activities, Snam is creating a broad and diversified platform of activities related to energy transition (in particular, transportation and management of renewable energies, such as biomethane and hydrogen, and energy efficiency) to grasp the opportunity to become a system integrator, able to offer green solutions and contribute to the development of renewable gases.

The consolidated ability to create and manage projects to transport and store natural gas, the new skills acquired in green gas and on the new energy transition trends, a growing presence in important geographic areas also for integrated greenfield projects, combined in a strategy that focuses on ESG factors, will be essential to help develop the competitive, secure and zero net emission energy system of the future. The diversification of its business will strengthen Snam's position as an enabler of the energy transition towards forms of use of energy resources and sources that are compatible with environmental protection and progressive decarbonisation, with a long-term vision in line with its purpose and the European objectives.

The new 2030 Vision presented by the company in its latest Strategic Plan should be seen in this long-term perspective: Snam will be able to seize new and important development opportunities throughout the next decade, in which the energy transition is expected to accelerate sharply in order to achieve the carbon neutrality targets with growing investments, in particular in energy transport and storage infrastructure, in a H2-ready perspective, as well as in green gas development projects (hydrogen and biomethane) and to contribute to the decarbonisation of consumption through energy efficiency measures and investigate the CCS (Carbon Capture and Storage) technology that, though not defined as a target at European level, is a relevant type of technology for decarbonisation.

In this context, and with particular reference to the group's strategy, the main risk factors include: the risks posed by technological innovation for the switching to the use of electric technologies, and/or delay in the development of new technologies for the production, transport and storage of green hydrogen at competitive costs; the delay or absence of investments (infrastructure, projects, new acquisitions) as a result of uncertainties relating to operational, financial, regulatory, authorisation, competitive and social factors; and the failure to develop the hydrogen market with respect to the value chain that should drive the infrastructure. Finally, it must be considered that the uncertainty of the still evolving regulatory plan slows down the creation of projects and the disbursement of financing for hydrogen production.

These factors may affect the achievement of the development objectives of the above-mentioned activities and, more generally, the opportunity for Snam to benefit from the new energy transition mega-trends. In this regard, a further risk factor is emerging that concerns the even just partial achievement, by 2026, of the targets set in the Recovery and Resilience Plan, with potential repercussions on the development of hydrogen and its value chain, as well as the development of biomethane and LNG (particularly in the heavy transport sector).

Mitigation actions

The development and introduction of new technologies to achieve the development objectives for the energy transition activities pose a number of challenges for the group. In this context, specific initiatives have been identified and developed to respond to the urgency of tackling climate change. With regard to CCS, Snam participates in various working groups to ensure the application of this technology in the near future at European level, as it is considered essential to achieve EU targets.

With regard to the hydrogen value chain in particular, the study of the necessary technological developments related to the chemical and physical processes for its production requires special skills and knowledge to support research and development at both individual company and country level. The processes commonly used for the commercial production of hydrogen are: reforming of hydrocarbons and biogas (95%), a thermochemical conversion process, which requires conversion temperatures between 150° and 500°C with production of CO_2 equivalent to the hydrocarbon used; and electrolysis of water (4-5%).

In particular, the lack of expertise in alternative gas technologies to natural gas is a risk that can potentially be exacerbated by rapid changes in the external environment. To this end, the group has long been committed to the development of internal know-how, the in-sourcing of expertise through acquisitions and involvement in and promotion of institutional and association working groups devoted to hydrogen at national and international level.

At European level, it is also a member of Hydrogen Europe, and in Italy it is represented in the Italian Hydrogen and Fuel Cells Association – H2IT. The group's facilities and assets will also need to be ready to capture the opportunities arising from the development of alternative gases to natural gas.

The company is now engaged in verifying the full compatibility of its infrastructure with increasing quantities of hydrogen blended with natural gas, in addition to supporting the development of Italy's gas supply chain to encourage the use of hydrogen in a variety of sectors, from industry to transport. Almost all of Snam's pipelines are able to transport up to 100% of hydrogen based on ASME B31.12 regulations. Around 70% of the pipelines can transport pure hydrogen with no or limited reductions compared to the maximum operating pressure, while around 30% require more significant reductions. Particular attention is paid to using the machines in the operating thrust and compression units.

Cooperation with suppliers is testing theoretical conclusions on the readiness to transport new energy carriers (biomethane and hydrogen in varying volume percentages). Upgrades and replacement of obsolete machines are planned according to a philosophy of compatibility and readiness for new transport scenarios with New HYReady Units.

The development of the group's infrastructure is therefore aimed at making the use of programmable, low-impact fossil fuels more efficient, while also promoting the biomethane alternative and providing the necessary conditions to accommodate hydrogen. Italy can use hydrogen to its advantage both to achieve decarbonisation targets and to create new forms of industrial competitiveness, leveraging its manufacturing potential and its expertise in the natural gas supply chain. This is why it is essential to build partnerships to promote the development of operators along the hydrogen value chain and to also participate in working groups to enable Snam to take the lead in advocacy and awareness-raising in favour of the use of hydrogen as a key energy source for decarbonisation both in Italy and internationally.

To date, the group has reached agreements with several companies to promote the growth of all phases of the hydrogen value chain, with a focus on pilot projects to increase the production and use of hydrogen, through strategic partnerships in hard-to-abate industries (e.g. steel mills, refineries, other energy-intensive industries, mobility..) and scouting for investment opportunities in innovative technologies (fuel cells, hydrogen production and storage).

FINANCIAL RISKS

Within the framework of corporate risks, the main financial risks identified, monitored, and, as specified below, managed by Snam, are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of default by a counterparty;
- liquidity risk arising from a lack of financial resources to meet short-term commitments.

With regard to the risk of exposure to changes in exchange rates, due to the current circumstances, at present the Snam group's exposure is small with regard to transaction risk, while it still has exposure to translation risk in relation to several foreign subsidiaries that prepare their financial statements in currencies other than the euro. For the time being, it has been decided not to adopt specific hedging policies for these exposures. In this regard, it should be noted that the effects of exchange rate differences arising from the difference in translation into the presentation currency (euro) of the functional currencies of these companies are recognised in the statement of comprehensive income.

Below, a description is provided of Snam's policies and principles for the management and control of financial risks, according to the approach required by IFRS 7 – Financial Instruments: Disclosures.

Interest rate risk

Interest rate risk relates to fluctuations in interest rates, which may affect the market value of the company's financial assets and liabilities and the level of net financial charges.

Snam's objective is to optimise interest rate risk whilst pursuing the objectives set out in its Financial Plan.

The Snam group has adopted a centralised organisational model. Under this model, Snam's business units cover their financial requirements through recourse to the financial markets and use funds in line with the approved objectives, ensuring that the risk profile is kept within set limits.

As at 31 December 2022, the Snam group used external financial resources through bond issues and bilateral and syndicated loan agreements with banks and other Financial Institutions, in the form of medium- and long-term loans and credit facilities at interest rates indexed to benchmark market rates — in particular the Europe Interbank Offered Rate (Euribor) — or at fixed rates. As at 31 December 2022, exposure to interest rate risk, considering outstanding hedges, amounted to approximately 20% of total group exposure (28% at 31 December 2021). As at 31 December 2022, Snam held Interest Rate Swaps (IRSs), for an overall notional amount of 106 million euro, hedging a floating-rate bond maturing in 2024.

While the Snam group has put in place a proactive risk management policy, the rise in interest rates relating to floating-rate debt not hedged against interest rate risk might have adverse impacts on the Snam group's business and balance sheet and cash flow situation. Although the Snam group's exposure to changes in interest rates is limited to 20% of the group's total exposure and is fully linked to the Euribor rate, a change in the method of calculating the Euribor rate and any related fallback clauses that may be introduced, could result in the need for the Snam group to amend the financial agreements affected by the change and/or the management of future cash flows.

Information is provided below on the impacts on equity and net income (loss) for the financial year as at 31 December 2022 of a hypothetical positive and negative change of 10 basis points (bps) in the interest rates applied during the financial year:

	31/12/2022			
	Income (loss) for the period		Equity	
(million of euro)	Interest +10 bps	Interest -10 bps	Interest +10 bps	Interest -10 bps
Floating-rate loans				
Effect of the change in interest rate	(3)	3		
Floating-rate loans converted into fixed-rate loans through IRS				
Effect of the change in interest rate on the fair value of hedging derivatives pursuant to IAS 39 - effective portion (*)				
Effect on the pre-tax result	**(3)**	**3**		
Tax effect	1	(1)		
TOTAL EFFECT	**(2)**	**2**		

(*) The change in interest rate has no impact on the income statement. Therefore, the change in the fair value of hedging derivatives resulting from the interest rate decrease affects only equity.

Credit risk

Credit risk is the company's exposure to potential losses arising from a counterparty defaulting on its obligations. The non-payment or delayed payment of any amounts due may negatively impact Snam's performance and financial balance. With respect to the risk of counterparty default in commercial agreements, credit management is the responsibility of Snam's business units and of its centralised functions in charge of debt collection and dispute management.

Provisions for the impairment of trade receivables reflect the value of expected losses over the life of the receivables and are allocated using the expected credit loss model or on a specific basis for receivable accounts that show distinct elements of risk.

As regards the regulated activities, which currently account for almost all its business, Snam provides its business services to 230 gas sector operators. The top 10 operators represent approximately 67% of the whole market (Eni, Edison and Enel Global Trading hold the top three positions in the ranking). The rules governing the customers' access to the services offered are established by the Authority and are provided for in the Network Codes, which set out, for each type of service, the duties and responsibilities of the parties selling and providing the services, as well as the contractual clauses that significantly reduce the risk of non-compliance by customers. The Codes provide for the issue of guarantees covering the obligations undertaken. In specific cases, the issue of said guarantees can be mitigated when the customer has a credit rating issued by a major international rating agency. The regulatory framework also provides for specific clauses to guarantee the neutrality of the Balancing activity operator, a role held by Snam Rete Gas as a major transmission service operator since 1 December 2011. More specifically, the current balancing rules require that, on a cost-effective basis, Snam focuses primarily on purchases and sales on the GME balancing platform to guarantee the resources needed for safe and efficient transport of gas from the feed points to the draw points, to ensure the constant balance of the network.

With regard to non-regulated activities, which will become increasingly significant over the plan period, the company, through its centralised functions, carries out a prior analysis of the financial soundness of the counterparties in order to minimise this risk.

The maximum exposure to credit risk for Snam at 31 December 2022 is the carrying value of the financial assets shown in its financial statements as trade receivables and other receivables.

The breakdown of trade receivables and other receivables by age is shown below, with an indication of their gross value and the value net of the bad debt provision:

(million of euro)	Trade receivables	Other receivables	31/12/2022	Trade receivables	Other receivables	31/12/2021
Non-overdue and non-impaired receivables	3,686	370	4,056	2,412	602	3,014
Overdue and non-impaired receivables:	558		558	317		317
– 0-3 months overdue	345		345	116		116
– 3-6 months overdue	60		60	54		54
– 6-12 months overdue	23		23	8		8
– more than 12 months overdue	130		130	139		139
Total	**4,244**	**370**	**4,614**	**2,729**	**602**	**3,331**

Changes in the allowance for doubtful accounts are shown below:

	Provision for impairment losses			
(million of euro)	31/12/2021	Provisions	Utilisation for excess	31/12/2022
Trade receivables	85	18	(3)	100
Total	**85**	**18**	**(3)**	**100**

The net carrying value of trade receivables past-due at 31 December 2022 and not written down, amounting to 558 million euro, mainly refers to trade receivables held by companies engaged in regulated businesses, specifically: (i) the transport sector (442 million euro), primarily in relation to receivables due from customers relating to balancing and settlement service items, which qualify for the neutrality mechanisms envisaged by the current regulatory framework; and (ii) the storage sector (77 million euro), primarily linked to VAT invoiced to users for the use of strategic gas supplies unduly drawn and not reinstated by them within the terms set forth by the Storage Code in 2010 and 2011. As contemplated by laws in force, VAT adjustment notes can only be issued at the end of insolvency proceedings and enforcement procedures that prove unsuccessful.

Below is a description of the debt collection action pursued against certain users of the transport and balancing system and of the storage system.

Debt collection action pursued against certain users of the transport and balancing system

The balancing service ensures the security of the network and the correct allocation of costs on market operators. Balancing is intended in both a physical and commercial sense. The physical balancing of the network consists of dispatch operations through which Snam Rete Gas controls gas flow parameters (flow rate and pressure) in real time to ensure the safe and efficient transport of gas from feed points to draw points. The commercial balancing of the network consists of the necessary operations for the correct planning, accounting and allocation of transported gas, along with a remuneration system that incentivizes users to balance the quantities of gas they feed into the network with the quantities they withdraw.

In accordance with the balancing system introduced by resolution ARG/gas 45/11 and in force since 1 December 2011, Snam Rete Gas, in its capacity as Balancing Operator, is required to procure the amounts of gas required to balance the system and offered on the market by Users through a dedicated Energy Market Operator platform. As such, it sees to the clearing of individual imbalances through the purchase and sale of gas at the benchmark unit price (principle of economic merit). The company is also required to collect from any defaulting users the amounts paid to clear their imbalances.

Receivables not collected, relating to the period from 1 December 2011 to 23 October 2012

The regulatory framework initially set out by the Authority in resolution ARG/gas 155/11 envisaged the obligation for users to provide specific guarantees to cover their exposures, for which, in the event that Snam Rete Gas diligently provided the service and was unable to recover the costs incurred, said costs would be recouped through a price set by the Authority.

In the subsequent resolution 351/2012/R/gas[96], the Authority approved the application of a variable unit price (CVBL) to cover the receivables not collected, envisaging an instalment plan for the costs to be recouped of no less than 36 months, with a maximum monthly payment of 6 million euro.

[96] Said resolution was annulled by the Regional Administrative Court of Milan in its ruling No. 1587/2014, concerning the obligation of users to pay the CVBL price of 0.001 €/Scm commencing as of 1 October 2012. Moreover, resolution 372/2014/R/gas revised the coefficient, setting it at the same price of 0.001 €/Scm.

The Authority later opened a fact-finding investigation into the methods for the provision of the balancing service in the period spanning 1 December 2011 to 23 October 2012[97]. The investigation was then closed by the Authority by resolution 144/2013/E/gas of 5 April 2013. On the same date, the Authority: (i) started up a procedure to determine the share of the costs arising from the uncollected receivables to be recouped by the gas balancing operator, for the period 1 December 2011-23 October 2012; and (ii) initiated six sanctioning proceedings aimed at investigating violations in the balancing service for natural gas.

In relation to point (i) above, the procedure was closed by resolution 608/2015/R/gas, in which the Authority decided not to recognize a portion of the uncollected receivables relating to the specific matters under investigation, without prejudice to the right of Snam Rete Gas to withhold any amounts receivable in relation to balancing service costs that had already been collected. The company appealed against resolution 608/2015/R/gas to the Regional Administrative Court of Milan, which partially upheld the appeal lodged by the company in its ruling No. 942/2017. Both the company and the Authority lodged partial appeals against the ruling. The ruling was later upheld by the Council of State in its ruling No. 1630/2020.

During the aforementioned investigation period, Snam Rete Gas started up debt collection action to recover amounts receivable in relation to balancing service and transport service costs, after having terminated the transport contracts of the six users involved in the aforementioned sanctioning procedures, on the grounds of default or breach of the obligations binding under industry regulations and the Network Code governing balancing operations.

Snam Rete Gas obtained the issue of eleven provisionally enforceable injunction orders by Judicial Authorities, six of which referred to amounts receivable in relation to the balancing service and five referred to amounts receivable in relation to the transport service[98], on the basis of which enforcement action was initiated. Said action recovered only a negligible part of the total outstanding debt of the users, also considering the insolvency proceedings filed by the users in question.

Specifically, at the date of this report:
- five users have been declared bankrupt. In relation to all five of these users, Snam Rete Gas obtained admission to the list of claims for the entire amounts receivable, plus interest. In one of the bankruptcy proceedings, an arrangement approved by the majority of creditors was filed; following the final distribution of assets, the bankruptcy procedures were closed. Another, second procedure was also closed following the approval and execution of the final distribution of assets.
- one user filed a request for a voluntary arrangement with creditors, with the Judicial Authority handing down its ruling approving the arrangement.[99]

Receivables not collected subsequent to 23 October 2012

In 2013, another two transport contracts were terminated and Snam Rete Gas applied for *ex parte* proceedings, obtaining three injunction orders for receivables not collected — two in relation to the balancing service and one in relation to the transport service. Appeals brought by both users were rejected, consolidating Snam Rete Gas's creditor claims. The enforcement procedures led to the recovery of a negligible amount of the total outstanding debt of the users, both of which were later declared bankrupt. Snam Rete Gas duly lodged its creditor claims in the insolvency proceedings against the users. In both cases, the insolvency proceedings led to the recovery of only a small part of the total outstanding debt of the bankrupt users.

In 2014, another transport contract was terminated. The debt collection actions initiated by Snam Rete Gas obtained two provisionally enforceable injunction orders, one referring to amounts receivable in relation to the balancing service and one in relation to the transport service. After the user was declared bankrupt, Snam Rete Gas obtained admission to the list of claims for the entire amount receivable, plus interest.

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97 The period targeted by the fact-finding investigation, initially limited to 1 December 2011–31 May 2012, was later extended to 23 October 2012.

98 Some of the injunction orders were appealed against by the users affected. Specifically, in addition to requesting the suspension of provisional enforcement and the revocation and/or declaration of nullity, annullability and/or lack of effect of the injunction orders, three of the users filed counterclaims against Snam Rete Gas for damages they alleged to have suffered. The proceedings initiated by these users were cancelled, resulting in the dismissal of the counterclaims and the injunction orders becoming final.

99 An appeal was brought against the approval ruling to the Turin Court of Appeal, which upheld the application, for which another appeal was lodged with the Supreme Court of Cassation. The second appeal was later rejected by the court.

Finally, in 2015, another transport contract was terminated. The debt collection actions initiated by Snam Rete Gas obtained two provisionally enforceable injunction orders against the user, one referring to amounts receivable in relation to the balancing service and one in relation to the transport service. The user was later declared bankrupt and Snam Rete Gas duly lodged its creditor claim in the relative insolvency proceedings. Given the insolvency of the bankrupt user, the insolvency proceedings did not lead to the recovery of the amounts.

As effectively acknowledged in the provisionally enforceable injunction orders obtained from Judicial Authorities, Snam Rete Gas acted with propriety and in accordance with the provisions of the transport contract, the Network Code and, more generally, with applicable laws and regulations.

Finally, we report that preliminary investigations led the Public Prosecutor's Office at the Milan Court, on 12 February 2016, to order the urgent precautionary seizure of assets and property belonging to companies variously linked to five of the users mentioned above. In May 2017, the investigation was closed and the companies were charged with criminal conspiracy to commit aggravated fraud against Snam Rete Gas. At the preliminary hearing on 19 December 2018, the Judge accepted the application by Snam Rete Gas to join a civil law claim for damages to the criminal proceedings. The Court granted the application for measures of inquiry and opened the hearing to oral arguments.

Criminal prosecution is currently pending in the trial stage, following the conclusion of oral arguments. The hearing is now adjourned until 15 February 2023, for any rejoinders and the final ruling of the Court.

The criminal proceedings originated from a complaint/lawsuit (and subsequent integrations) brought by Snam Rete Gas as the offended party in October 2012 in relation to the crimes of malicious falsehood and aggravated fraud.

Debt collection action pursued against users of the storage system

Strategic storage supplies withdrawn by three users, invoiced by Stogit, and drawn but not reinstated by the user within the terms set forth by the Storage Code

Following the withdrawal of strategic storage supplies by a user in 2010, Stogit initiated debt collection action, obtaining an injunction order whose provisional enforceability was confirmed in the appeal brought by the counterparty. Appropriate enforcement action was consequently taken.

After the further withdrawal and failure to reinstate strategic gas supplies in the first quarter of 2011, Stogit applied for and obtained a second provisionally enforceable injunction order for the additional amounts receivable.

Urgent legal action was also initiated for the reinstatement of all the gas supplies unduly drawn, which ended with the sentencing of the debtor, whose subsequent application for interim measures was rejected.

In 2012, said user and another two users (similarly in default with Stogit) applied for voluntary arrangement proceedings, in which Stogit duly lodged its creditor claims.

Later, following a sub-proceeding for the cancellation of the arrangement, the Asti Court declared two of the aforementioned users bankrupt. In both cases, Stogit obtained admission to the list of claims.

The voluntary arrangement procedure involving the third user is still pending, after one of the creditors appealed against the validation of the arrangement. The appeal was upheld by the Turin Court of Appeal and is now pending before the Court of Cassation.

Strategic storage supplies withdrawn by one user, invoiced by Stogit, and drawn but not reinstated by the user within the terms set forth by the Storage Code, attributable to the natural gas years 2010-2011 and 2011-2012

Stogit filed a lawsuit with the Milan Civil Court to obtain a provisionally enforceable injunction order of payment against a user, pursuant to Article 186-*ter* of the Civil Code.

At present, following the partial reinstatement of gas supplies after legal action was initiated, around 23.6 million Scm of supplies remain to be reinstated to Stogit. Appropriate enforcement action was therefore taken by Stogit. The Rome Court subsequently declared the user bankrupt and Stogit obtained admission to the list of claims in the relative insolvency proceedings.

Strategic storage supplies withdrawn by one user, invoiced by Stogit, and drawn but not reinstated by the user within the terms set forth by the Storage Code, attributable to the months of October and November 2011

Stogit filed a lawsuit with the Milan Civil Court to obtain a provisionally enforceable injunction order of payment against a user for the undue withdrawal of gas supplies, of which around 56.0 million Scm remain to be reinstated to Stogit.

Pending the decision of the court, the Rome Court declared the user bankrupt. As such, the Milan Civil Court ruled to discontinue the lawsuit and Stogit lodged its creditor claim in the relative insolvency proceedings, which resulted in a final distribution of assets. In 2020, with the closure of the insolvency proceedings, no amounts were liquidated to the company.

Liquidity risk

Liquidity risk is the risk that, due to the inability to raise new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company may be unable to fulfil its payment commitments, resulting in an impact on income if the company is forced to sustain additional costs to meet such commitments or, as an extreme consequence, in a condition of insolvency that puts the continuation of company business at risk.

Snam's Risk Management goal is to implement, in its financial plan, a financial structure that, in line with business objectives, guarantees an adequate level of liquidity for the group, minimising opportunity cost and maintaining an optimal profile in terms of debt maturity and composition.

The financial market is characterised by an increasing availability of sources of funding for companies that are able to improve the environmental impact of their investments. The interest of investors is linked and subject to the ability of these companies to achieve specific environmental sustainability goals.

With a view to ensuring the proper management of the liquidity risk, the diversification of sources of funding, including through use of sustainable financial instruments, is therefore vital to ensure that companies have wide access to financial markets at competitive conditions, with resulting positive effects on their financial position and performance of operations.

Likewise, Snam's failure to meet the KPIs for ESG — within the scope of the group's general goal to make its business more sustainable over the medium-long term — could in future result in higher borrowing costs or lack of access to certain sources of funding.

The mitigation of this risk is further aided by Snam's strong focus on ESG issues, which traditionally form an important and structured part of its business strategy.

In line with this approach, in 2018 Snam converted syndicated credit facilities worth 3.2 billion euro into a sustainability-linked loan, which at the time was the third largest sustainability-linked loan in the world and the largest by a gas utility. The loan includes bonus / *malus* mechanisms subject to meeting specific KPIs for ESG (Environment, Social, Governance). In addition, Snam issued: (i) in February 2019, its first Climate Action Bond worth 500 million euro; (ii) between 2020 and 2021, a Transition Bond worth 2,350 million euro; (iii) in January 2022, an inaugural dual-tranches Sustainability-Linked Bond (SLB) worth 1.5 billion euro, the economic performance of which is tied to the delivery of a number of sustainability-linked targets; and (iv) in November 2022, an inaugural EU Taxonomy-Aligned Transition Bond worth 300 million euro. The bonds will finance investments in environmental sustainability and energy transition, while the yields on the SLB are tied to the achievement of methane and CO_2 emission reduction targets. It should be noted that the issuance in January 2022 was associated with a Liability Management action that led to the repurchase of 350 million euro of bonds to proactively manage future debt maturities and accelerate the transition from plain vanilla bonds to sustainable finance instruments. During 2022, Snam negotiated with leading relationship banks: (i) a total of 1.2 billion euro of Revolving Credit Facilities (RCF), of which 1.1 billion euro is KPI-linked; (ii) 375 million euro of bank loans, of which 275 million euro was granted in the form of Green and KPI-linked loans; and (iii) a bank loan agreement for 1.5 billion euro with a maturity of 24 months. In addition, in 2020 Snam renewed its Euro Commercial Paper programme, increasing it from 2 billion euro to 2.5 billion euro and linking it to environmental and social sustainability objectives in line with sustainable loan criteria. The original EE rating of the programme by the ESG rating company Standard Ethics, reconfirmed in 2021, was upgraded to EE+ in 2022. Finally, in June 2021, Snam signed a loan agreement for a total of 150 million euro with the European Investment Bank (EIB) to support the group's residential and industrial energy efficiency projects. In particular, the agreement concerns initiatives totalling 200 million euro planned by the subsidiary TEP Energy Solutions, which mainly consist of energy upgrading of residential buildings and energy efficiency and decarbonisation measures for industrial activities, including the installation of photovoltaic panels. The loan features a framework loan structure that can be used in several tranches within a three-year period. Each tranche will have an overall maximum duration of 15 years. As at 31 December 2022, the line was drawn down by approximately 110 million euro. As noted with regard to interest rate risk, the company has accessed a large range of funding sources through the credit system and the capital markets (bilateral contracts, syndicated loans by major national and international banks, loan agreements funded by the European Investment Bank - EIB, bonds and Commercial Papers).

Snam's objective is to maintain a balanced debt structure, in terms of subdivision into bonds and bank loans and in terms of availability of committed bank loan facilities, in line with Snam's business profile and regulatory framework.

As at 31 December 2022, Snam had unused long-term committed credit facilities totalling approximately 5.9 billion euro, of which: (i) 4.65 million euro in pooled credit lines; (ii) a total of 1.2 million euro of Revolving Credit Facilities (RCF); and (iii) approximately 40 million euro under the framework loan signed with the EIB in June 2021. As at 31 December 2022, Snam had a Euro Medium Term Notes (EMTN) programme for an overall maximum nominal value of 13 billion euro, used for approximately 9.5 billion euro, as well as a Euro Commercial Paper (ECP) Programme for an overall maximum nominal value of 2.5 billion euro, used at 31 December 2022 for 1,130 million euro.

Snam's cash and cash equivalents mainly refer to current accounts and promptly collectable bank deposits.

The group's main long-term financial debt instruments contain covenants typically used in international practice, which include negative pledge and *pari passu* clauses. Failure to comply with these clauses or the occurrence of other events, e.g. cross-default events, may result in Snam's failure to comply and could trigger the early repayment of the related loan, resulting in additional costs and/or problems of liquidity. These commitments do not include covenants requiring compliance with economic and/or financial ratios.

Among the factors that determine the risk perceived by the market, the credit rating, assigned to Snam by the rating agencies, plays a decisive role because it affects the company's ability to access sources of funding and the related financial conditions. A deterioration of this credit rating could therefore limit access to the capital market and/or result in an increase in the cost of sources of funding, with consequent adverse effects on the group's earnings, cash flows and financial position.

Snam's long-term rating is: (i) Baa2 with a negative outlook, confirmed on 6 September 2022 by Moody's Investors Services; (ii) BBB+ with a stable outlook, confirmed on 6 February 2023 by Standard & Poor's Global Rating ("S&P"); (iii) BBB+ with a stable outlook, confirmed on 16 February 2023 by Fitch Ratings ("Fitch"). Snam's long-term rating by Moody's, Fitch and Standard & Poor's is one notch above that of the Italian Republic. Based on the methodology adopted by Moody's and S&P, the downgrade by one notch of the Italian Republic's current rating would trigger a likely equivalent downgrade of Snam's current rating. In this regard, on 30 September 2022 Moody's confirmed its country rating and negative outlook for Italy, which it had revised downwards on 5 August 2022, leading to the downgrading of Snam's outlook to negative on 9 August 2022. On 26 July 2022, S&P revised its outlook for Italy down from positive to stable, with the same downgrade announced for Snam on 29 July 2022. The Rating Agencies are due to announce their next country reviews for Italy on 21 April 2023 for S&P, 12 May 2023 for Fitch and 19 May 2023 for Moody's.

Snam's short-term rating - used in the context of its Commercial Paper programme - is P-2 for Moody's, A-2 for S&P and F2 for Fitch.

Although the Snam group enters into transactions with diversified counterparties of high credit standing based on a risk management policy and the constant monitoring of their credit risk, the default by any counterparty or the difficulty of liquidating assets on the market may have adverse impacts on the Snam group's business and financial position and performance.

The table below shows the schedule of contractual repayments of financial payables, including interest payments, and derivative liabilities:

(million of euro)	31/12/2021	31/12/2022	Share within 12 months	Share after 12 months	2024	2025	2026	2027	Over
Bank loans	3,695	2,851	618	2,233	721	237	152	227	896
Bonds (*)	8,785	9,459	718	8,741	1,171	1,267	1,550	553	4,200
Euro Commercial Paper (ECP)	2,503	1,130	1,130						
Lease liabilities	20	33	7	26	6	5	5	2	8
Interest on loans	354	803	147	656	132	111	96	70	247
Financial liabilities	**15,357**	**14,478**	**2,622**	**11,656**	**2,030**	**1,620**	**1,803**	**1,052**	**5,351**
Forward start derivative instruments (**)									
Derivative liabilities									
TOTAL	**15,357**	**14,478**	**2,622**	**11,656**	**2,030**	**1,620**	**1,803**	**1,052**	**5,351**

(*) Future payments include the cash flow generated by hedging derivatives.
(**) The future payments are calculated as at the Mandatory Early Termination Date.

Financial covenants and negative pledge contractual clauses

As at 31 December 2022, Snam had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions (excluding residual bank borrowings amounting to 18.0 million euro relating to subsidiaries scoped into consolidation during the first half of 2022 and engaged in the Biogas/Biomethane business). Some of these agreements include, *inter alia*, compliance with typical international practice commitments, some of which are subject to specific materiality thresholds, such as, for example: (i) negative pledge commitments pursuant to which Snam and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; (iii) limitations on certain extraordinary transactions that the Company and its subsidiaries may carry out; and (iv) limits on the debt of subsidiaries. Failure to comply with these covenants, and the occurrence of other events such as cross-default events could result in Snam's failure to comply and, possibly, trigger the early repayment of the related loan. Exclusively for the EIB loans, the lender has the option to request additional guarantees if Snam's credit rating is lower than BBB (Standard & Poor's/Fitch Ratings Limited) or Baa2 (Moody's) for at least two of the three ratings agencies. The occurrence of one or more of the aforementioned scenarios could have negative effects on Snam group's operations, results, balance sheet and cash flow, resulting in additional costs and/or liquidity issues. As at 31 December 2022, the financial debt subject to these restrictive clauses amounted to approximately 3 billion euro.

Bond loans issued by Snam as at 31 December 2022, with a nominal value of approximately 9.5 billion euro, referred to securities issued under the Euro Medium Term Notes programme. The covenants established for the programme's securities are typical of international market practice and consist of, *inter alia*, negative pledge and *pari passu* clauses. Specifically, under the negative pledge clause, Snam and its material subsidiaries are subject to limitations to pledging or maintaining encumbrances on all or part of their assets or proceeds to guarantee present or future debt, unless this is explicitly permitted.

ITALGAS GROUP

The main risks subject to analysis and monitoring by the Italgas group are detailed below.

FINANCIAL RISKS

Interest rate risk

Interest rate fluctuations affect the market value of the company's financial assets and liabilities and the level of net financial charges.

Any increase in interest rates not included wholly or partly in the regulatory WACC could have negative effects on the business, financial position and results of the Italgas group for the variable component of the outstanding debt and for future loans.

Italgas' aim is to maintain a fixed-to-floating rate debt ratio that minimises the risk of a rise in interest rates.

At 31 December 2022, 9.2% of the financial debt was carried at a floating rate and 90.8% was carried at a fixed rate.

Fixed-rate financial liabilities amounted to 5,940.6 million euro and consisted mainly of bonds (4,483.7 million euro), four EIB loans (846.1 million euro), bank loans (504.0 million euro) and financial liabilities pursuant to IFRS 16 (72.0 million euro) and payables to other lenders (34.8 million euro).

Variable-rate financial liabilities amounted to 605.0 million euro, an increase of 139.0 million euro compared to 31 December 2021 following the consolidation of bank loans subscribed by DEPA Infrastructure group companies (245.0 million euro), partially offset by a lower use of bank lines by Italgas S.p.A.

Except for the EIB loan for a nominal amount of 90 million euro taken out by Toscana Energia and some loans entered in by DEPA Infrastructure subsidiary companies prior to the acquisition, as at 31 December 2022 there are no financing contracts containing financial covenants and/or backed by collateral.

Some of these contracts provide, *inter alia*, for the following: (i) negative pledge commitments pursuant to which Italgas and its subsidiaries are subject to limitations on pledging as collateral or placing other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; and (iii) limitations on certain non-recurring transactions that the company and its subsidiaries may carry out. At 31 December 2022, these commitments had been met.

Credit risk

Credit risk is the exposure to potential losses arising from a counterparty defaulting on its obligations. The non-payment or delayed payment of any amounts due may negatively impact the performance and financial situation of Italgas.

The rules governing customers' access to the services offered are established by the relevant regulatory Authority and are provided for in Network Codes, i.e. in documents that set out, for each type of service, the rules that govern the rights and obligations of the parties providing the services and specify the contractual clauses that reduce the risk of non-compliance by customers, such as the issue of demand bank or insurance guarantees.

In addition, in order to manage credit risk, the group has defined procedures for the monitoring and assessment of its customer portfolio. The reference markets are the Italian and Greek markets.

As at 31 December 2022, no significant credit risks had been identified. On average: (i) in Italy, 98.4% of trade receivables related to gas distribution are paid on the expiry date, and over 99.7% within the following 4 days, (ii) in Greece, 83.2% of trade receivables related to gas distribution are paid on the expiry date, and over 90.8% within the following 4 days, confirming the absolute reliability of its customers.

It cannot be ruled out that Italgas could incur liabilities and/or losses due to its customers' failure to discharge their payment obligations.

Trade receivables (315.7 million euro as at 31 December 2022 and 388.6 million euro as at 31 December 2021), which are included in Other assets in the CDP Group's consolidated financial statements (Item 130 of assets), decreased by 72.9 million euro, mainly due to the reduction in receivables from sales companies (-232.8 million euro), trade receivables from customers (-31.9 million euro) and for the deconsolidation of Gaxa (-16.1 million euro) partially offset by the higher "Super/Ecobonus" credits (114.5 million euro), receivables from CSEA predominantly relating to the equalisation balance (61.5 million euro) and the first consolidation of DEPA Infrastructure (28.1 million euro).

Receivables are shown net of the bad debt provision (16.7 million euro as at 31 December 2022 and 15.6 million euro as at 31 December 2021). Changes in the bad debt provision during the year are shown below:

	Provision for impairment losses					
(thousands of euro)	31/12/2021	Changes in consoli-dation area	Provisions	Utilisation	Other changes	31/12/2022
Trade receivables	15,643	183	8	(350)	(108)	15,376
Other receivables		405			961	1,366
TOTAL	**15,643**	**588**	**8**	**(350)**	**853**	**16,742**

The maturities of trade receivables and other receivables are shown below:

(thousands of euro)	Trade receivables	Other receivables	31/12/2022	Trade receivables	Other receivables	31/12/2021
Non-overdue receivables	227,483	821,964	1,049,447	364,628	199,484	564,112
Overdue receivables:	88,225		88,225	23,986		23,986
– 0-3 months overdue	47,713		47,713	5,575		5,575
– 3-6 months overdue	12,314		12,314	1,375		1,375
– 6-12 months overdue	18,768		18,768	2,438		2,438
– more than 12 months overdue	9,430		9,430	14,598		14,598
TOTAL	**315,708**	**821,964**	**1,137,672**	**388,614**	**199,484**	**588,098**

Past-due receivables, amounting to 88.2 million euro, mainly include receivables from end users for gas and water supply (27.4 million euro) and ESCo services customers (64.3 million euro).

Liquidity risk

Liquidity risk is the risk that, due to the inability to raise new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company may be unable to fulfil its payment commitments, resulting in an impact on income if the company is forced to sustain additional costs to meet such commitments or, as an extreme consequence, in a condition of insolvency that puts the continuation of company business at risk.

Italgas does not expect significant negative impacts, considering the following: (i) the Company has available cash at leading banks amounting to about 451.9 million euro at 31 December 2022 which, also in light of the investment plans in place and the operations envisaged in the short term, would allow it to manage, without significant material effects, any restrictions on access to credit; (ii) the next repayment of a bond loan is scheduled for 2024 for which there are no short-term refinancing needs; (iii) the bonds issued by Italgas at 31 December 2022, under the Euro Medium Term Notes Programme, do not require compliance with covenants relating to financial statement figures.

The financial objective of Italgas is to set up a financial structure that, consistently with its business goals, will guarantee an adequate level for the group in terms of duration and composition of the debt. That financial structure will be realised by monitoring certain key indicators, such as the ratio between debt and RAB, the ratio between short-term and medium-/long-term debt, the ratio between fixed-rate and floating-rate debt, and the ratio between firm commitment bank credit and used bank credit.

The table below shows the schedule of contractual repayments of financial payables, including interest and undiscounted payments:

(thousands of euro)	31/12/2021	31/12/2022	Share within 12 months	Share after 12 months	2024	2025	2026	2027	Over
Bank loans	1,337,736	1,741,660	67,748	1,673,912	566,617	317,967	78,673	78,480	632,175
Bonds	4,591,521	4,728,517	49,993	4,678,524	380,916	497,262		31,925	3,768,421
Short term liabilities	383,266	3,125	3,125						
Interest on loans			54,435	276,380	43,382	43,295	38,913	37,575	113,215
Lease liabilities	69,998	72,048	21,571	50,477	16,921	14,557	9,004	6,924	3,071
Interest on lease liabilities			321	540	214	140	89	53	44
FINANCIAL LIABILITIES	**6,382,521**	**6,545,350**	**197,194**	**6,679,833**	**1,008,050**	**873,221**	**126,679**	**154,957**	**4,516,926**

Loans from banks and bonds of Italgas contribute to the balances related to financial liabilities measured at amortised cost in the CDP Group's consolidated financial statements, under items 10a and 10c of liabilities.

The long-term financial payables, whose carrying value totalled 6,318 million euro, show a fair value of 5,569 million euro as at 31 December 2022. In this regard, it is noted in particular that the market value of the bonds is classified in level 1 of the fair value hierarchy, since they are financial instruments listed in an active market, and that their value is estimated based on market prices as at 31 December 2022. The carrying amount of short-term financial payables is close to their fair value, taking into account the limited time interval between the liability arising and its maturity.

Rating risk

With reference to Italgas' long-term debt, on 9 August 2022 the rating agency Moody's confirmed Italgas' long-term creditworthiness at Baa2, reviewing the Outlook from stable to negative, reflecting Italgas' exposure to the pressures that accompany a deterioration in the quality of sovereign credit, in view of the fact that its activities are essentially concentrated in Italy.

On 23 September 2022, Moody's confirmed Italgas' long-term creditworthiness at Baa2, Negative Outlook.

On 29 November 2022, Fitch Ratings (Fitch) confirmed Italgas' long-term creditworthiness, equal to BBB+ with a Stable Outlook.

Based on the methodologies adopted by the rating agencies, a downgrade by one notch of the Italian Republic's current rating could trigger a downgrade in Italgas' current rating, which in turn could have impacts on the future cost of debt.

Default risk and debt covenants

At 31 December 2022, there were no loan agreements containing financial covenants and/or secured by collateral, except for the EIB loan taken out by Toscana Energia and some loans entered into by the subsidiaries of DEPA Infrastructure prior to the acquisition, which require compliance with particular financial covenants. Some of these contracts provide, *inter alia*, for the following: (i) negative pledge commitments pursuant to which Italgas and its subsidiaries are subject to limitations on pledging as collateral or placing other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; and (iii) limitations on certain non-recurring transactions that the company and its subsidiaries may carry out. At 31 December 2022, these commitments had been met.

The bonds issued by Italgas as at 31 December 2022 as part of the Euro Medium Term Notes programme provided for compliance with covenants that reflect international market practices regarding, *inter alia*, negative pledge and *pari passu* clauses.

The failure to meet the commitments accompanying these loans, and in certain cases only when that default is not remedied by the stipulated deadlines, and the occurrence of other events such as, for example, cross-default events, some of which are subject to specific materiality thresholds, result in defaults by Italgas and could cause the related loan to become immediately due.

As concerns EIB financing, the contracts contain a clause whereby, in the event of a significant loss of concessions, this must be notified to the EIB, leading to a consultation period after which the EIB may demand early repayment of the loan.

These cases are carefully monitored by the group in the context of financial management and business performance.

FINCANTIERI GROUP

FINANCIAL RISK MANAGEMENT

The key financial risks to which the Fincantieri group is exposed are credit risk, liquidity risk and market risk (particularly, exchange rate, interest rate and commodity risk).

The management of the aforementioned risks is co-ordinated by Fincantieri S.p.A., which assesses the implementation of suitable hedges in liaison with its Operating Units.

Credit risk

The Fincantieri group's receivables consist largely of receivables from private ship operators for work in progress, from the Italian Government for receivable grants and supplies to Italian military units, from the US Navy and the US Coast Guard, and from the Qatari Armed Forces Navy, for work in progress.

The Fincantieri group carries out checks on the financial soundness of its customers, including through information from the main credit risk assessment agencies, and constantly monitors counterparty risk, including during the order construction phase, reporting any issues to top management and assessing the actions to be taken on a case-by-case basis. The Fincantieri group also engages in constant dialogue with its customers, undertaking customer support actions where deemed useful for maintaining or increasing the order book.

Moreover, to place their orders, the Fincantieri group's customers often take out loans, which are guaranteed by a national export credit agency. This financing method gives the Fincantieri group the certainty that its customers will have the funds to meet their contractual obligations during ship construction and at delivery. The package of measures launched in support of cruise operators in response to the Covid-19 pandemic included a "debt holiday" on export loans granted by export credit agencies to shipowners, which suspended repayment of the principal instalments from 1 April 2020 to 31 March 2022 with consequent rescheduling of the repayment plan over the following five years. This facility was granted on condition that existing orders were confirmed.

Provision for onerous contracts is made when the order is acquired or when the costs expected to be incurred are updated when it becomes apparent that the costs required to complete the order exceed the economic benefit to be received under the contract. The provision for onerous contracts is recognised in the financial statements under the provisions for risks and charges.

The tables below show receivables by risk class and nominal value at 31 December 2022 and 2021, without considering any impairment for estimated losses.

	31/12/2022							
		Past due						
(thousands of euro)	Not yet due	0-1 month	1-4 months	4-12 months	Beyond 1 year	Gross total	Provision for impairment	Net total
Trade receivables:								
– from public entities	72,107	440	361	1,032	6,941	80,881		80,881
– indirectly from public entities (*)	2,085	118	457	15,919	2,460	21,039		21,039
– from private customers	260,823	56,591	36,412	157,356	153,515	664,697	(68,733)	595,964
– from associates and joint ventures	20,681	1,179	3,628	9,721	36,840	72,049		72,049
Total trade receivables	**355,696**	**58,328**	**40,858**	**184,028**	**199,756**	**838,666**	**(68,733)**	**769,933**
Other receivables:								
– form associates	79				723	802		802
– from the government and public entities for other grants	83,458					83,458		83,458
– from others	190,985	6,043			12,983	210,011	(23,338)	186,673
– from controlling companies (fiscal consolidation)	15,559					15,559		15,559
– from related parties								
– direct and indirect tax assets	91,712	5,527	277	177	905	98,598	(142)	98,456
Total other receivables	**381,793**	**11,570**	**277**	**177**	**14,611**	**408,428**	**(23,480)**	**384,948**
Contract work in progress	**3,085,159**					**3,085,159**		**3,085,159**
Financial receivables:								
– from associates and joint ventures	40,821				1,564	42,385		42,385
– from others	245,756	17				245,773	(17,257)	228,516
– Government grants financed by BIIS								
Total financial receivables	**286,577**	**17**			**1,564**	**288,158**	**(17,257)**	**270,901**
TOTAL	**4,109,225**	**69,915**	**41,135**	**184,205**	**215,931**	**4,620,411**	**(109,470)**	**4,510,941**
Advances, prepayment and accrued income								150,912
TOTAL								**4,661,853**

(*) This item includes receivables from customers that manage contracts ordered by Public Entities, which are thus the substantial debtors.

	31/12/2021							
		Past due						
(thousands of euro)	Not yet due	0-1 month	1-4 months	4-12 months	Beyond 1 year	Gross total	Provision for impairment	Net total
Trade receivables:								
– from public entities	4,054	198	304	1,386	15,237	21,179		21,179
– indirectly from public entities (*)	13,337	798		14,058	115	28,308		28,308
– from private customers	610,865	67,726	82,680	29,957	74,786	866,014	(62,386)	803,628
– from associates and joint ventures	68,090	812	918	7,703	4,928	82,451		82,451
Total trade receivables	**696,346**	**69,534**	**83,902**	**53,104**	**95,066**	**997,952**	**(62,386)**	**935,566**
Other receivables:								
– form associates				678		678		678
– from the government and public entities for other grants	60,357					60,357		60,357
– from others	180,080	91	46	27	19,972	200,216	(22,420)	177,796
– from controlling companies (fiscal consolidation)	2,339					2,339		2,339
– from related parties								
– direct and indirect tax assets	78,303	80			355	78,738	(142)	78,596
Total other receivables	**321,079**	**171**	**46**	**27**	**20,327**	**341,650**	**(22,562)**	**319,088**
Contract work in progress	**2,638,946**					**2,638,946**		**2,638,946**
Financial receivables:								
– from associates and joint ventures	49,978			1,564		51,542		51,542
– from others	326,936		421		15,694	343,051	(12,071)	330,980
– Government grants financed by BIIS								
Total financial receivables	**376,914**		**421**	**1,564**	**15,694**	**394,593**	**(12,071)**	**382,522**
TOTAL	**4,033,285**	**69,705**	**84,369**	**55,373**	**136,460**	**4,379,192**	**(97,019)**	**4,282,173**
Advances, prepayment and accrued income								167,342
TOTAL								**4,449,515**

(*) This item includes receivables from customers that manage contracts ordered by Public Entities, which are thus the substantial debtors.

Trade receivables, other receivables, assets for contract work in progress and advances, prepayments and accrued income of the Fincantieri group contribute to the balance of the other assets in the CDP Group's consolidated financial statements (asset item 130).

Financial receivables measured at amortised cost contribute to the asset item 40 in the CDP Group's consolidated financial statements, which relates to financial assets measured at amortised cost.

The receivables are shown net of bad debt provisions. These bad debt provisions are made by estimating the write-downs on doubtful receivables such as those subject to litigation and judicial and extra-judicial proceedings related to insolvency of the debtors. In addition, a "Provision for impairment of receivables for default interest" has been established for interest charged for payment delays on past-due receivables. The amount and changes in the provisions are detailed below:

(thousands of euro)	Provision for impairment of receivables	Provision for impairment of receivables for default interest	Provision for impairment of different receivables	Total
01.01.2021	**34,045**	**63**	**10,339**	**44,447**
Business combinations	13,908	77	523	14,508
Direct uses	(6,505)	50	(631)	(7,086)
Provisions/(absorptions)	20,671	(6)	3,614	24,279
Exchange rate differences	83		5	88
31.12.2021	**62,202**	**184**	**13,850**	**76,236**
Business combinations	(55)			(55)
Direct uses	(2,141)	(63)	(700)	(2,904)
Provisions/(absorptions)	7,384	1,308	868	9,560
Exchange rate differences	(86)			(86)
31.12.2022	**67,304**	**1,429**	**14,018**	**82,751**

Liquidity risk

Liquidity risk refers to the Fincantieri group's inability to repay its current financial and commercial liabilities or to meet unexpected cash needs caused by lower collections or higher outflows than expected.

In 2022, the Fincantieri group's net financial position, presented according to ESMA guidelines, showed a negative balance of 2,531 million euro (against a negative balance of 2,238 million euro in 2021.

The main debt items consist of outstanding loans with banks, current bank debt and commercial papers relating to working capital requirements and other current financial debts.

The Fincantieri group has a solid financial capacity with sufficient liquidity and credit lines that are adequately diversified in terms of duration, counterparty and technical form to meet its current financial needs.

As to Payables to suppliers for reverse factoring, these refer to agreements aimed at guaranteeing easier access to credit for suppliers and are based on contracts enabling suppliers to sell their receivables from the Fincantieri group to a lending institution and receive the amount before the due date. Moreover, the supplier may grant further extensions, agreed between the supplier and the Fincantieri group, with respect to the payment terms established in the invoice. The additional extensions granted may be either onerous or non-onerous and can be included within a range of between 0 and 280 additional days.

Payables to suppliers for reverse factoring at 31 December 2022 amount to 622 million euro and represent the value of the invoices sold by suppliers and formally recognised as liquid and collectable by the Fincantieri group and deferred at the reporting date based on further extensions granted by suppliers with respect to the normal contractual payment terms.

The liquidity risk associated with reverse factoring is to be considered low in consideration of: (i) the contractual agreements, which establish that in the event of cancellation of one or more factoring agreements, these must, by formal agreement between the parties, continue to operate for the existing contracts. Therefore, in addition to not being able to request immediate payment of the deferred amounts, the factors will also have to maintain the contractual relationships in place with the suppliers until their natural expiry date; (ii) the diversification achieved with the involvement of 10 different operators and with a concentration that does not exceed 31% of the value at the date. It should also be noted that the Fincantieri group's financial capacity at 31 December 2022, in relation to other forms of financing, is unused for 2.4 billion euro, of which 0.6 billion euro of cash and cash equivalents and 1.8 billion euro of unused credit lines.

The table below shows the contractual maturities of trade and financial liabilities, other than derivatives, calculated gross of interest which, according to the loans, may be fixed or floating.

	31/12/2022					
(thousands of euro)	On demand	Within 1 year	Between 1 and 5 years	Beyond 5 years	Contractual cash flows	Carrying amount
Liabilities included in "Current and non-current financial liabilities" (*)						
Financing and loans (**)	2,925	1,820,935	1,118,535	159,189	3,101,584	2,952,164
BIIS loans		417	1,090	39	1,546	1,519
Bonds and commercial papers		80,700			80,700	80,700
IFRS 16 lease liabilities	740	23,408	62,612	64,580	151,340	132,516
Other financial liabilities	1,000	37,540	12,481		51,021	52,030
Liabilities included in "Trade payables and other current liabilities"						
Payables to suppliers	507,219	1,560,921	3,523	52	2,071,715	2,071,715
Payables to suppliers for reverse factoring	11,386	610,590			621,976	621,976
Indirect tax liabilities	5,071	6,239	222		11,532	11,532
Other payables	10,150	317,036	9,754		336,940	336,940
Advances, accrued expenses and deferred income						51,425
Direct tax liabilities						
Direct tax liabilities	681	24,762			25,443	25,443
TOTAL	**539,172**	**4,482,548**	**1,208,217**	**223,860**	**6,453,797**	**6,337,960**

(*) Does not include the item "derivative liabilities".
(**) This item includes medium/long-term financial payables, on-demand amounts due to banks and construction loans.

	31/12/2021					
(thousands of euro)	On demand	Within 1 year	Between 1 and 5 years	Beyond 5 years	Contractual cash flows	Carrying amount
Liabilities included in "Current and non-current financial liabilities" (*)						
Financing and loans (**)	2,637	1,373,629	1,736,707	37,155	3,177,128	3,116,123
BIIS loans		267	894	117	1,278	1,259
Bonds and commercial papers		220,200			220,200	220,200
IFRS 16 lease liabilities	237	24,023	77,104	54,803	156,167	119,167
Other financial liabilities		76,350	33,500	292	110,142	102,820
Liabilities included in "Trade payables and other current liabilities"						
Payables to suppliers	210,059	1,670,663	16,141	21	1,894,884	1,894,884
Payables to suppliers for reverse factoring		593,260			593,260	593,260
Indirect tax liabilities	2,843	9,786			12,629	12,629
Other payables	9,138	338,432	9,877	2,267	359,714	359,714
Advances, accrued expenses and deferred income						56,412
Direct tax liabilities						
Direct tax liabilities	783	29,286			30,069	30,069
TOTAL	**225,697**	**4,335,896**	**1,901,223**	**94,655**	**6,557,471**	**6,510,537**

(*) Does not include the item "derivative liabilities".
(**) This item includes medium/long-term financial payables, on-demand amounts due to banks and construction loans.

The current and non-current financial liabilities of the Fincantieri group contribute to the CDP Group's consolidated financial statements under liability item 10, which relates to financial liabilities measured at amortised cost.

Liabilities included in trade payables and other current liabilities contribute, in the CDP Group's consolidated financial statements, to liability item 80, Other liabilities.

Market risk

The Fincantieri group's financial risks refer mainly to the risk that the fair value or future cash flows of assets/liabilities may fluctuate due to exchange rate changes affecting its commercial or financial transactions in foreign currency, to changes in market interest rates or to changes in the prices of raw materials.

In pursuing corporate objectives, the group does not intend to take on any financial risks. Where this is not possible, the Fincantieri group takes on such risks only if they are linked to its core business, neutralising their impact (where possible) through the use of hedging instruments.

In order to hedge exchange rate risk, apart from resorting to financial instruments, it may enter into loan agreements in the same currency as that of the sales agreement or establish cash deposits in the same currency as that used in supply agreements.

Commodity risk

The risk that changes in the price of raw materials will impact the production costs of the Fincantieri group. This risk may arise, for example, as a result of catastrophic events affecting the supply chain, as a result of changes in customs policies or international agreements in terms of import/export or as a result of temporary or structural supply-demand imbalances.

In order to prevent and protect against the impact of changes in raw material prices on production costs, risk exposure is continuously reviewed by monitoring price trends and implementing commercial (steel) or financial (copper and diesel) hedging policies where necessary and possible. The Fincantieri group takes into consideration foreseeable increases in the components of contract costs when determining the offer price and assesses the feasibility of risk sharing with customers. At the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components. Moreover, the market and the Authority's resolutions on electricity and gas are actively monitored in order to take advantage of the best conditions in a timely manner.

Exchange rate risk

Exposure to currency risk arises in connection with sales contracts denominated in foreign currency and with sourcing supplies in currencies other than the functional currency.

Exchange rate risk hedging transactions, for which the group makes use of forward contracts or option structures, are conducted with regard to the expected time horizon of foreign currency flows; whenever possible, receipts and payments in the same currency are netted.

Risk management aims at total coverage of receipts, but only focuses on larger amounts in payments.

Exchange rate risk was mitigated by using the financial hedging instruments mentioned above.

Sensitivity analysis

With regard to currency risk, the Fincantieri group has performed a sensitivity analysis, both including and excluding the effect of hedging derivatives, in order to estimate the impact on pre-tax profit of a reasonable variance in the principal exchange rates to which the Fincantieri group is most exposed against the functional currencies of Fincantieri S.p.A. and its subsidiaries (involving an appreciation/depreciation of the foreign currency against the functional one). The analysis looks at exposure to currency risk, as defined by IFRS 7, and therefore does not consider the effects arising from translation of financial statements of foreign companies with a functional currency other than the Euro. In addition, the analysis has not examined the effect of exchange rate fluctuations on the valuation of assets/liabilities deriving from contracts, because they do not qualify as a financial asset under the IAS 32 definition. The fluctuations for individual cross-currencies have been measured against the average 6-month volatility observed in 2022 for individual exchange rates.

	31/12/2022		31/12/2021	
(million of euro)	Effect on pre-tax profit	Pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on equity
USD vs EUR				
Including hedging derivatives				
Appreciation of the USD vs EUR	15	14	5	5
Depreciation of the USD vs EUR	(13)	(12)	(5)	(5)
Excluding hedging derivatives				
Appreciation of the USD vs EUR	31	31	9	9
Depreciation of the USD vs EUR	(26)	(26)	(8)	(8)

	31/12/2022		31/12/2021	
(million of euro)	Effect on pre-tax profit	Pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on equity
EUR vs NOK				
Including hedging derivatives				
Appreciation of the EUR vs NOK		(45)	10	(29)
Depreciation of the EUR vs NOK		55	(12)	34
Excluding hedging derivatives				
Appreciation of the EUR vs NOK	(14)	(59)		(39)
Depreciation of the EUR vs NOK	17	72		46

	31/12/2022		31/12/2021	
(million of euro)	Effect on pre-tax profit	Pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on equity
USD vs BRL				
Including hedging derivatives				
Appreciation of the USD vs BRL			(6)	(6)
Depreciation of the USD vs BRL			6	6
Excluding hedging derivatives				
Appreciation of the USD vs BRL	(13)	(13)	(11)	(11)
Depreciation of the USD vs BRL	13	13	11	11

	31/12/2022		31/12/2021	
(million of euro)	Effect on pre-tax profit	Pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on equity
Other currencies				
Including hedging derivatives				
Appreciation of other currencies	(4)	(4)	(9)	(9)
Depreciation of other currencies	4	4	9	9
Excluding hedging derivatives				
Appreciation of other currencies	(6)	(6)	(9)	(9)
Depreciation of other currencies	6	6	9	9

Interest rate risk

Interest rate risk is defined as:

- uncertainty as to the cash flows relating to the Fincantieri group's assets and liabilities due to interest rate fluctuations; this risk is mitigated through cash flow hedge transactions;
- variability of the fair value of the Fincantieri group's assets and liabilities linked to the change in the interest rate market value; this risk is mitigated through fair value hedge instruments.

Assets and liabilities exposed to exchange rate variances are subject to the first risk, while fixed-rate assets and liabilities are subject to the second risk.

At 31 December 2022, twenty interest rate swaps were in place, for a value of 1,761 million euro, to hedge interest rate risk on medium/long-term loans (as a result of the hedges, more than 85% of non-current loans are at fixed rates).

Similarly, a sensitivity analysis was also performed to estimate the impact of a potential general change in benchmark interest rates of +/- 50 basis points on an annualised basis. The estimated effects on profit or loss involve a negative impact of approximately 3,785 thousand euro in the event of a 0.50% increase in interest rates and a positive impact of approximately 3,994 thousand euro in the event of a 0.50% reduction.

MANAGEMENT OF THE MAIN OPERATIONAL RISKS AND UNCERTAINTIES

The Fincantieri group's Risk Universe consists of 52 risks, divided into 8 macro-categories, of which 29 are ESG risks.

The 52 risks included in the identified Risk Universe have been assessed in terms of probability and impact by Fincantieri's middle and top management. On the basis of this assessment, the most significant risks (Top Risks at an inherent level) have been identified and analysed in depth and are listed below, classified by category and accompanied by information on their potential impact and the main risk control measures in place.

STRATEGIC RISKS

Production capacity and industrial productivity

Risk that insufficient production capacity (of Fincantieri or its suppliers), excess of production capacity or incorrect workload distribution with respect to the available production capacity (systems, space and workforce) will prevent the Fincantieri group from meeting market demand and achieving optimal efficiency levels and margins. The risk may arise due to an inadequate analysis of the production cycle (in terms of frequency and medium-term outlook), force majeure events, inadequate maintenance or updating of the systems supporting the production process that does not adequately take into consideration energy efficiency and possible impacts on the environment.

How this risk is addressed

Production is managed at various levels in an integrated and cross-functional manner. Scenario analyses are used to optimise short, medium and long-term workload distribution on the basis of the available production capacity and to monitor it over time through the planning of activities, hours and resources per order, plant and production site and through periodic monitoring of the progress of individual programmes (production, engineering, purchasing) and of the order as a whole. Periodic cross-functional committees analyse workloads and identify possible problem areas requiring action (resources, structural investments, logistical solutions) based on the employment plans. Particular attention is paid to monitoring ancillary activities, in terms of both capacity (e.g. lack of resources) and performance. The efficiency of suppliers is constantly monitored through appropriate KPIs, enabling the timely identification and activation of recovery actions where critical issues are found. To create synergies and efficient use, the Fincantieri group implements specific common purchasing strategies and optimises the production process. With the aim of optimising production capacity and avoiding delays, inefficiencies and/or blockages, the Fincantieri group also pays particular attention to the strategic planning of investments, including the activation of new projects in the field of robotics, automation (e.g. real-time remote control systems on the state of operation of the plant) and energy-efficient solutions. The plants, particularly the strategic ones, and the relative maintenance are subject to periodic controls, with emergency measures implemented where necessary.

Business Portfolio

Risk that senior management may not have relevant or timely information (e.g. market trends, sudden changes in specific markets of interest, competitors) to adequately define the product portfolio or the balance between its segments with a view to long-term sustainability, with a consequent negative impact on the overall future performance of the Fincantieri group.

How this risk is addressed

Risk mitigation measures include: (i) optimising and managing technical know-how as an opportunity for development of economies when negotiating outsourced production activities; (ii) strengthening the vertical integration of production (e.g. cabins); (iii) increasing the offer of technological solutions to develop the after-sales segment; (iv) rebalancing of portfolio business with a gradual concentration in shipbuilding business and the forging of partnerships for other businesses; (v) strengthening the position of the Fincantieri group in the foreign defence market, to establish the company as prime contractor and create a solid and long-term relationship with the customer.

Country risk

Risk that changing or unstable conditions in countries in which the Fincantieri group operates or in which its customers or strategic suppliers are based may adversely affect investment variables, compromise operations and cash flows, create losses and put the safety of its employees at risk. This category includes political risk (e.g. new governments, riots, wars, terrorist threats), position risk (e.g. country surrounded by countries at war with each other), sovereign risk (country's reliability in repaying debts), economic risk (e.g. restrictive economic policies, reduction of public spending on defence, failure to provide contributions related to research, development and technological innovation, failure to allocate public resources to support export financing, fundamental for the success of trade negotiations), transfer risk (rules that can govern, and possibly restrict, the movement of capital, profits and dividends), catastrophic risks (e.g. emigration caused by severe meteorological phenomena and epidemics from other countries or within the country of operation).

How this risk is addressed

To mitigate the risks associated with the potential socio-political, economic and environmental instability of the foreign countries in which the Fincantieri group operates or has commercial interests, Fincantieri implements specific controls and preventive actions. In particular, given the frequent use of export financing by customers, there is continuous monitoring of the allocation of funds by the Government and the status of negotiations between banks, customers and government bodies involved; there is also a continuous dialogue with stakeholders to spread awareness of the need to maintain an agile, fast and efficient export credit mechanism. Other mitigation actions include: constant monitoring of the political-economic scenario also with the support of the local Embassies, provision of e-learning courses on Travel Security, as well as measures to raise awareness and provide information on risks to travellers in high-risk areas. Moreover, with the aim of managing emergencies in advance, Fincantieri has set up Crisis Management Committees and Interdisciplinary Crisis Teams to conduct Security Assessment and develop Contingency Plans dedicated to the foreign countries in which personnel are seconded.

Reputational risk & Brand position

Risk that damage to the brand image exposes the Fincantieri group to the loss of customers, profit and competitive advantage. This risk may arise, for example, from activities and/or behaviours that are unethical or non-compliant with regulations, that do not respect the environment, biodiversity and/or the protection and enhancement of people, the territory and the community, by internal members of the organisation as well as external parties with whom the Fincantieri group has business relationships, or the lack of customer satisfaction.

How this risk is addressed

To mitigate this risk, Fincantieri continuously monitors the communication strategy in line with management's guidelines and with market trends, and it constantly deals with all business units of Fincantieri group companies to ensure the consistency of communication initiatives. The Fincantieri group manages relations with the Italian and foreign press (specialised and not) to ensure that its perception and its external image reflect management's guidelines. The group has enhanced its monitoring of social media and the web to ensure that the corporate image is not damaged. As part of the activities aimed at preparing the Sustainability Report, Fincantieri integrates the additional information required by the rating companies with a view to transparency and completeness and continuously updates the website for greater disclosure of information to stakeholders. Moreover, the Fincantieri group carries out a detailed selection of business partners, applying the relevant due diligence rules. Lastly, to ensure the adoption of behaviours that are ethical and consistent with company values by employees, Fincantieri promotes initiatives to disseminate knowledge of the Organisational Model (Legislative Decree 231/2001), the Code of Conduct and the Anti-Corruption Management System through training programmes.

HUMAN RESOURCE RISKS

Health & Safety

Risk that the Fincantieri group might not invest adequately in occupational health and safety with consequent harm to its employees and third parties involved in company activities. This risk may arise as a result of a delayed or inadequate implementation of current and new legal requirements in the internal processes, an inadequate OSH risk management and control system and related mitigation actions, incorrect or inadequate execution of ordinary and/or extraordinary maintenance, and/or the lack of adequate systems for identifying risks of contamination, and/or disaster risks, or insufficient training, communication and awareness raising among individuals.

How this risk is addressed

The Fincantieri group constantly monitors the evolution of regulations and legislation on this subject, incorporating updates into its processes and procedures and verifying their proper implementation through internal and external audits. Internal procedures are in place to identify, assess and manage risks to the health and safety of people, including the analysis of near misses for prompt action and prevention. Particular attention is also paid to disseminating and building a culture of prevention, protection and increasingly responsible individual behaviour, by providing training and information on how to prevent accidents and manage emergencies and actions to promote compliance with the rules and procedures for internal and contractors' staff. The production facilities and administrative offices are ISO 45001 certified. In terms of health, safety and the environment, regular meetings are held to verify and promptly resolve any problems. Lastly, a shared protocol is in place to update the measures to combat and contain the spread of the Covid-19 virus in the workplace.

Staff attraction and retention

Risk that the Fincantieri group may be unable to attract and retain highly qualified and competent management personnel with a high level of diversity in terms of age, nationality and gender, or to hire individuals capable of managing the growth of the Fincantieri group and ensure business transformation.

How this risk is addressed

Fincantieri implements a comprehensive Employer Branding strategy to internally and externally promote the quality of its workplace brand, together with an Employee Value Proposition strategy aimed at satisfying the needs and expectations of employees. The remuneration policy adopted includes all the variable components; moreover, a continuous employee engagement programme (Fincantieri for the Future) is in place to retain qualified and skilled personnel.

OPERATIONAL RISKS AND SUPPLY CHAIN

Contract Project Management

Risk that the project management activities are inadequate and do not allow constant and timely monitoring of the accuracy and efficiency of the entire order development process, resulting in failure to meet the contractual and quality requirements, delays and/or additional costs with consequent negative impact on the expected order margin.

How this risk is addressed

The Fincantieri group manages its contracts through dedicated structures that control all aspects (contractual, technical-design, planning, economic and qualitative) of the contract life cycle (design, procurement, construction, outfitting). The identification, assessment and management of contract risks takes place through continuous risk management processes structured according to the type of business. In contracts with suppliers, penalties might be set for delays or disruptions attributable to them. To monitor the progress of both the individual contract and the contracts portfolio and to promptly identify any critical issues and share the corrective actions to be taken, periodic meetings and discussions take place at various levels. The contracts with customers establish that in the case of a "Force Majeure Event" that prevents the contract from being duly completed, such as a government decree, pandemic or war, the company is not required to pay penalties to the shipowner for the delay in delivery.

Organisational complexity of the site

Risk that inefficient management of resources (internal and external personnel, production facilities, areas), due to inadequate medium-/long-term planning, an ineffective control system, inefficient distribution of workloads or problems relating to the management of the complexities and risks associated with product diversification, leads to slowdowns/interruptions in the production process, causing harm to the company's defined objectives in terms of volumes, times, costs and quality.

How this risk is addressed

In order to manage processes of such complexity, the Fincantieri group adopts procedures and activity plans aimed at managing and monitoring the implementation of each project over its entire life cycle. In order to protect the integration processes, constant dialogue channels are established among the Fincantieri group entities, sometimes with the entry of resources of the Parent Company. Moreover, the Fincantieri group has adopted a flexible production structure so as to adapt to the fluctuation in ship demand in its various business areas. This flexible approach enables it to overcome the limitations of each plant's capacity and pursue several contractual opportunities in parallel, guaranteeing compliance with delivery schedules. The Fincantieri group implements actions aiming to improve the production and design processes to strengthen competitiveness and increase productivity. This risk is closely related to the "Production capacity and industrial productivity" risk.

Logistics & warehouse management

Risk that the management of materials, warehouses and transport are ineffective or inefficient, resulting in a slowdown or blockage of operating activities or an increase in overall costs and working capital.

How this risk is addressed

Fincantieri S.p.A. processes provide for dedicated management of supplies with the greatest impact on the result of the order, referred to as "critical supplies". For these components, a delivery and supply plan is defined with the supplier, aimed at ensuring compliance with the contractual delivery date and completeness of the supply. In the event of deviations, which come to light during periodic monitoring, recovery measures involving all the relative company departments are agreed upon with the supplier. During 2022, the start of the Russian-Ukrainian conflict generated supply problems for some product categories whose production is partially located in these territories, such as iron and steel products. The mitigation measures implemented regarded: (i) the issuance of orders for greater quantities to suppliers not located in these areas, (ii) the issuance of orders to support short-term needs to qualified suppliers, not already part of the Fincantieri S.p.A. suppliers list, (iii) the scouting of new sources to mitigate risks in the medium-long term and (iv) the optimisation of use of existing stocks based on the priorities of the different construction sites. In addition, the service level of logistics operators and transport tracking is subject to constant and structured monitoring.

Sustainable supply chain

Risk of not conducting adequate due diligence on potential suppliers, of not monitoring their performance over time and/or of not developing solid and lasting relationships for medium-long term business development in line with current and emerging regulations and with the sustainability principles of the Fincantieri group, with consequent economic, legal and reputational impacts. This risk includes aspects of economic and financial soundness, compliance with business integrity (ethics and legality), compliance with environmental and social regulations and the protection of human rights, and compliance with regulatory requirements relating to the assignment of supplies of ICT goods, systems and services falling within the scope of national cyber security, production capacity and quality. This risk also includes the inability to meet the requirements of the Fincantieri group in terms of ESG issues (e.g. efficiency, technological innovation, ability to provide the required information).

How this risk is addressed

To limit the damage associated with inadequate due diligence on suppliers, their performance is monitored systematically, by verifying the evaluation by means of scorecards. The management of exceptions and of suppliers with an "insufficient" or "critical" scorecard is carried out by the appropriate Supplier Monitor cross-functional committee, through the formalisation and sharing of a recovery or "phase-out" plan and subsequent monitoring of the measures taken. Preventive checks are carried out to verify that the contracts are entered into with qualified suppliers and that there are clauses relating to the environmental and safety policy and relating to the regularity of remuneration, social security contributions, insurance and tax. Within the access and control management of companies, each production site is equipped with procedures that govern verification of the documentation provided by the companies on the management of personnel and their presence in the facilities. To ensure optimisation of energy sources, the production sites have an Energy Manager and Energy Teams who carry out monthly checks on the correct energy consumption. This risk is closely related to the "Production capacity and industrial productivity" risk.

Quotation process

Risk of an inadequate assessment of the costs of raw materials, machinery, components, tenders and all other costs related to construction when setting the price, with particular reference to prototype orders. Unexpected cost increases in the pre-contractual phase may result in a decrease in the expected order margin.

How this risk is addressed

The trends of increases in the cost components of contracts are monitored continuously and the Fincantieri group considers these expected increases when determining the offer price, also evaluating the possibility of sharing the risk with customers. At the time of signing the contract, fixed-price purchase options will already have been defined for some of the vessel's principal components. Processes are also in place for the continuous sharing of information with the management bodies and for Requoting and Budgeting, with full involvement of all company departments. Lastly, best practices are defined for the creation of a correct loop between quotation and final price that can improve future estimates. The risk is closely related to "Commodity risk".

ENVIRONMENTAL RISKS

Climate change

Risk that a catastrophic event arising from acute weather phenomena (storms, floods, earthquakes, fires or heat waves) and/or chronic weather events, i.e. long-term climate change (temperature changes, rising sea levels, reduced water availability, loss of biodiversity, etc.), may damage assets or cause a production stoppage for the Fincantieri group and/or its suppliers, and prevent the Fincantieri group from carrying out its operations by interrupting the value chain or cause slowdowns in the supply chain.

How this risk is addressed

To prevent or limit potential damage to assets and/or production stoppages due to adverse weather events, each production site is equipped with specific emergency plans, which are periodically reviewed through internal and third-party audits, as well as procedures governing studies and controls on the positioning of ships, moorings, scaffolding, cranes and the related safety and warning systems. Maintenance activities also help to limit the damage caused by extraordinary weather events. The entire system is geared towards identifying, assessing and managing site-specific risks and limiting their potential impacts on the company's assets, as well as, in general terms, the environmental and social impacts that could arise. To date, the economic/financial and asset risks deriving from acute weather events are covered by insurance policies that reduce the possible direct and indirect impacts of the interruption of activities. Crisis Management Teams are also in place to manage emergencies and evacuation plans from countries where Fincantieri group employees are permanently based.

Protection of the environment

Risk that the Fincantieri group does not invest adequately in the protection of the environment with consequent damage to the community both in the short and medium-long term. This risk may arise due to delayed or inadequate implementation of the provisions of current and emerging regulations in the internal processes; a poor management, control and mitigation system for the potential environmental impacts deriving from its activities (e.g. pollution, energy consumption, environmental disaster, damage to biodiversity); or a lack of training, information and awareness of individuals.

How this risk is addressed

To mitigate damage related to failure of or unsuitable investment in environmental protection, the production sites carry out the controls provided for by the environmental authorities (AIA, AUA) and by the internal Safety and Environment procedures that govern: management of environmental impacts from activities inside shipbuilding docks, management of information on contractors with attached authorisation to carry out work in confined spaces or environments suspected of pollution, and analyses in the workplace and in the external environment of emissions into the atmosphere, noise and chemical agents. Moreover, the presence of Energy Teams is envisaged, with the function of monitoring energy consumption and identifying efficiency measures. In addition, Fincantieri implements specific controls to verify the absence of hidden asbestos in plants and plant machinery and the correct performance of the phases of storage, collection, differentiation and disposal of waste and processing residues in the plant. Ongoing monitoring of compliance with laws and regulations and their timely implementation into internal processes are satisfied through the use of specific software. To verify correct application of all the provisions on Occupational Safety, Fire Prevention, Environment/Ecology, coordination meetings and internal audits that provide for inspection of the work areas in accordance with the legislation take place on a periodic basis. Lastly, with a view to raising awareness within the entire company and strengthening its culture on environmental issues, specific training courses are provided in compliance with national and European regulations.

ICT RISKS

Cyber security

Risk that the Fincantieri group may suffer an IT attack aimed at identity, data and information theft (e.g. confidential/privileged information, sensitive data, bank credentials, etc.), temporary suspension of company services or sabotage of IT systems, use of the computing power of the company's computers for criminal purposes, resulting in reputational damage, loss of turnover, loss of customers and suppliers, penalties and compensation claims, up to the interruption of business.

How this risk is addressed

Fincantieri has introduced a set of tools to prevent and/or intercept cyber attacks, such as cyber security insurance, an IT event correlation platform for the detection of cyber attacks and the review of system administrators' accesses, a system for the notification of suspicious emails (phishing) and a system to block requests to Internet domains classified as malicious. For a greater degree of security, a threat intelligence service is also active, allowing prompt intercepting of cyber attacks or attempted attacks, as well as preventive security controls through vulnerability assessments and penetration tests. In addition, Fincantieri pays particular attention to the removal of obsolete technology from operating systems, and any IT incidents are managed through structured processes that enable a prompt reaction.

Logical protection of data and information

Risk that company information, especially sensitive and confidential information, may be accessed by unauthorised internal or third-party personnel, who may make unlawful use of it, modify it or delete it, causing serious harm to the Fincantieri group and its stakeholders.

How this risk is addressed

As part of the Information Security Policy Architecture model, a number of policies, procedures and processes are in place to mitigate this risk, together with specific latest-generation organisational and technological safeguards aimed at limiting access to services and information according to the "Least Privilege" and "Defence in Depth" principles and at protecting, through proactive, preventive (segregation of the network and creation of an SOC – Security Operation Centre) and reactive controls, information systems and the information they manage. Networks and systems are maintained in order to remove any obsolescence that may weaken the defence perimeter against fraudulent or unauthorised access to data. The "Cyber security" risk mitigation measures contribute to mitigating the integrity and confidentiality risk of the company data managed through IT systems.

LEGAL DISPUTES

Foreign Disputes

With regard to the "Iraq" lawsuit, which was discussed in detail from the Notes to the Fincantieri financial statements at 31 December 2014 and regarding which various updates have been subsequently provided, you are reminded that, pending the signing of the operating contracts (Refurbishment Contract and Combat System Contract) provided for in the Settlement Agreement, the proceedings pending before the Paris Court of Appeal against the arbitration award in favour of Fincantieri were revived by the Iraqi Government. The Paris Court of Appeal rejected the opponent's claims on 18 January 2018. On 20 June 2018, the Iraqi Government notified Fincantieri of the appeal before the French Court of Cassation against the decision of the Paris Court of Appeal. With ruling issued on 15 January 2020, the French Court of Cassation finally rejected the Iraqi Government's appeal in full. Work continues in Italy to recover Fincantieri's claim against the Iraqi Government.

With regard to the lawsuit for compensation filed by the Brazilian subsidiary Vard Promar S.A. against Petrobras Transpetro S.A. following the losses it suffered in connection with eight shipbuilding contracts, on 22 June 2021 the First Instance Court of the State of Rio de Janeiro ordered Transpetro to pay BRL 240,340,782.02 million (approximately 40 million euro) to Vard Promar as compensation for damages plus interest. In addition, the same Court ordered Transpetro to repay Vard Promar BRL 29,392,427.72 (approximately 4.9 million euro) in relation to penalties charged by Transpetro in excess of the amount contractually agreed upon. As a result of an error in calculating interest, the Brazilian court adjusted the amount of the compensation, increasing it to BRL 310,039,577.36 (approximately 48.5 million euro). Transpetro has appealed against the first instance ruling.

With regard to the "Al Jaber" lawsuit brought before the Civil Court of Doha (Qatar), Al-Jaber Group LLC sued Fincantieri and Fincantieri Services Middle East LLC (a wholly-owned subsidiary of Fincantieri and based in Qatar) for payment of an alleged agency fee, claiming it had carried out certain activities as an agent for Fincantieri, which according to the claimant led to the awarding to Fincantieri of a contract with the Qatar Armed Forces. Fincantieri has fully rejected the claimant's arguments. The claim amounts to 264 million euro. After several postponements, the first hearings were held at the beginning of 2021, after which the judge appointed an expert witness specialised in military contracts, who submitted their appraisal at the beginning of March 2022. The Court of First Instance ruled on 20 April 2022, rejecting Al-Jaber's application and ordering the company to pay the costs of the proceedings. On 29 November 2022, the Court of Appeal confirmed the judgement issued by the Court. On 6 March 2023, the Court of Cassation finally definitively rejected Al-Jaber's appeal against the appeal ruling. The judgment therefore became final.

Italian legal disputes

Proceedings for collection of receivables from customers

With regard to pending rulings with respect to customers involved in insolvency, bankruptcy or other insolvency procedures with whom disputes have arisen, it should be noted that judicial proceedings initiated against Tirrenia and Siremar in Amministrazione Straordinaria continued.

It should also be noted that Fincantieri has receivables originally due from Astaldi, a company operating in the infrastructure sector that was subsequently admitted to the composition with creditors procedure, which has since been completed. Fincantieri's credit position has been disputed, leading the company to take legal action to protect its claim. On the basis of the opinion of the appointed lawyers, the company is confident that its rights will be upheld by the competent courts.

The receivables claimed by the company have, in any case, been appropriately written down in those cases where the likelihood of recovery is lower than the amount of those receivables.

Disputes with suppliers

These are disputes to oppose supplier and contractor claims deemed unfounded by the company (alleged contractual liability, alleged receivables for non-payable invoices or additional amounts not due), or to recover greater costs and/or damages suffered by the company due to default by suppliers or contractors: in some cases, the company filed lawsuits for dismissal of alleged claims.

In cases where the outcome of the dispute is considered likely to result in charges, an allocation has been made to the provision for risks and charges.

Labour disputes

These disputes concern cases brought by employees and former employees of contractors and subcontractors, which involve the company under the "customer co-liability" principle (Article 1676 of the Italian Civil Code and Article 29 of Legislative Decree no. 276/2003).

Litigation relating to asbestos continued to be settled both in and out of court in 2022. The provision made in this respect was estimated on the basis of disputes outstanding at the date of the estimate.

Other litigation

Other disputes include: (i) appeals against claims by social security authorities, including litigation against INPS (the Italian Social Security Agency) for claims arising from the non-payment of contributions by contractors and subcontractors under the customer co-liability principle; (ii) compensation for direct and indirect damages arising from the production process; and (iii) civil actions for injury compensation claims.

Whenever the outcome of such litigation is likely to result in charges, suitable provisions for risks and charges have been made.

Criminal proceedings pursuant to Italian Legislative Decree no. 231 of 2001

The Fincantieri group is currently involved in six criminal cases pursuant to Italian Legislative Decree no. 231 of 2001 before the Court of Gorizia (an additional two cases disclosed were definitively concluded in 2022), one before the Court of Agrigento and one before the Court of Venice:

- in January 2014, Fincantieri S.p.A. received notice of a request for extension of the deadline for the preliminary investigations, under Article 406 of the Code of Criminal Procedure, into the former manager of the Monfalcone shipyard for the alleged infringement of Article 256(1)(a) and (b) of Legislative Decree no. 152/2006, and investigation into the company, under Article 25-*undecies* of Legislative Decree no. 231/2001 for the alleged management of hazardous waste sorting and temporary storage areas at the Monfalcone shipyard without the required authorisation, and the alleged dispatch of such waste for disposal with documents not allowing its traceability. As part of these proceedings, in October 2017 the former Managers of the Monfalcone shipyard, the former General Managers of the company, the former Safety Manager and the former Staff Manager of the company were notified of the completion of the preliminary investigations for the offence under Article 256(1) (a) and (b) of Legislative Decree no. 152/2006 ("Unauthorised waste management"); in April 2018, also the company was informed of the completion of the investigations for the offence under Article 25 *undecies* of Legislative Decree no. 231/2001 ("Environmental offences"). In September 2018, all those investigated were directly served with a writ of summons. At the hearing on 6 March 2019, the judge ruled that the former Manager of the Monfalcone shipyard in office until 30 June 2013, the former General Managers of the company, the former Safety Manager and the former Staff Manager of the company as well as the company should not be prosecuted due to the statute of limitations as regards the facts ascertained in May 2013. The proceedings therefore continued against the company only (as regards the facts ascertained in February 2015) and at the hearing of 13 July 2022 the judge acquitted Fincantieri, declaring that the administrative offence in question did not exist because the hypothesis of predicate offence did not exist. The judgment was not challenged and has therefore become final;
- in September 2015, notices of conclusion of preliminary investigations into an accident that occurred on 24 November 2009 at the Monfalcone shipyard involving an employee, resulting in a sprained shoulder that healed after one year, were served on the former Monfalcone shipyard Manager and three other employees under investigation for violation of Article 19(f) and Article 71 of Legislative Decree no. 81/2008 (respectively concerning breach of management obligations and failure to provide suitable personal protective equipment) and in general of Article 2087 of the Italian Civil Code (failure to adopt suitable measures to protect workers' health). A notice was also served on the company, under Article 25-*septies*(1), (2) and (3) of Legislative Decree no. 231/2001;
- in March 2016, notices of conclusion of preliminary investigation were served on the former Monfalcone shipyard Manager, under investigation for the offence of "bodily harm" under Article 590 of the Italian Criminal Code in relation to the infringement of certain provisions of Legislative Decree no. 81/2008 and in general Article 2087 of the Italian Civil Code (failure to take suitable measures to protect workers' health), but also on the company under Article 25-*septies*(3) of Legislative Decree no. 231/2001, in connection with an accident on 29 March 2012 at the Monfalcone shipyard involving an employee who injured the fifth finger of his left hand, which healed in eight months;
- in the months of June and July 2016, notices of conclusion of preliminary investigation were served on the former Monfalcone Shipyard Manager, under investigation for the offence of "bodily harm" under Article 590 of the Italian Criminal Code in relation to the violation of certain provisions of Legislative Decree no. 81/2008 and in general Article 2087 of the Italian Civil Code (failure to take suitable measures to protect workers' health), but also on the company under Article 25-*septies*(3) of Legislative Decree no.

231/2001, in connection with an accident on 25 August 2010 at the Monfalcone shipyard involving an employee from a contracting company, whose left knee was bruised and took more than 40 days to heal;

- in June 2018, notices of conclusion of preliminary investigation were served in relation to waste management and disposal. This involved a number of persons and companies, including the Chief Executive Officer of the company, the former manager and two employees of the Palermo shipyard for the offence under Article 452-*quaterdecies* of the Italian Criminal Code ("Activity organised for the illegal traffic in waste"), and the company for the offence under Article 25-*undecies*(2)(f) of Legislative Decree no. 231/2001 ("Environmental offences"). With order of 23 April 2019, the Judge for Preliminary Investigations, upholding the motion filed by the defence of the company's Chief Executive Officer, ordered the dismissal of the proceedings against the latter. At the hearing held on 11 September 2020, the Judge for the Preliminary Hearing issued the decree ordering a trial against the defendants, including the company. The first hearing was held on 23 February 2021 before the Court of Agrigento and the next hearing will be held on 24 May 2023 to continue the preliminary investigation activities;
- in February 2020, notices of conclusion of preliminary investigation were served on the Manager of the Monfalcone shipyard, the Manager of the Marghera shipyard and the Production Manager of the Marghera shipyard, who are accused of offences pursuant to Article 256(1) of Legislative Decree no. 152/06 (Unauthorised waste management), Article 137 of Legislative Decree no. 152/06 (Unauthorised discharge of industrial waste water), Article 279 of Legislative Decree no. 152/06 ("Unauthorised atmospheric emissions") and, solely for the Manager of the Monfalcone shipyard, the offence pursuant to Article 29-*quattuordecies*(4)(b) of Legislative Decree no. 152/06 (Failure to comply with the requirements of the Integrated Environmental Authorisation). As regards the company, it has been accused of breaching Article 25-*undecies*(2)(b)(1) and (2) in relation to Article 5(1)(a) and (b) of Legislative Decree 231/01 (Environmental offences); the decree of summons to trial was served and at the hearing held on 28 February 2023 the Judge declared the nullity of the service of the notice of conclusion of the preliminary investigations and of the decree ordering the trial carried out against Fincantieri, ordering the return of the documents to the Public Prosecutor. The trial therefore continues against natural persons only and the next hearing will be held on 3 October 2023;
- between March and May 2020, notices of conclusion of preliminary investigation were served, among others, on the Manager of the Monfalcone shipyard, the Project Manager responsible for the project on behalf of the company, and the legal representative of the subsidiary Fincantieri SI at the time of the alleged offences, for the offence of "involuntary manslaughter" under Article 589(1) and (2) of the Italian Criminal Code as a result of the violation of certain provisions of Legislative Decree no. 81/2008 and in general Article 2087 of the Italian Civil Code (failure to take suitable measures to protect workers' health), but also on the company under Article 25-*septies*(2) of Legislative Decree no. 231/2001, in connection with a fatal accident on 2 March 2017 at the Monfalcone shipyard involving an employee of a subcontracting firm. The preliminary hearing judge, after rejecting the nullity exceptions of the service notices raised by the lawyer of Fincantieri SI, ordered the committal for trial of all the accused natural and legal persons, setting as the opening of the trial the hearing of 6 February 2023, during which the company's defence requested the exclusion of the trade unions that had joined the civil action. The Judge reserved the decision and the trial was postponed until 10 July 2023 to lift said reservation;
- in November 2020, notices of conclusion of preliminary investigation were served on the Head of the hull fabrication area, under investigation for the offence of "bodily harm" under Article 590 of the Italian Criminal Code in relation to the infringement of certain provisions of Legislative Decree no. 81/2008 and in general of Article 2087 of the Italian Civil Code (failure to take suitable measures to protect workers' health), but also on the company under Article 25-*septies*(3) of Legislative Decree no. 231/2001, in connection with an accident on 13 April 2018 at the Monfalcone shipyard involving an employee who bruised his elbow and right knee, which took more than two months to heal;
- in November 2021, as part of a proceeding initiated following the discovery of underground materials containing asbestos within the Monfalcone shipyard, notices of conclusion of preliminary investigation were served on the former Monfalcone shipyard Manager, for the offences of "Wilful removal or omission of precautions against workplace accidents" pursuant to Article 437 of the Italian Criminal Code and "Unauthorised waste management" pursuant to Article 256(1)(b) of Legislative Decree no. 152/2006, and on the company, for the infringement of Article 25-*undecies*(2)(b)(2) in relation to Article 5(1)(a) of Legislative Decree no. 231/01 (Environmental offences). At the hearing held on 22 May, the Preliminary Hearing Judge ruled on an acquittal with respect to both the company and the former Plant Manager. The judgment was not challenged and has therefore become final;
- in November 2021, as part of criminal proceedings involving, among others, some employees of the company in relation to the alleged offences of bribery among private individuals pursuant to Article 2635(2) of the Italian Civil Code and illegal intermediation and exploitation of labour pursuant to Article 603-*bis* of the Italian Criminal Code for acts committed in Marghera between 2015 and 2019, the company was also served with the notice of conclusion of the investigations for the alleged offence pursuant to Article 25-*quinquies*(1)(a) of Legislative Decree no. 231/2001 (Offences against the individual) with reference to the offence

pursuant to Article 603-*bis* of the Italian Criminal Code. The indictment was served together with the decree for the preliminary hearing, which was held on 24 November and adjourned for continuation to 11 January. During the last hearing the company filed its petition for civil action against two former employees. The preliminary hearing therefore continued at the next hearing on 22 March 2023. The Judge pre-announced that during this hearing he would lift the reservation concerning the petitions for civil action filed by the injured parties.

TAX POSITION

National fiscal consolidation

Fincantieri S.p.A., Fincantieri Oil & Gas S.p.A. and Isotta Fraschini Motori S.p.A. participate in the National fiscal consolidation of Cassa Depositi e Prestiti S.p.A.

Audits and assessments

Fincantieri S.p.A.

The Indian Tax Authority notified Fincantieri S.p.A. of a measure relating to the tax period 1.4.2019 – 31.3.2020 which requalifies the role of the local Project Office set up to support the P17 project with the MDSL shipyard, assigning it a flat-rate income higher than the amount determined and taxed on an analytical basis. The reconstruction appears groundless and the defensive steps provided for by the local tax legislation have been taken.

Marine Interiors Cabins S.p.A.

In 2017, the Italian Revenue Agency conducted a tax audit on the 2014 and 2015 tax periods. The resulting notices of assessment were challenged and an appeal is currently pending. The notice of assessment issued for 2017 was also challenged as it stems from the previous assessments.

The claims made by the Norwegian tax authority regarding the treatment of certain items related to the permanent establishment are currently being settled.

FINTECNA GROUP

Risk monitoring was ensured during 2022 through the operating tools employed by the Fintecna group, in line with the methods adopted by the CDP Group with a view to simplifying processes and procedures.

During the year, the activities envisaged by the 2022-2024 Strategic Plan were also launched, both with reference to the role of Fintecna as Administrator in Extraordinary Administrations, as well as in relation to the support to Public Administrations in terms of rationalisation of public investments. Moreover, the project for the efficiency of the group's Real Estate Area, which envisages - starting from 2023 - a role for Fintecna in the provision of group real estate services, was also set up. With reference to these activities, the necessary organisational and procedural monitoring measures to mitigate the associated risks have been assessed, including in view of their prevention.

The risk profile of the Fintecna group did not undergo any significant changes during the period and is still mainly linked to the management of liquidation processes and a major pending dispute (operational risk) relating to a large number of companies incorporated over the years.

Operational risks also include those related to the management of environmental remediation work at the sites included in the EFIM Separate Asset Pool and the properties belonging to the Iged Separate Asset Pool, as well as the risk arising from the performance by Fintecna of the functions of liquidator.

Considering the complexity and future uncertainty of these situations, the directors – acting on the best available information and on the prudent assessment of the circumstances – periodically update their evaluations of the adequacy of the provisions for liabilities and charges made in the financial statements, which are currently deemed adequate and appropriate to meet the costs that group companies are likely to incur.

FINANCIAL RISKS

The types of financial risks to which the group is exposed are described hereunder.

Liquidity risk: according to assessments conducted by the management, the current financial resources are sufficient to meet the payment obligations. Liquidity commitments are in large part linked to the management of the dispute, the coverage of liquidation expenses and disbursements connected with environmental issues and remediations. Indeed, cash and cash equivalents represent the ideal asset to offset the "provisions for risks and charges" on the liability side of the balance sheet and, consequently, failure to make appropriate provisions – with particular reference to the aforementioned core operations and an inefficient use of liquidity – constitute additional risk factors.

Accordingly, as part of their assessments of the provisions for liabilities and charges, the directors also continually update their forecasts on the use of these provisions and take them into account when setting their liquidity management policies. Finally, almost all the cash and cash equivalents are deposited with the Shareholder CDP, with the remainder being deposited on a short-term basis with banks.

Another risk factor - with reference to the Iged Separate Asset Pool - is linked to the difficulty of selling the owned assets, which mainly consist of real estate located in Italy. In this regard, the marketing support activities envisaged in the service agreement signed with CDP Immobiliare continued during the period.

Credit and counterparty risk: the credit risk is linked to the risk of impairment of the outstanding trade receivables. These receivables mainly comprise positions dating back years, which are often subject to litigation and have been almost entirely written down. In this area, specific organisational monitoring measures are in place to ensure the proactive management of the loan portfolio and the mitigation of the related risks.

There is also a limited counterparty risk linked to the investment of residual short-term liquidity held at banks. Available liquidity is managed in accordance with the "Policy for investing available liquidity" issued by CDP, which, among other things, sets the minimum ratings criteria that banking counterparties must meet.

Other financial risks: Fintecna's investment in the separate asset pools is shown under Fintecna's "Financial assets at fair value" and the related risk profile is connected to the progress of the liquidation of those assets. This is managed and assessed as part of the broader monitoring and management of the liquidation activities.

OPERATIONAL RISKS

Compliance risk

The main compliance risks applicable to Fintecna are essentially linked to reputational risks that might arise from failure to comply with the provisions concerning sensitive areas such as the management of liquidation activities and disputes, the execution of specific mandates on behalf of the Public Administration (Fintecna project for Central Italy) and the management of real estate assets, including the related environmental and safety issues.

Important in this respect are developments in external regulations, any changes in the scope of the business activity and in the corporate governance structure and changes at organisational or process level.

To protect itself against legal compliance risk, Fintecna has adopted a model to identify the applicable laws and regulations and assess the risk of violating them, and specific second-level controls to prevent the potential reputational risks deriving from relationships with third parties.

The mapping of the applicable regulations is an ongoing and constantly updated activity.

LEGAL DISPUTES

In the financial year, to ensure the optimal development of its activities, the company continued to actively monitor and manage all disputes it is involved in as a consequence of the numerous corporate transactions that originated from companies subsequently merged into Fintecna, or from companies whose disputes were subsequently transferred to the latter. In particular, specific and targeted assessments were conducted on the critical issues underlying the individual disputes so as to prepare the best defence possible for Fintecna.

In general, with regard to the civil/administrative disputes, there has been a fall in the number of pending lawsuits, following the settlement of disputes, but it is still objectively difficult to achieve a resolution of legal proceedings, also through more rapid settlement arrangements.

In this regard, disputes with claims made against the company are backed by provisions in consideration of the risks of each case, as well as the specific legal positions.

The situation of the disputes involving the Company can be summarised in the following table showing the breakdown of the balances:

(number of disputes)	31/12/2022	31/12/2021	Change (+/-)	Change %
Civil/administrative/tax disputes	72	84	(12)	-14.3%
Employment disputes	241	272	(31)	-11.4%
TOTAL	**313**	**356**	**(43)**	**-12.1%**

SIMEST

With reference to identifying the risks that characterise SIMEST's activity, the company, while not subject to prudential regulation, adheres to current banking regulations or the classification scheme adopted by the Basel Committee, which distinguishes between "pillar 1 risks" and "pillar 2 risks".

This classification is contained in the Risk Policy adopted by SIMEST and in the specific detailed policies related to risks to ensure that the Company, in coordination with the Parent Company, is able to cover the risks it faces with its own resources. The SIMEST Risk Policy highlights the principles of risk management, in line with the Group approach, taking into account the specificity and size of the company.

The Company employs a governance system of Corporate Committees (technical-advisory collective bodies) that guarantees a further effective risk management and control system. The most significant risks to which to which the company is exposed are as follows.

The most significant risks are listed below.

FINANCIAL RISKS

Credit risk

The risk of a deterioration in the economic-financial condition of a counterparty with whom the Company has a credit exposure. The Risk Policy, supplemented with specific risk policies, establishes guidelines on subscriptions and dedicated credit rating control functions, both ex ante and ex post, for each counterparty/transaction.

The relevant internal regulations govern the operation of equity investment and loans, and monitoring process, outlining the roles of the organisational units involved. In order to better monitor credit risk, the company adopts specific processes of assessment, monitoring and management of the individual exposures and of the portfolio by using models, operational tools and reporting aimed at analysing and controlling risks.

In particular, in the various phases of the recruitment process, the company uses tools and models to support analyses such as ratings and early warnings aimed at measuring and monitoring the counterparty's credit risk in order to support Management and the structures in charge of protecting its assets until starting, where necessary, credit collection activities.

The credit risk associated with the equity investments is mitigated mainly through the direct commitments of the Italian Partners to repurchase SIMEST's equity investments, partially secured by corporate sureties, collateral and bank or insurance guarantees.

At 31 December 2022, direct commitments of Italian Partners for the repurchase of the equity investments totalled approximately 455 million euro (456 million euro at 31 December 2021). Repurchase commitments secured by bank and/or insurance guarantees amounted to approximately 32 million euro (32 million euro at 31 December 2021), while those secured by collateral amounted to 29 million euro (29 million euro at 31 December 2021).

(million of euro; %)	31/12/2022		31/12/2021	
Direct commitments of Italian partners	455	88%	456	88%
Commitments secured by banks and insurance companies	32	6%	32	6%
Commitments secured by collateral	29	6%	29	6%
TOTAL	**516**	**100%**	**517**	**100%**

In the last quarter of 2022, as part of the management and monitoring of credit risk, the following were published: (i) the policy on Responsible Lending Principles that guides SIMEST's investments, in line with the Group framework, taking into account the ESG principles of reference and (ii) the Credit Risk Policy that defines guidelines and limits on credit risk with a view to progressively improving asset quality and derisking of the SIMEST equity investment portfolio. The above documents, in line with the Group's governance framework, have been approved by the Board of Directors as part of the broader assessment and sharing process with CDP (i.e. issue of NBO).

SIMEST, in line with its institutional role, has the vision to support - as partner - companies with adequate creditworthiness, operating in strategic sectors and supply chains, with sustainability and impact investing characteristics aimed at international expansion.

The Credit Risk policy in particular provides specific guidelines on the breakdown, monitoring and management of transactions from a risk sensitive perspective, differentiating them by duration, repayment schedule, and security deposit depending on the rating, with the aim of further strengthening credit risk controls.

Ratings, as a measure of default risk, are of particular relevance for the purpose of measuring credit risk. Assessments of creditworthiness are periodically updated (at least annually) as information becomes available on the economic and financial performance of the counterparty and/or detrimental events/announcements of anomalies from internal and/or external data sources. In support of

Business activities, during the second half of 2022, pricing grids were also developed, differentiated by rating, duration and security package for different levels of RAROC in order to direct the risk/return assessments.

On the other hand, with reference to the Russia-Ukraine conflict and the relative situation of geopolitical and macroeconomic uncertainty, SIMEST has launched a number of analysis activities to evaluate the potential impacts of the same on the counterparties in the portfolio. Direct exposure to risk areas is marginal, mitigated by the Italian partner's obligation to repurchase the investment at maturity and on which prudential provisioning policies have been applied. During the year, SIMEST also began collecting information on its portfolio to estimate any indirect effects related to the conflict and did not identify any particular critical elements.

Market risk

The risk arising from market transactions in financial instruments, currency and commodities. As regards SIMEST, the price risk and foreign exchange risk are marginal and almost entirely mitigated by contractual clauses which as a rule guarantee that the investment will be recovered at the historic price paid in euro for acquisition of the equity investment. The fair value measurement provided for by IFRS 9 exposes a gradually reducing portion of the investment portfolio to potential value changes arising from fluctuations in market factors (interest rates and credit spreads).

Operational risk

The risk of loss resulting from inadequate or malfunctioning internal procedures, people and systems or from external events. Such risk includes, among others, losses resulting from fraud, human error, business disruption, system unavailability, breach of contract and natural disasters.

The operational risk control framework requires a set of structured processes, functions and tools for identifying, assessing and monitoring operational risks. In particular, in accordance with the Parent Company's guidelines, the operational risk control system includes both (i) a data collection and storage process (Loss Data Collection) and (ii) the assessment of the level of company exposure to operational risks through Risk Self-Assessment.

In relation to the latter, during the year and with the support of the Operational Risk Structure of SACE (service contract with SIMEST for all 2022), monitoring of the Action Plans and efficiency intervention, aimed at containing the residual risks defined in the Operational Risk Self-Assessment carried out in 2021 on equity investment processes, continued.

With regard to operational risks, cyber risk represents the risk associated with economic/financial losses and reputational damage caused by the lack of confidentiality, availability and integrity of information systems and/or data following the occurrence of an incident due to accidental events or malicious actions (cyber-attacks) affecting the information system.

In line with the growth in volumes, activities to strengthen the controls on the external portal for the management of public funds used by SIMEST continued.

Liquidity risk

The risk of default on the Company's payment obligations includes two forms of risk that are often strongly correlated: (i) funding liquidity risk (inability/difficulty to raise funds with the risk of not being able to meet payment obligations) and (ii) market liquidity risk (difficulty in liquidating assets and other assets to settle financial obligations at maturity, without incurring losses). Liquidity risk is monitored constantly through analysis of expected cash flows, especially for equity investments.

The liquidity risk monitoring framework is based on two indicators: (i) short-term liquidity indicator and (ii) structural liquidity indicator, which aim respectively to verify and ensure the company's ability to meet its cash outflows in the short term and the right balance between the average duration of funding and lending sources, while monitoring and limiting the use of forms of maturity transformation. These indicators are periodically measured, monitored and reported by the relevant corporate structures. If the defined limits are exceeded, the Contingency Funding Plan is activated as a remediation action, as part of the relevant process. The monitoring activities carried out during 2022 confirmed the effectiveness of the liquidity indicators and the warning thresholds introduced.

Interest rate risk

The risk arising from potential changes in interest rates with respect to differences in the maturities and/or timing of redefining the interest rate for the company's assets and liabilities. Specific operational limits and measures for controlling and monitoring interest rate risk are set out in the Risk Policy. Further research is underway into possible methodological developments aimed at strengthening the framework for measuring and controlling interest rate risk by converging on market best practices adjusted for the company's specific business model.

Concentration risk

The risk arising from exposures to individual counterparties, groups of connected counterparties, or counterparties belonging to the same economic sector or carrying out the same activity or belonging to the same geographical area. During 2022, with the approval of the Credit Risk Policy: (i) the operating limits per counterparty/group were further defined based on the equity of SIMEST, differentiating them by rating and (ii) the guidelines on sectoral concentrations were strengthened. With reference to the latter, the Risk Management structure (i) periodically monitors the portfolio and carries out the related reporting to the corporate bodies and (ii) provides warnings on possible significant concentrations on individual transactions as part of the loan process.

OPERATIONAL RISKS

Reputational risk

The current or prospective risk of a fall in profits, penalties, loss of economic value or damage to SIMEST's institutional role, resulting from a negative perception of the Company's image by customers, counterparties, shareholders, investors, regulators or other stakeholders. SIMEST gives the highest priority to preventing and monitoring the occurrence of events of a reputational nature in relation to transactions that are part of its corporate purpose. To this end, it has defined internal controls to mitigate this risk and adopted specific safeguards to prevent reputational events from occurring in its ordinary operations and management of public funds.

Money laundering risk

Risk arising from the infringement of legal, regulatory and self-regulatory provisions aimed at preventing the use of the financial system for the purpose of money laundering, terrorist financing or crime. During 2022, SIMEST carried out monitoring and control activities, which include the Suspicious Transaction Reports carried out by the STR officer to the Financial Intelligence Unit (FIU). These reports, drawn up in the presence of 38 anomalies and/or reasonable suspicion that money laundering or terrorist financing operations are being or have been carried out or attempted, are based on available information (abnormal conduct indicators) from internal and external databases and on the assessment of both objective and subjective elements of the transactions. SIMEST has operated in compliance with the principle of confidentiality, prohibition of disclosure and all the principles provided for by current legislation.

Compliance risk

The risk of incurring legal or administrative penalties, losses or reputational damage as a result of violations of external provisions (laws and regulations) or self-governance rules (e.g. articles of association, codes of conduct). These risks is particularly important considering the institutional role of SIMEST as well as the extensive and increased volume of operations performed in managing Public Funds. SIMEST adopts a framework that is consistent with the Group's approach, which includes specific policies, processes, and procedures to prevent, mitigate, and reduce non-compliance and reputational risks.

Climate and ESG (Environmental, Social, Governance) risks

Risks deriving from factors attributable to environmental, social and governance issues with an impact on the performance of counterparties/projects. The climate and sustainability objectives are the natural complement to SIMEST's mission and institutional role as a medium- and long-term investor to support the international expansion of companies. SIMEST has launched a number of transversal work groups aimed at including Sustainability, ESG and climate risk components in SIMEST's credit assessment processes. In the second half of 2022, the CDP Group's General Responsible Lending Principles were also published, providing guidelines on investment activities in compliance with ethical, environmental and governance (ESG) issues, focused on priority areas such as (i) climate change and ecosystem protection; (ii) inclusive and sustainable growth; (iii) digitisation and innovation; and (iv) rethinking the value chain.

Capital adequacy

The Risk Policy governs the process of assessing the correspondence between the capital resources available (represented by equity) and the economic capital necessary to cover existing risks, which is measured in accordance with the existing methods of the CDP Group and SIMEST business model. Results of the 2022 assessments have confirmed the full adequacy of capital resources both at present and in the future. Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which the funds are exposed. In particular, the Venture Capital Fund has long supported SIMEST in the international expansion of SMEs with investment intervention at a special rate. In the second half of 2022, the Framework Agreement between SIMEST and CDP Venture Capital SGR was signed to regulate the methods of collaboration to initiate operations in start-ups, including innovative ones. With regard to Fund 295/73, in order to preserve an efficient allocation of public resources, monitoring of the Fund's overall financial needs continued on the basis of the existing methodology 39, in view of prudent management of public resources in a context of recent growth in market rates. A project was carried out on the transition from the USD Libor rate to SOFR to estimate the impacts on the existing portfolio and new operations. With regard to Fund 394/81, strengthening and consolidation of the integrated system of controls to monitor the reputational risks of fraud and money laundering continued in 2022. The guidelines and the methodological approach on credit risk for the operation of Fund 394 have also been defined and approved by the Subsidies Committee, with the aim of further strengthening the framework of control measures. As part of the new SIMEST 2023-2025 Strategic Plan, the Risk Department via the Risk Management structure has provided an opinion on financial economic sustainability and the main risk areas and control measures.

LEGAL DISPUTES

At 31 December 2022, the proceedings concerning an amount claimed against SIMEST as professional fees ended with a total claim of 147,000 euro. The adverse party did not appeal the first instance ruling, which had rejected the claim.

CDP IMMOBILIARE GROUP

The risks to which the company and its subsidiaries are exposed and the relevant monitoring and minimisation activities are described below.

FINANCIAL RISKS

Market risk relating to property development

The market risk is the risk of unexpected losses resulting from macroeconomic factors linked to the performance of the property market, which cause property prices to fall. The market risk has to be assessed in the context of the overall and the specific market, examining the local context and the offering of competitors, taking also into account the underlying right. In measuring and managing the market risk, the value of the property portfolio is monitored by means of six-monthly assessments conducted by Independent Experts.

The Risk Management Area carries out second-level controls to identify any mismatches, requesting clarifications in the most significant cases, and to ensure the accuracy of the calculations and the consistent application of the assessment criteria adopted over time.

In the event of investment or divestment operations, there is an assessment of the consistency of the sale/lease conditions with respect to the latest evaluation by the Independent Expert, with respect to the carrying amount and forecasts indicated in the Company's budget (if it has been defined). In the event of new investments considered significant, the degree of concentration at province/city/non-metropolitan area is verified. The risk categories of properties are monitored on a quarterly basis (see Parent Company guidelines).

Interest rate risk

The interest rate risk is the risk of losses resulting from unfavourable changes in interest rates. The negative impact is essentially an increase in financial expenses, which may also be such that the cost of servicing the debt exceeds the returns generated by the investments it contributes to finance.

Exposure to interest rate risk is mainly linked to the medium and long-term financial liabilities of some investee companies, relating to mortgages and floating-rate loans taken out for business development needs, whose remuneration is influenced by money market trends. The policy for managing such risks for group companies is focused on reducing the possible impacts of changes in the reference interest rates on financial performance, possibly through the subscription of hedging instruments.

Exchange rate risk

The group operates only in Italy; therefore, it is not exposed to exchange rate risk.

Liquidity risk

From a general point of view, the liquidity risk is the risk of not being able to meet short-term cash needs, mainly due to factors such as:
- the illiquidity of the real estate market, or inability to disinvest and liquidate real estate assets at a value close to fair value;
- cash flow mismatches due to loss of revenues, higher costs or, more generally, errors in forecasting receipts and payments;
- the illiquidity of financial markets.

CDP Immobiliare made no investments for the management of its liquidity, since such liquidity is generally intended to fund short-term needs. The liquidity management policy has remained conservative, also in light of the continual evolution of the Italian banking sector. Therefore, there is no risk linked to the recovery of capital invested in investment instruments or cash deposits.

On the other hand, the liquidity risk linked to the ability to meet commitments arising from financial liabilities is particularly significant within the group on account of its activities and the issues described in the section on market risk.

The short and medium-term financial requirements of CDP Immobiliare and its investee companies are periodically brought to the attention of the parent Cassa Depositi e Prestiti, which makes available to the company, on a case-to-case basis and after verifying the activities to which those requirements relate, the resources necessary to meet the needs indicated. The financial requirements of the CDP Immobiliare group to meet the needs emerging from the 2023 budget, limited to first quarter of 2023, which constitutes the period before liquidation of the Company, are already covered by the available balance at the end of 2022 (cash amounting to 29.3 million euro, plus 45 million euro in the irregular deposit account with CDP). Therefore, a request for financial coverage to CDP for the first quarter (and potentially also for the entire 2023) is not expected.

Credit risk

Credit risk is linked to a counterparty's ability to fulfil the obligations entered into with the CDP Immobiliare group.

In view of its operational business management methods, credit risk for the Parent Company essentially consists of the risks linked to its trade receivables from the investee companies. In any case, these receivables were subject to suitable write-down in the Company's financial statements once they became potentially uncollectable.

For each new transaction, the counterparty's financial capacity is analysed also on the basis of information acquired from databases as Cerved and by conducting searches in the Worldcheck and Orbis databases, available at the Parent Company offices.

OPERATIONAL RISK AND MAIN UNCERTAINTIES

The operational risk is the risk of loss resulting from inadequate or failed internal systems, processes and people or from external events. Operational risk is embedded in the company's business and is part of every organisational and production process.

The operational risk management system is a set of structured processes, functions and resources for identifying, assessing and controlling operational risks.

The Risk Management Area, with the support and involvement of the other company structures and in accordance with the methodologies defined by the Parent Company, monitors these risks and, if particularly exposed areas emerge, suggests and encourages adopting appropriate measures.

Risks connected to the current market context

In preparing the financial statements at 31 December 2022, CDP Immobiliare considered the impacts of the current economic situation, characterised by a combination of factors related to the residual impacts of the Covid-19 outbreak, the impacts of the Russian-Ukrainian conflict, the increase in inflation and interest rates and the general deterioration of the macroeconomic scenario, the geopolitical risks and the uncertainties on future developments, the accounting implications relating to the measurement of assets and liabilities, the disclosure and the assessment on the going concern basis, also taking into account the recommendations published by the Bank of Italy, the ESMA, IOSCO and Consob.

Recent international policy developments involving Russia and Ukraine require a focus on the possible macroeconomic effects in the short to medium-term and the possible repercussions on CDP Immobiliare's financial statements.

This conflict is having a significant impact on the direct increase in the price of commodities from those countries (iron, steel, minerals and chemicals, machinery) and indirectly on other commodities due to the increase in energy costs. At the same time, the widespread stagnation of the production and extraction activities that characterised the pandemic year 2020, together with the subsequent economic recovery, has led to an excess of demand for building materials. As already highlighted at the end of 2021 and confirmed in 2022, these factors have resulted in scarcity and an associated increase in the cost of raw materials in construction sites, with an inflationary phenomenon that seems destined to continue for some time.

These events have already impacted CDP Immobiliare's business, given the volatility of commodity prices and, in general, costs in the construction sector. Therefore, careful monitoring is underway by the technical structures in charge of the Company's existing sites (and in particular the most relevant ones of the former Poligrafico dello Stato and the former Manifattura Tabacchi in Florence), for which negotiations were carried out with the contractors aimed at containing, albeit to a limited extent, the increase in construction costs, which in any case were significant.

Going concern

Based on CDP Immobiliare's operations and having considered all information available on its capital structure, available liquidity and financial performance over the medium term, there is no evidence of factors that might in any way affect the ability to continue as a going concern.

The company's sole shareholder is Cassa Depositi e Prestiti S.p.A. and no critical issues are reported concerning the financial support provided to the Company, as discussed in the subsequent section on "Liquidity risk".

Note that, on 22 June 2022, the Board of Directors of Cassa Depositi e Prestiti S.p.A. approved the Reorganisation Plan of the Real Estate Area of the CDP Group, which provides, *inter alia*, for the liquidation of CDP Immobiliare, the appointment of Fintecna as the liquidation body of the Company and the transfer to Fintecna of the relative equity investment in CDP Immobiliare by CDP. Liquidation of the Company is envisaged in April 2023, following the approval of the 2022 financial statements.

Significant uncertainties

The most important areas, given the Russian-Ukrainian war and the current macroeconomic scenario, relate to the operational risks associated with the specific business, including but not limited to:
- counterparty risks due to the possible increase in the financial difficulties of sector players due to the changing macroeconomic scenario;
- liquidity risks due to greater difficulty in acquiring funds under conditions similar to the prior ones;
- market risks due to greater uncertainties on the macroeconomic trend in the short/medium- term (e.g. possible effects on GDP of the ongoing conflict, growth in inflation and consequent monetary policy measures to limit is magnitude);
- market and/or operational risks related to the construction sites in progress or to be contracted, including but not limited to delays in execution of the works contracted on the real estate portfolio (with consequent delay in timing compared to the current schedules) and requests for adjustment of contract fees, attributed to the increase in the cost of raw materials and inflation.

Fair value measurement

Fair value measurement of assets and liabilities may be affected by the risks indicated above in terms of market price volatility, increased credit risk and counterparty risk, changes in interest rates due to decisions at government level, changes in the inflation rate, etc.

The effects of the Covid-19 pandemic, which affected the trends of all real estate markets, eased during 2022, also as result of the vaccination campaigns. The confidence of households and entrepreneurs who adapted to the "new normal" has grown, leading to a strong recovery in consumption and investment.

However, the Russian-Ukrainian war confirms the presence of residual elements of uncertainty in most businesses and, consequently, does not allow the material adjustments to the carrying amounts of assets and liabilities recorded starting from the second half of 2020 to be fully overcome.

On the other hand, according to the independent experts, no conditions that would constitute "concrete uncertainty" in the preparation of the valuations were present at the measurement date, also in consideration of the market recovery and growth in turnover recorded from the end of 2021.

The Company continues to carefully monitor the evolution of the scenario in order to identify possible measures to mitigate potential risks.

Health and safety measures for employees

In 2022, impacts of the Covid-19 emergency on organising the work of Company personnel continued to be observed, albeit to a lesser extent.

The company, in coordination with the Parent Company and in line with the actions already taken in 2020-2021, continued to implement the necessary measures to contain potential risks from the spread of Covid-19 and to protect the health of its employees, including the use of remote work.

Donations

In March, a fund-raiser was set up to support the populations affected by the Russian-Ukrainian conflict. This initiative gave interested colleagues the opportunity to donate vacation days and/or a sum of money to the fund organised by the Red Cross, UNHCR and UNICEF for the emergency generated by the conflict.

LITIGATION

The litigation involving the CDP Immobiliare group originates primarily from the contribution of a real estate company unit by Fintecna S.p.A. to Fintecna Immobiliare S.r.l., now CDP Immobiliare S.r.l., and the merger through incorporation of Valcomp Due S.p.A., Patrimonio dello Stato S.p.A. and the G1 consortium.

The disputes mainly concern management of the real estate assets of CDP Immobiliare and its investee companies. More specifically, they consist in repossession actions on illegally occupied property, evictions or lease expiry procedures, actions for verification of title or property rights on real estate, legal actions relating to property purchase and sale agreements, compensation claims for financial damage due to contractual and extra-contractual liability, credit recovery actions for outstanding payments, etc., administrative disputes concerning the cancellation of administrative measures for breach of mandatory requirements and misuse of power and a number of criminal law disputes.

As at 31 December 2022, the situation of the disputes (civil, administrative, criminal) which concern CDP Immobiliare S.r.l. and its investee companies may be summarised in the table shown below:

Disputes involving the CDP Immobiliare group

(number of disputes)	31/12/2022	31/12/2021	Change (+/-)	Change %
CDP Immobiliare S.r.l.	40	42	(2)	-5%
Investee companies	5	4	1	25%
TOTAL	**45**	**46**	**(1)**	**-2%**

Disputes involving CDP Immobiliare

A total of 40 disputes involving CDP Immobiliare were pending as at 31 December 2022. These include:

- 23 disputes as the plaintiff: 7 concern lawsuits for releasing properties occupied without entitlement and to determine ownership and rights in rem (for 4 of these, a counterclaim was filed to determine ownership), 9 are enforcement actions, 3 concern the determining of responsibility for breach of contract (with a counterclaim from the opposing party), 2 concern the annulment of administrative measures for breach of laws or misuse of powers, 1 relating to actions for non-contractual liability and one of a criminal nature;
- 17 disputes as the defendant: 5 concern lawsuits for determining ownership, 3 concern the attribution of liability for breach of contract, 1 for pre-contractual liability, 5 tort proceedings and 1 for the annulment of administrative measures for breach of laws or misuse of power, 2 for employment law.

A slight decrease in pending disputes was recorded during the reporting period compared to 31 December 2021 (-2%).

In addition to the disputes listed above, CDP Immobiliare is involved in 14 tax disputes. Of these, 3 relate to state taxes (specifically, registration tax, mortgage tax and cadastral tax) and 11 to local authority claims for municipal property taxes.

There is also a labour dispute followed by the RUO Department.

Disputes involving investee companies

A total of 5 disputes were pending as at 31 December 2022, for all investee companies, of which:
- 2 as plaintiff: 1 criminal and 1 for contractual liability;
- 3 as defendant: 1 for contractual liability, 1 to determine ownership of a property and 1 for prior technical assessment.

An increase in litigation was recorded in the period ended 31 December 2022.

Initiatives are in progress, still in the out-of-court phase, in relation to the release of the former Salinari houses, owned by Pentagramma Romagna S.p.A. in liquidation.

Having regard to pending disputes of CDP Immobiliare and the investee companies, the claims of the counterparties and the related risks are assessed with the support of specialised legal consultants and tax law firms purposefully tasked by the Company. Based on the outcome of the analysis conducted, ad hoc risk provisions have been estimated and set aside for those cases felt likely to generate costs for the Company and/or the group.

ANSALDO ENERGIA GROUP

The group is exposed to a series of business and financial risks associated with its operations.

The main business risks can be identified as follows:
- economic crisis: the continuation of the economic crisis could squeeze the group's profitability and its ability to generate cash, including in the relevant sectors. In the face of this risk, the group pursues the objective of increasing its industrial efficiency and improving its ability to execute contracts, while reducing structural costs;
- long-term contracts at a predetermined price: the group's response to this risk is expressed by following the procedures in place in the process of preparing and authorising the main commercial offers from the early stages by checking the main economic and financial parameters, including the Economic Value Added (EVA), which is one of the reference aggregates for the evaluation. In addition, it regularly conducts a review of the estimated costs of the contracts, at least on a quarterly basis. In addition, it regularly conducts a review of the estimated costs of the contracts, at least on a quarterly basis. Risks and uncertainties related to the execution of contracts are identified, monitored and assessed through the "Contract Management" Directive and two Lifecycle Management and Risk Assessment procedures, aimed at reducing the probability of occurrence or the negative consequences of the identified risks and promptly implementing the identified mitigation actions. These analyses involve top management, program managers and the quality, production and finance functions (so-called "phase review");
- responsibility vis-à-vis customers: the group is exposed to liability risks vis-à-vis customers or third parties connected to the correct performance of contracts, to which it responds with the conclusion of insurance policies available on the market to cover any damage caused. It cannot be ruled out, however, that damage not covered by insurance policies, which exceeds the insured ceilings or an increase in insurance premiums may occur in the future, which management nevertheless monitors on an ongoing basis;
- compliance with country regulations: the group monitors, through specific structures, the constant updating with the reference legislation, subjecting the launch of commercial actions to checks into compliance with the limitations and obtainment of the necessary authorisations.

Financial risks can be described as follows:

- Liquidity risks, represented by the risk that the available financial resources are not sufficient to meet the obligations within the agreed terms and deadlines;
- Market risks, relating to exposure to positions that generate interest (interest rate risks) and to operations in currency areas other than that of the denomination (exchange rate risks);
- Credit risks, deriving from normal business transactions or from financing activities.

The group specifically monitors each of the aforementioned financial risks, intervening with the aim of promptly minimising them including, for example, through the use of derivative hedging instruments.

The following paragraphs analyse, including through sensitivity analyses, the potential impact on the final results deriving from hypothetical fluctuations of the reference parameters. These analyses are based, as required by IFRS 7, on simplified scenarios applied to the final data of the periods taken as reference and, by their very nature, cannot be considered indicators of the real effects of future changes in the reference parameters against a different capital and financial structure and different market conditions, nor can they reflect the interrelationships and the complexity of the reference markets.

LIQUIDITY RISK

Liquidity risk is the risk that, due to the inability to raise new funds or to liquidate assets on the market, the group may be unable to fulfil its payment commitments, resulting in a negative impact on income if it is forced to sustain additional costs to meet such commitments or a condition of insolvency.

The group's goal is to implement a financial structure that, in line with business objectives and the limits defined, (i) guarantees an adequate level of liquidity, minimising the related opportunity cost and (ii) maintains an optimal profile in terms of debt maturity and composition.

The table below shows an analysis of maturities, based on contractual repayment obligations, relating to the capitalised values of the bond loan, trade payables and other liabilities outstanding at 31 December 2022 and 2021. The first column represents the year-end balance, while the subsequent ones represent the disbursements expected at the indicated maturities, inclusive of interest.

(thousands of euro)	balance at 31/12/2022	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Bond loan	354,852	9,625	359,625		
Other current and non-current financial liabilities	817,931	528,177	373,191	723	902,091
Trade payables	567,273	567,273			567,273
Other current and non-current liabilities	121,735	69,013	52,722		121,735

(thousands of euro)	balance at 31/12/2021	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Bond loan	354,349	9,625	369,250		378,875
Other current and non-current financial liabilities	815,075	216,169	628,618	1,032	845,819
Trade payables	523,520	523,520			523,520
Other current and non-current liabilities	195,109	140,322	54,787		195,109

Bonds and other financial liabilities of the Ansaldo group contribute to the CDP Group's consolidated financial statements under the liability item 10, which relates to financial liabilities measured at amortised cost.

Trade payables and other liabilities contribute to liability item 80, Other liabilities.

Interest rate risk

The group is exposed to interest rate fluctuations as regards the use of its liquidity. There are no significant risks as the group's entire debt is at a fixed rate.

Exchange rate risk

The group's procedures provide for the hedging, at the moment of the contract acquisition, of foreign currency revenues exposed to the exchange rate risk. As regards costs, the group implements the policy of entering into supply contracts mainly in euro. The share of purchases to be made in local currency is normally covered by a corresponding revenue value in the same currency.

Given the above, and in particular net of the effect deriving from the hedging policy of transactions in currencies other than the euro, the sensitivity analysis on exchange rate changes appears to be negligible.

CREDIT RISK

The group is exposed to credit risk both in relation to the counterparties to its own business transactions, and for financing and investment activities, as well as for the guarantees provided on third-party debts or commitments.

In order to eliminate or minimise the credit risk deriving from business transactions in particular with foreign countries, the group adopts an accurate risk hedging policy from the outset of the business transaction by carrying out a careful examination of the conditions and means of payment to be proposed in commercial offers which can subsequently be incorporated into sales contracts.

In particular, depending on the contractual amount, the type of customer and the importing country, the necessary precautions are taken to limit credit risk both in terms of payment and in the financial means envisaged such as stand-by letter or irrevocable and confirmed letter of credit or, in cases where this is not possible and if the country/customer is particularly at risk, the opportunity to request adequate insurance coverage is assessed through the dedicated Export Credit Agencies such as SACE or through the intervention of International Banks for contracts where financing of the supply is required.

The following table provides a breakdown of trade receivables, grouped by past due amount and by geographical area, gross of the bad debt provision:

	Other customers				
(thousands of euro)	Italy	Europe CIS Africa Middle East	Americas	Asia	Total at 31/12/2022
Receivables not past due	86,237	83,614	2,992	11,147	183,990
Receivables less than 6 months past due	8,127	39,432	45	28,130	75,734
Receivables 6 months to 1 year past due	860	31,648	18	14,661	47,187
Receivables 1 to 5 years past due	3,488	52,482	8,960	18,915	83,845
Receivables more than 5 years past due	7,963	2,510	3,018	460	13,951
TOTAL	**106,675**	**209,686**	**15,033**	**73,313**	**404,707**

Trade receivables of the Ansaldo group contribute, in the CDP Group's consolidated financial statements, to asset item 130, Other assets.

PART F - INFORMATION ON CONSOLIDATED SHAREHOLDERS' EQUITY

SECTION 1 - CONSOLIDATED SHAREHOLDERS' EQUITY

QUALITATIVE DISCLOSURES

As indicated in the introduction, CDP is subject to "informational" supervision only.

Therefore, it is not required to indicate own funds, capital adequacy ratios and the related information for the Group.

PART G - BUSINESS COMBINATIONS

SECTION 1 - BUSINESS COMBINATIONS COMPLETED DURING THE YEAR

1.1 BUSINESS COMBINATIONS

(thousands of euro) Company name	Date of transaction	(1)	(2)	(3)	(4)
Nuova Torneria Zanotti S.r.l. (*)	29/07/2021	4,500	100%	7,624	779
Mecaf S.r.l. (*)	05/11/2021	1,450	100%	1,139	(4)
Mecaer Aviation Group S.p.A. (*)	01/12/2021	85,140	76%	93,622	2,466
Renerwaste Cupello S.r.l.	28/02/2022	8,952	100%	9	(40)
Companies operating in the Biogas/Biomethane business Snam's Waste CGU	03/03/2022	37,594	100%	16,405	(1,283)
Iniziative Biometano S.p.A.	01/04/2022	15,470	51%	7,790	(13)
DEPA Infrastructure S.A.	01/09/2022	929,146	100%	146,766	66,723
Companies operating in the Biogas/Biomethane business Snam's Agri CGU	01/11/2022	42,977	100%	2,647	(122)
Janagas S.r.l.	13/12/2022	30,901	100%	8,985	12,665

Key:
(1) Cost of transaction.
(2) Percentage of voting rights in the Ordinary Shareholder's Meeting.
(3) Total Group revenues.
(4) Group net Profit (Loss).
(*) Business combination referring to the consolidation perimeter of the FICC, the information used in the preparation of this Annual Report refers to a period not coinciding with the 2022 calendar year, as specified in Part A-Section 3 - Scope and Methods of Consolidation.

Acquisition of Nuova Torneria Zanotti S.r.l.

On 29 July 2021, the company Nuova Torneria Zanotti S.r.l., specialised in the processing of precision components for hydraulics with numerically controlled machinery capable of covering all processing phases (turning, broaching, boring, lapping, rolling and de-burring), became part of the scope of consolidation of FICC, through the vehicle Melt1 S.r.l., with 100% of the share capital acquired.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Nuova Torneria Zanotti S.r.l.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	1,296		1,296
90. Property, plant and equipment	211		211
130. Other assets	1,810		1,810
TOTAL ACQUIRED ASSETS	**3,317**		**3,317**

LIABILITIES			
10. Financial liabilities at amortised cost	898		898
80. Other liabilities	1,388		1,388
90. Staff severance pay	254		254
100. Provisions for risks and charges	305		305
200. Net income (loss) for the period			
TOTAL LIABILITIES ASSUMED	**2,845**		**2,845**
Net acquired assets	**472**		**472**
Goodwill		4,028	4,028
Cost of business combination	**472**	**4,028**	**4,500**

Acquisition of Mecaf S.r.l.

On 5 November 2021, the vehicle Melt1 S.r.l. acquired control of the company Mecaf S.r.l., specialised in the mechanical processing of hydraulic jets and based in Rolo (RE).

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Mecaf S.r.l.

ASSETS	Book value	Adjustment	Fair value
90. Property, plant and equipment	345		345
130. Other assets	247		247
TOTAL ACQUIRED ASSETS	**592**		**592**

LIABILITIES			
10. Financial liabilities at amortised cost	186		186
80. Other liabilities	133		133
90. Staff severance pay	62		62
TOTAL LIABILITIES ASSUMED	**381**		**381**
Net acquired assets	**211**		**211**
Goodwill		1,239	1,239
Cost of business combination	**211**	**1,239**	**1,450**

Acquisition of Mecaer Aviation Group S.p.A.

On 1 December 2021, FICC, through the investment vehicle Fly One S.p.A., acquired a majority interest in Mecaer Aviation Group S.p.A. (MAG) equal to 75.77%. The investment involved (i) the acquisition of all of the shares held by the NB Renaissance Partners and Private Equity Partners funds and a part of those owned by SBI S.p.A. (vehicle owned by the founding families) and (ii) the subscription of a capital increase aimed at providing MAG with the financial resources necessary to pursue an ambitious development and international expansion plan, including through M&A transactions.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Mecaer Aviation Group S.p.A.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	31,371		31,371
90. Property, plant and equipment	27,658		27,658
100. Intangible assets	31,479		31,479
110. Tax assets	7,433		7,433
120. Non-current assets and disposal groups held for sale	1,024		1,024
130. Other assets	89,958		89,958
TOTAL ACQUIRED ASSETS	**188,923**		**188,923**
LIABILITIES			
10. Financial liabilities at amortised cost	51,852		51,852
60. Tax liabilities	4,745		4,745
80. Other liabilities	44,757		44,757
90. Staff severance pay	646		646
100. Provisions for risks and charges	673		673
TOTAL LIABILITIES ASSUMED	**102,673**		**102,673**
Net acquired assets	**86,250**		**86,250**
Badwill		1,110	1,110
Cost of business combination	**86,250**	**(1,110)**	**85,140**

Acquisition of companies operating in the Biogas/Biomethane business – SNAM group (Waste CGU)

During 2022, SNAM, through two separate transactions, acquired control of 6 companies operating in the Biogas/Biomethane business which, in line with the definition of the SNAM group CGUs, are included in the Waste CGU.

With reference to these acquisitions, against a total outlay of 47 million euro, the preliminary PPA resulted in a goodwill amount of 23 million euro and recognition of 22 million euro of intangible assets, in addition to deferred taxes of 6 million euro.

In particular, on 28 February 2022, Renerwaste S.r.l. (a company in the Snam group) finalised the acquisition of 85% of the capital of Renerwaste Cupello S.r.l., a company engaged in the development and subsequent operation of a plant for the production of biomethane from the organic fraction of municipal waste (FORSU).

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Renerwaste Cupello S.r.l.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	4		4
90. Property, plant and equipment	1,745		1,745
100. Intangible assets		8,340	8,340
130. Other assets	636		636
TOTAL ACQUIRED ASSETS	**2,385**	**8,340**	**10,725**
LIABILITIES			
10. Financial liabilities at amortised cost	5		5
60. Tax liabilities		2,175	2,175
80. Other liabilities	1,920		1,920
TOTAL LIABILITIES ASSUMED	**1,925**	**2,175**	**4,100**
Net acquired assets	**460**	**6,165**	**6,625**
Goodwill		2,327	2,327
Cost of business combination	**460**	**8,492**	**8,952**

On 3 March 2022, following agreements signed in December 2021 for the acquisition by Asja Ambiente Italia S.p.A. of a portfolio of plants and development projects in the sector of the treatment of FORSU and production of biomethane, through the subsidiary Renerwaste S.r.l., the Snam group completed the acquisition of 100% of the capital of another five companies (Biowaste CH4 Anzio S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Group S.r.l., Biowaste CH4 Genova S.r.l. and Biowaste CH4 Tuscania S.r.l.), with regard to which SNAM proceeded to carry out a preliminary purchase price allocation process; the process to identify the fair value of the assets and liabilities acquired will be completed during the subsequent period and in any case within 12 months from the acquisition date.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Acquisition of companies operating in the Biogas/Biomethane business – Snam Waste CGU

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	5,094		5,094
90. Property, plant and equipment	71,556	1,932	73,488
100. Intangible assets	6,587	8,817	15,404
110. Tax assets	1,659	823	2,482
130. Other assets	18,365	(187)	18,178
TOTAL ACQUIRED ASSETS	**103,261**	**11,385**	**114,646**
LIABILITIES			
10. Financial liabilities at amortised cost	67,970	46	68,016
60. Tax liabilities	25	3,954	3,979
80. Other liabilities	21,413	348	21,761
90. Staff severance pay		173	173
100. Provisions for risks and charges		1,030	1,030
TOTAL LIABILITIES ASSUMED	**89,408**	**5,551**	**94,959**
Net acquired assets	**13,853**	**5,834**	**19,687**
Goodwill		17,907	17,907
Cost of business combination	**13,853**	**23,741**	**37,594**

Acquisition of Iniziative Biometano S.p.A.

On 11 April 2022, following the exercise by Bioenerys (formerly Snam4Environment S.r.l.) of a call option under the contractual agreements with the shareholder Femogas S.p.A., the acquisition of an additional 1% of the capital of Iniziative Biometano S.p.A. was completed. As a result, the equity investment increased from 50% to 51%, with the consequent acquisition of control in place of joint control.

The table below shows the consideration paid for the acquisition of the companies, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Iniziative Biometano S.p.A.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	1,994		1,994
40. Financial assets measured at amortised cost	2,299		2,299
70. Equity investments	991		991
100. Intangible assets	37,149		37,149
110. Tax assets	3,702	23,789	27,491
120. Non-current assets and disposal groups held for sale	1,264		1,264
130. Other assets	10,985		10,985
TOTAL ACQUIRED ASSETS	**58,384**	**23,789**	**82,173**
LIABILITIES			
10. Financial liabilities at amortised cost	17,657		17,657
60. Tax liabilities	292	7,474	7,766
80. Other liabilities	26,001		26,001
90. Staff severance pay	119		119
100. Provisions for risks and charges	3,751		3,751
190. Non-controlling interests (+/-)	14,109		14,109
TOTAL LIABILITIES ASSUMED	**61,929**	**7,474**	**69,403**
Net acquired assets	**(3,545)**	**16,315**	**12,770**
Goodwill		2,700	2,700
Cost of business combination	**(3,545)**	**19,015**	**15,470**

Acquisition of DEPA Infrastructure S.A.

As part of the public tender launched by the Greek government for the privatisation of the distribution operator DEPA Infrastructure S.A., on 9 September 2021 Italgas was declared "preferred bidder" by the Greek privatisation fund (Hellenic Republic Asset Development Fund, HRADF) and on 10 December 2021 a preliminary sale agreement was signed.

Following the occurrence of the conditions precedent provided for in the purchase agreement, on 1 September 2022 the acquisition by Italgas Newco S.p.A. was completed of 100% of DEPA Infrastructure Single Member S.A., a company that controls Thessaloniki - Thessalia Gas Distribution S.A. (EDA Thess), Attiki Natural Gas Distribution Single Member Company S.A. (EDA Attikis) and Public Gas Distribution Networks S.A. (DEDA), the three major gas distribution companies in Greece, which manage a total of about 7,500 kilometres of network and over 600,000 active re-delivery points.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

DEPA Infrastructure S.A.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	107,118		107,118
90. Property, plant and equipment	11,537		11,537
100. Intangible assets	847,877		847,877
110. Tax assets	12,350		12,350
130. Other assets	81,199		81,199
TOTAL ACQUIRED ASSETS	**1,060,081**		**1,060,081**

LIABILITIES			
10. Financial liabilities measured at amortised cost	106,479		106,479
60. Tax liabilities	59,141		59,141
80. Other liabilities	55,845		55,845
90. Staff severance pay	2,615		2,615
100. Provisions for risks and charges	22,644		22,644
TOTAL LIABILITIES ASSUMED	**246,724**		**246,724**
Net acquired assets	**813,357**		**813,357**
Goodwill		115,789	115,789
Cost of business combination	**813,357**	**115,789**	**929,146**

Acquisition of companies operating in the Biogas/Biomethane business – SNAM group (Agri CGU)

On 11 November 2022, the SNAM Group acquired control of 10 companies operating in the Biogas/Biomethane business which, in line with the definition of SNAM Group CGUs, are included in the Agri CGU. The acquisition of the companies (Società Agricola Asola Energie Biogas ar.l., Società Agricola Tessagli Agroenergie ar.l., Società Agricola Santo Stefano ar.l.; Società Agricola Agrimezzana Biogas ar.l., Società Agricola Agrimetano ar.l.; Società Agricola Carignano Biogas ar.l.; Emiliana Agroenergia Società Agricola ar.l.; Piacentina Agroenergia Società Agricola ar.l.; Società Agricola San Giuseppe Agroenergia ar.l.; Società Agricola La Valle Green Energy ar.l.) was carried out with a total outlay of 43 million euro, fully settled at closing. The preliminary PPA resulted in a goodwill amount of 17 million euro and recognition of 33 million euro of intangible assets, in addition to deferred taxes of 9 million euro.

The table below shows the consideration paid for the acquisition of the companies, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Acquisition of companies operating in the Biogas/Biomethane business – Snam Agri CGU

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	3,808		3,808
40. Financial assets at amortised cost	215	(15)	200
70. Equity investments	1		1
90. Property, plant and equipment	18,841	2,803	21,644
100. Intangible assets	512	32,705	33,217
110. Tax assets	59	250	309
130. Other assets	17,315	(221)	17,094
TOTAL ACQUIRED ASSETS	**40,751**	**35,522**	**76,273**
LIABILITIES			
10. Financial liabilities measured at amortised cost	19,183	526	19,709
60. Tax liabilities		9,547	9,547
80. Other liabilities	18,939	(111)	18,828
100. Provisions for risks and charges	331	2,157	2,488
TOTAL LIABILITIES ASSUMED	**38,453**	**12,119**	**50,572**
Net acquired assets	**2,298**	**23,403**	**25,701**
Goodwill		17,276	17,276
Cost of business combination	**2,298**	**40,679**	**42,977**

Acquisition of Janagas S.r.l.

On 2 August 2022, Italgas signed a binding agreement for the acquisition from the Fiamma 2000 group of the LPG distribution and sale activities, with related networks and plants, managed in 12 municipalities of Sardinia.

Following the occurrence of the conditions precedent provided for in the purchase agreement, on 13 December 2022 the acquisition from the Fiamma 2000 group of the entire company capital of Janagas S.r.l. by Medea S.p.A. was completed. Janagas S.r.l. is the corporate vehicle to which the Fiamma 2000 group has conferred the LPG distribution and sales networks in Sardinia, which will be subsequently converted to natural gas.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Janagas S.r.l.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	12		12
100. Intangible assets	41,150		41,150
110. Tax assets	4,463		4,463
130. Other assets	911		911
TOTAL ACQUIRED ASSETS	**46,536**		**46,536**
LIABILITIES			
10. Financial liabilities measured at amortised cost	45		45
60. Tax liabilities	257		257
80. Other liabilities	1,328		1,328
90. Staff severance pay	396		396
100. Provisions for risks and charges	51		51
TOTAL LIABILITIES ASSUMED	**2,077**		**2,077**
Net acquired assets	**44,459**		**44,459**
Badwill		13,558	13,558
Cost of business combination	**44,459**	**(13,558)**	**30,901**

SECTION 2 - BUSINESS COMBINATIONS COMPLETED AFTER THE END OF THE YEAR

2.1 BUSINESS COMBINATIONS

In the period running from the reporting date of the consolidated financial statements to the date of their approval by the Board of Directors, no business combinations were completed.

SECTION 3 - RETROSPECTIVE ADJUSTMENTS

A business combination was finalised in 2021 (Metalsigma business unit) as well as the purchase of an equity investment subject to significant influence (Nexi), which had been accounted for in the consolidated financial statements of the Cassa Depositi e Prestiti Group as at 31 December 2021 on the basis of the provisions of IFRS 3, recognising the assets and liabilities of the business unit acquired and those of the equity investment acquired at their respective fair values at the acquisition date, provisionally determined.

More specifically, as indicated in the 2021 consolidated financial statements, the differences between the acquisition cost incurred and the net assets – pro-rata – expressed at fair value had been mainly allocated provisionally to goodwill.

IFRS 3 provides that if the accounting for a business combination cannot be definitively determined by the end of the financial year in which it is carried out, since the fair value to be assigned to the assets and liabilities acquired can only be determined provisionally the accounting must be made using provisional values, recording within 12 months of the acquisition – with retroactive effect – the adjustments to those provisional data and thus determining the final balances inherent in the acquisition transaction.

Below is a description of the effects associated with each of the operations indicated above.

Business Unit Metalsigma

The acquisition of the naval BU of Metalsigma S.r.l. was carried out on 16 December 2021 by MI S.p.A. (Fincantieri group). The surplus of the purchase price over the business's net assets at the date of acquisition was 9,754 thousand euro. The purchase price allocation process resulted in the recognition of amortisable intangible assets of 13,529 thousand euro (Order backlog of 5,026 thousand euro and Know-how of 8,503 thousand euro) and deferred tax liabilities of 3,775 thousand euro. The allocation was provisionally made at 31 December 2021 and provided for recognition in the financial statements of Intangible assets for 4,960 thousand euro, Deferred tax liabilities for 1,384 thousand euro and Goodwill for 6,178 thousand euro.

Nexi

At the end of December 2021, as a result of the contribution of the equity investment held in SIA to Nexi, the CDP Group acquired a 13.6% stake in the latter.

In view of the interest acquired, significant influence on Nexi was established. In compliance with the provisions of IFRS 28, par. 26, the assets and liabilities of the investee measured using the equity method were then expressed at fair value. The Purchase Price Allocation process showed an implicit goodwill in the equity investment of 1,983 million euro. Taking into account that, from an accounting point of view, 31 December 2021 was the date of purchase of significant influence over Nexi, no impact was recognised on the 2021 income statement as a result of the retrospective change.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table shows the remuneration paid in 2022 to members of the management and control bodies and key management personnel of the Parent Company and of wholly-owned subsidiaries.

DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

(thousands of euro)	Directors	Board of Auditors	Key management personnel
a) Short-term benefits	17,351	3,495	30,989
b) Post-employment benefits	466		1,352
c) Other long-term benefits	814		3,946
d) Severance benefits	5,565		5,698
e) Share-based payments	2,294		2,354
TOTAL	**26,490**	**3,495**	**44,339**

2. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Certain transactions among the CDP Group and related parties, notably those with the Ministry of the Economy and Finance and Poste Italiane S.p.A., arise as a result of legislative provisions.

In any event, it should be noted that CDP did not carry out any atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the company. All transactions with related parties were carried out on an arm's length basis and form part of the Group's ordinary operations.

The following table shows assets, liabilities, revenues and costs in respect of the CDP Group's transactions in 2022 with:
- companies subject to significant influence or joint control and their subsidiaries;
- the Ministry of the Economy and Finance;
- the subsidiaries and direct and indirect affiliates of the Ministry of the Economy and Finance;
- other counterparties (mainly included are post-employment benefit plans for CDP Group employees and social, environmental and cultural development promotion foundations set up by CDP Group companies).

(thousands of euro) Items/Related parties	Ministry of Economy and Finance (MEF)	Associates and joint operations of the CDP Group	Direct and indirect MEF subsidiaries and associates	Others	Total transactions with related parties
Assets					
Financial assets measured at fair value through profit and loss		81,086	146,287		227,373
Financial assets measured at fair value through other comprehensive income	8,541,740		148,170		8,689,910
Financial assets measured at amortised cost:					
– *loans to banks*			*1,899,018*		*1,899,018*
– *loans to customers*	*238,757,994*	*297,518*	*3,464,955*		*242,520,467*
Other assets	160,819	592,759	630,936	2,078	1,386,592
Liabilities					
Financial liabilities measured at amortised cost:					
– *due to banks*					
– *due to customers*	*3,570,950*	*15,887*	*131,644*		*3,718,481*
– *securities issued*		*3,011,950*			*3,011,950*
Other liabilities	27,763	759,077	343,727	9,157	1,139,724
OFF-BALANCE SHEET	**6,685,031**	**8,540,422**	**2,152,391**		**17,377,844**
Income statements					
Interest income and similar income	5,556,329	5,524	77,865		5,639,718
Interest expense and similar expense	(31,655)	(67,455)	139		(98,971)
Commission income	288,427	963	3,820		293,210
Commission expense	(4,911)	(1,147,574)			(1,152,485)
Profits (losses) on trading activities	14,868		(78,981)		(64,113)
Gains (losses) on disposal or repurchase	731		93		824
Net adjustments/recoveries for credit risk	(4,473)	(1,143)	972		(4,644)
Administrative expenses	(1,591)	(301,671)	(205,261)	(4,812)	(513,335)
Other operating income (costs)	8,343	1,120,570	2,207,961	(8,329)	3,328,545

With regard to financial liabilities measured at amortised cost, and in particular securities issued, it should be noted that only securities issued by the Parent Company CDP and held by associates or companies jointly controlled by the CDP group are reported. In particular, they include bonds issued by CDP and guaranteed by the Italian government, subscribed by Poste Italiane S.p.A.

PART I - SHARE-BASED PAYMENTS

MEDIUM/LONG-TERM INCENTIVE PLAN OF FINCANTIERI

2016-2018 PERFORMANCE SHARE PLAN

On 19 May 2017, the Shareholders' Meeting of Fincantieri S.p.A. approved the medium-/long-term management share-based incentive plan called 2016-2018 Performance Share Plan (the "Plan"), as well as the related Regulation. The project was approved by the Board of Directors on 10 November 2016.

The Plan is divided into three cycles, each having a duration of three years, and provides for the free assignment of shares to the beneficiaries identified by the Board of Directors, up to a maximum number of 50,000,000 Fincantieri S.p.A. ordinary shares with no par value, provided that the foregoing beneficiaries meet the specific performance targets established in relation to 2016-2018 (first cycle), 2017-2019 (second cycle) and 2018-2020 (third cycle). The targets identified for all three cycles are Total Shareholder Return ("TSR") and EBITDA, which provide objective criteria for measuring value creation by the company over the long term.

The vesting period for all beneficiaries will be three years, from the date the rights are granted to the date the shares are assigned to the beneficiaries. On verifying achievement of the performance targets and satisfying the other conditions set out in the Plan Regulation, the shares accrued in relation to the first cycle were vested and assigned to the beneficiaries on 31 July 2019, while those accrued in relation to the second and third cycles were vested and assigned on 3 July 2020 and 2 July 2021, respectively.

The Plan also contemplates a lock-up period in relation to a portion of the shares assigned to the company's board members or key management personnel.

In the first cycle of the Plan, 9,101,544 Fincantieri S.p.A. ordinary shares were assigned to the beneficiaries identified by the Board of Directors on 15 December 2016; in the second cycle of the Plan, 4,170,706 Fincantieri S.p.A. shares were assigned to the beneficiaries identified by the Board of Directors on 25 July 2017; and, in the third and last cycle of the Plan, 3,604,691 shares of Fincantieri S.p.A. were assigned to the beneficiaries identified by the Board of Directors on 22 June 2018.

The business and financial performance targets consist of two components:

- a "market based" component (equal to 30% of the total rights assigned) linked to Fincantieri's performance in terms of the TSR associated with the FTSE Italy All Share Index and the Peer group identified by the company;
- a "non-market based" component (equal to 70% of the total rights assigned) linked to the achievement of the Fincantieri group's EBITDA targets measured against pre-established targets.

The "market based" component was calculated according to the Monte Carlo method, under which appropriate assumptions can be applied to define a significant number of alternative scenarios within a given time period. Unlike the "market based" performance target, the "non-market based" component (EBITDA) is immaterial in terms of the fair value estimate but is updated quarterly to take into account expectations in terms of the number of rights accruable based on EBITDA performance measured against the targets established in the Plan.

The table below shows the amount, for each cycle of the Plan, of the fair value determined at the grant date of the rights to the beneficiaries.

	Grant date	N. of shares assigned	Fair value (euro)
First cycle of the Plan	19/05/2017	9,101,544	6,866,205
Second cycle of the Plan	25/07/2017	4,170,706	3,672,432
Third cycle of the Plan	22/06/2018	3,604,691	3,963,754

With reference to the 2016-2018 Performance Share Plan, please note that:

- the Board of Directors' meeting on 27 June 2019 resolved on the closure of the 1st cycle of the "2016-2018 Performance Share Plan", assigning, free of charge to the beneficiaries, 10,104,787 ordinary shares of Fincantieri through the use of 2,572,497 treasury shares in the portfolio and issuing 7,532,290 new shares, always without nominal value. The issue and delivery of the shares took place on 31 July 2019;
- the Board of Directors' meeting on 10 June 2020 resolved on the closure of the 2nd cycle of the "2016-2018 Performance Share Plan", assigning, free of charge to the beneficiaries, 4,822,542 ordinary shares of Fincantieri through the use of treasury shares. The net shares actually assigned amounted to 2,685,862 shares (net of those withheld to meet the tax obligations of the beneficiaries). The delivery of the shares took place on 3 July 2020;
- the Board of Directors' meeting on 10 June 2021 resolved on the closure of the 3rd cycle of the "2016-2018 Performance Share Plan", assigning, free of charge to the beneficiaries, 2,787,276 ordinary shares of Fincantieri. The net shares actually assigned amounted to 1,528,027 shares (net of those withheld to meet the tax obligations of the beneficiaries). The shares were assigned on 2 July 2021 exclusively using the treasury shares in the portfolio.

The features of the Plan, as described above, are described in further detail in the information document prepared by the company pursuant to Article 84-bis of Regulation no. 11971 issued by Consob on 14 May 1999. The information document has been published on the website www.fincantieri.it in the section "Ethics and Governance - Shareholders' Meetings - Shareholders' Meeting 2017".

2019-2021 PERFORMANCE SHARE PLAN

On 11 May 2018, the Shareholders' Meeting of Fincantieri S.p.A. approved the medium-/long-term management share-based incentive plan called 2019-2021 Performance Share Plan (the "Plan"), as well as the related Regulation, the structure of which was defined by the Board of Directors at the meeting held on 27 March 2018.

The Plan is divided into three cycles, each having a duration of three years, and provides for the free assignment of shares to the beneficiaries identified by the Board of Directors, up to a maximum number of 25,000,000 Fincantieri S.p.A. ordinary shares with no par value, provided that the foregoing beneficiaries meet the specific performance targets established in relation to 2019-2021 (first cycle), 2020-2022 (second cycle) and 2021-2023 (third cycle).

The vesting period for all beneficiaries will be three years, from the date the rights are granted to the date the shares are assigned to the beneficiaries. Therefore, on meeting the performance targets and satisfying the other conditions set out in the Plan Regulation, the shares accrued in relation to the first cycle will be vested and assigned to the beneficiaries by 31 July 2022, while those accrued in relation to the second and third cycles will be vested and assigned respectively by 31 July 2023 and 31 July 2024.

The Plan also contemplates a lock-up period in relation to a portion of the shares assigned to the company's board members or key management personnel. The free assignment of the number of rights is delegated to the Board of Directors, which also has the power to identify the number and names of the beneficiaries.

In the first cycle of the plan, 6,842,940 ordinary shares of the company were assigned to the beneficiaries identified by the Board of Directors on 24 July 2019; in the second cycle of the plan, 11,133,829 ordinary shares of the company were assigned to the beneficiaries identified by the Board of Directors on 30 July 2020; and, in the third and last cycle of the plan, 9,796,047 ordinary shares of the company were assigned to the beneficiaries identified by the Board of Directors on 10 June 2021.

In addition to the EBITDA and TSR parameters, already included in the 2016-2018 Performance Share Plan, the Fincantieri group has also introduced among the Plan's targets a further parameter, the sustainability index, which measures the achievement of the sustainability targets the Fincantieri group has set to align itself with European best practices and the financial community's increasing expectations regarding sustainable development.

The references for testing the achievement of the sustainability target consist of market parameters such as the Carbon Disclosure Project (CDP) and a second rating by an additional agency that assesses the entire basket of sustainability aspects.

The table below shows the amount, for each cycle of the Plan, of the fair value determined at the grant date of the rights to the beneficiaries.

	Grant date	N. of shares assigned	Fair value (euro)
First cycle of the Plan	24/07/2019	6,842,940	6,668,616
Second cycle of the Plan	30/07/2020	11,133,829	5,958,837
Third cycle of the Plan	10/06/2021	9,796,047	7,416,783

In regard to the 2019-2021 Performance Share Plan, the Board of Directors' meeting on 30 June 2022 resolved on the closure of the 1st cycle of the "2019-2021 Performance Share Plan", assigning, free of charge to the beneficiaries, 6,818,769 ordinary shares of Fincantieri. The net shares actually assigned amounted to 3,883,748 shares (net of those withheld to meet the tax obligations of the beneficiaries). The shares were assigned on 18 July 2022 exclusively using the treasury shares in the portfolio.

The features of the Plan, as described above, are described in further detail in the information document prepared by Fincantieri S.p.A. pursuant to Article 84-bis of Regulation no. 11971 issued by Consob on 14 May 1999. The information document has been published on the website www.fincantieri.it in the section "Ethics and Governance - Shareholders' Meetings - Shareholders' Meeting 2018".

2022-2024 PERFORMANCE SHARE PLAN

On 8 April 2021, the Shareholders' Meeting of Fincantieri S.p.A. approved the new medium-/long-term management share-based incentive plan called 2022-2024 Performance Share Plan (the "Plan"), as well as the related Regulation, the structure of which was defined and approved by the Board of Directors at the meeting held on 25 February 2021.

The Plan, in keeping with the previous 2019-2021 incentive plan, is divided into three cycles, each having a duration of three years, and provides for the free assignment of shares to the beneficiaries identified by the Board of Directors, up to a maximum number of 64,000,000 Fincantieri S.p.A. ordinary shares with no par value, provided that the foregoing beneficiaries meet the specific performance targets established in relation to 2022-2024 (first cycle), 2023-2025 (second cycle) and 2024-2026 (third cycle).

The vesting period for all beneficiaries will be three years, from the date the rights are granted to the date the shares are assigned to the beneficiaries. Therefore, on meeting the performance targets and satisfying the other conditions set out in the Plan Regulation, the shares accrued in relation to the first cycle will be vested and assigned to the beneficiaries by 31 July 2025, while those accrued in relation to the second and third cycles will be vested and assigned respectively by 31 July 2026 and 31 July 2027.

The Plan also contemplates a lock-up period in relation to a portion of the shares assigned to the company's board members or key management personnel.

In the first cycle of the Plan, 12,282,025 ordinary shares of the company were assigned to the beneficiaries identified by the Board of Directors on 26 July 2022. The beneficiaries for the 2nd cycle will be identified by the grant date of the rights for the 2nd cycle, i.e. by 31 July 2023; the beneficiaries for the 3rd cycle will be identified by the grant date for the 3rd cycle, i.e. by 31 July 2024.

In addition to the EBITDA and TSR parameters, the Fincantieri group has established an additional parameter, the sustainability index, among the Plan's targets, for the time being in particular with regard to the 1st cycle, as was already envisaged in the 2019-2021 Performance Share Plan. This parameter is intended to measure the achievement of the sustainability targets the Fincantieri group has set itself to align it with European best practices and the growing expectations of the financial community regarding sustainable development.

The references for testing the achievement of the sustainability target are based on the percentage of achievement of the Sustainability Plan's targets that the company has set for itself over the relevant time period. An access gate was also introduced, the achievement of which is required for receiving the bonus. The access gate is linked to the following rating targets that the Company has set itself: obtaining at least a B rating in the "Carbon Disclosure Project" (CDP) index and inclusion in the highest level (Advanced) of the "Vigeo Eiris" index.

The table below shows the amount, for each cycle of the Plan, of the fair value determined at the grant date of the rights to the beneficiaries.

	Grant date	N. of shares assigned	Fair value (euro)
First cycle of the Plan	01/06/2025	12,282,025	5,738,776

The features of the Plan, as described above, are described in further detail in the information document prepared by Fincantieri S.p.A. pursuant to Article 84-bis of Regulation no. 11971 issued by Consob on 14 May 1999. The information document has been published on the website www.fincantieri.it in the section "Ethics and Governance - Shareholders' Meetings - Shareholders' Meeting 2021".

INCENTIVE PLANS FOR EXECUTIVES BASED ON SNAM SHARES

2017-2019 LONG-TERM PERFORMANCE SHARE PLAN

With reference to the 2017-2019 long-term performance share plan, as approved by the Shareholders' Meeting of Snam on 11 April 2017, a total of 5,385,372 shares have been assigned, of which 1,368,397 shares in relation to 2017 (1,511,461 shares were assigned in July 2020 at the end of the vesting period), 2,324,413 shares in relation to 2018 (2,441,742 shares were assigned in July 2021 at the end of the vesting period) and 1,692,562 shares in relation to 2019.

The Plan ended on 30 June 2022, that is, on expiry of the three-year vesting period linked to the last assignment of shares (2019).

For more information on the conditions of the Plan, see the "2017-2019 Long-term Performance Share Plan Information Document" prepared pursuant to article 84-bis of the Issuers' Regulation, available on Snam's website.

2020-2022 LONG-TERM PERFORMANCE SHARE PLAN

On 18 June 2020, the shareholders' meeting of Snam, in the ordinary session, approved the 2020-2022 Long-term Performance Share Plan, giving the powers necessary to implement the Plan to the board of directors.

The Plan applies to the Chief Executive Officer and to Snam executives who hold offices that have the greatest impact on the company's financial performance or who are strategically important in terms of achieving Snam's multi-year objectives, as well as any additional positions identified in relation to the performance achieved, the available skills or with a view to retention, up to a maximum of 100 beneficiaries.

	Vesting period and performance			
2020 award	2020	2021	2022	2023 free share award

	Vesting period and performance			
2021 award	2021	2022	2023	2024 free share award

	Vesting period and performance			
2022 award	2022	2023	2024	2025 free share award

The Plan provides for three annual awards over the period 2020-2022. Each award is subject to a three-year vesting period. As a result, the shares, if any, are granted between 2023 and 2025, as shown above.

The board of directors set the maximum number of shares backing each three-year period of the Plan to 3,500,000. The Plan will end in 2025, that is, on expiry of the vesting period of the last assignment set for 2022.

The Plan includes free shares granted in variable numbers in relation to the individual assignment and the degree to which the performance targets of the Plan are met. The number of shares vested is subject to meeting the performance targets, verified for all the beneficiaries at the end of each three-year vesting period, upon completion, by the Remuneration Committee, of a thorough process of assessment of the results achieved.

The Plan's performance targets, measured according to a linear interpolation criterion among the minimum, target and maximum values, are linked to the following parameters:

- accumulated adjusted net income in the three-year period corresponding to the Performance Period, with a weight of 50%;
- added value which reflects the value generation of the regulated business, calculated as a change in the RAB in the three-year period corresponding to the Performance Period, added to the dividends distributed, the treasury shares repurchased and reduced by the change in net debt;
- ESG Metric, with a weight of 20%, measured through the results achieved with regard to 2 indicators, aiming to:
    1. reduce natural gas emissions in the three-year period corresponding to the Performance Period (weight of 10%);
    2. ensure fair representation of the least present gender in Snam's management team (weight of 10%), in terms of percentage of senior and middle manager positions of the least represented gender on the total of senior and middle manager positions of the group.

An additional number of shares is also envisaged - defined as dividend equivalent - to be allocated based on the shares actually granted at the end of the vesting period. The number of additional shares to be assigned is determined by dividing the sum of the dividends distributed during the vesting period by the average share price recorded in the month preceding the allocation. For the Chief Executive Officer and the other beneficiaries of the Plan, 20% of the granted shares, gross of those necessary to comply with the tax expense, will be subject to a lock-up period.

For more information see the "2020-2022 Long-term Performance Share Plan Information Document" prepared pursuant to article 84-bis of the Issuers' Regulation, available on Snam's website.

A total of 1,277,996 shares have been assigned under the Plan in relation to 2020, 1,245,854 in relation to 2021, and 1,032,626 in relation to 2022.

The costs for 2022, referring to the 2020-2021-2022 assignments, equal to the sum of the number of shares expected to vest at maturity multiplied by their fair value at the grant date, were recognised as a component of labour cost against a corresponding equity reserve, and amounted to 5 million euro.

INCENTIVE PLANS FOR EXECUTIVES BASED ON TERNA SHARES

On 15 June 2022, the Board of Directors approved the Regulation concerning the 2022-2026 Performance Share Plan, implementing the terms set by the Ordinary Shareholders' Meeting on 29 April 2022.

The ESG-linked treasury shares buy-back programme (to service the 2022-2026 Performance Share Plan) was completed on 13 June 2022. Terna purchased about 1.3 million treasury shares (0.064% of share capital) under the programme, for a total value of approximately 10 million euro. The purchased shares are in addition to the approximately 3.1 million treasury shares already purchased by the company in 2020 and 2021. In line with Terna's commitment to sustainability and social and environmental issues, the programme includes a penalty mechanism in the event of the company failing to meet specific environmental, social and governance (ESG) targets.

LONG-TERM PERFORMANCE SHARE PLANS OF ITALGAS S.P.A.

On 9 March 2022, in implementation of the 2018-2020 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting on 19 April 2018, the Board of Directors resolved on the free assignment of a total of 477,364 new ordinary shares of the Company to the beneficiaries of the Plan (so-called second cycle of the Plan) and executed the second tranche of the capital increase approved by the same Shareholders' Meeting, for a nominal amount of 591,931.36 euro drawn from the retained earnings reserve.

On 9 March 2023, in implementation of the 2018-2020 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting on 19 April 2018, the Board of Directors resolved on the free assignment of a total of 499,502 new ordinary shares of the Company to the beneficiaries of the Plan (so-called third cycle of the Plan) and executed the third tranche of the share capital increase approved by the same Shareholders' Meeting, for a nominal amount of 619,382.48 euro drawn from the retained earnings reserve.

PART L - CONSOLIDATED INFORMATION ON OPERATING SEGMENTS

OPERATING SEGMENTS

This section of the Notes to the consolidated financial statements has been prepared in compliance with IFRS 8 - Operating Segments.

Consolidated operating segment disclosures are presented by showing separately the contribution given by four sectors to the consolidated Group's results:

- Support for the economy: represented by the Parent Company's financial data;
- Companies subject to management and coordination, which include:
  - International expansion: represented by the financial data of the subsidiary SIMEST;
  - Other sectors: represented by the financial data of the Companies subject, directly or indirectly, to management and coordination, except for those included in the previous sector, and without their equity investments, which are reported under the heading "Companies not subject to management and coordination". The segment therefore includes CDP Reti, Fintecna, CDP Equity, CDPE Investimenti, CDP Real Asset SGR, CDP Industria (merged into CDP Equity as of Dec. 31, 2022), the funds FIV Plus, FIV Extra, FNT, FT1, FNAS and Fondo Sviluppo, CDP Immobiliare and its subsidiaries[100];
- Companies not subject to management and coordination: represented by the financial data of the companies consolidated line by line (Snam, Terna, Italgas, Fincantieri, Ansaldo Energia, Fondo Italiano d'Investimento SGR, FoF Private Debt, Fondo Italiano Consolidamento e Crescita and its subsidiaries, ITsART and CDP VC SGR) and by the financial data deriving from consolidation with the equity method of associates or companies subject to joint control by CDP Group.

The contribution of SACE, SACE FCT, SACE BT, SACE SRV and Fondo Sviluppo Export, included in the result of discontinued operations and therefore under the item "Other" of the reclassified statements, is shown in the "Companies not subject to management and coordination" segment for 2022, and in the "International expansion", included in the "Companies not subject to management and coordination" segment, for the comparison year.

The reported financial data were prepared considering the contribution of the four segments already net of the effects of consolidation entries, but without the elimination of dividends, which has instead been performed in the column aggregating the three segments "Support for the economy", "International expansion" and "Other sectors".

Thus, the contribution of the three segments taken together, for which profit before tax amounts to 1.7 billion euro, is represented by the Parent Company and the companies subject to management and coordination.

This aggregate figure is impacted significantly by the weight of the financial data of the "Support for the economy" segment in terms of Net interest income.

Companies not subject to management and coordination report a profit before tax of 6.4 billion euro. With regard to gross income, net interest income remained substantially stable, while there was a strong increase in the valuation of investments using the equity method. This item mainly includes the positive result of ENI (3.9 billion euro), Poste Italiane (0.5 billion euro) and Holding Reti Autostradali (0.3 billion euro) as well as the negative result of Saipem and Open Fiber Holdings.

Profit before tax benefits from a significant contribution from the core earnings of the industrial companies recorded under Other net operating income, which offset administrative expenses of 12.7 billion euro and amortisation/depreciation charges for the period of 3.2 billion euro, related to technical investments and to the effects of the purchase price allocations on those assets.

Balance sheet figures too show the significant weight of the "Support for the economy" segment, in particular under property, plant and equipment and in funding for Companies not subject to management and coordination.

[100] The segment includes the equity investments of CDP Immobiliare and Fintecna, since they are representative of the company's business.

The reclassified income statement figures and the main reclassified balance sheet figures, for 2022 and for the comparison year, shown below, are attributable to the Group as a whole. The item "Property, plant and equipment/technical investments" corresponds to item 90 "Property, plant and equipment" of the consolidated financial statements, while the item "Other assets (including inventories)" corresponds to item 130 "Other assets" of the consolidated financial statements. For the reconciliation of the other items with those of the consolidated financial statements, see Annex 2.1 "Reconciliation between the reclassified income statement and balance sheet and the financial statements – CDP Group".

Reclassified consolidated balance sheet - 2022

		Companies subject to management and coordination				
(thousands of euro)	Support for the economy	International expansion	Other segments	Total	Companies not subject to management and coordination	Total
Loans and cash and cash equivalents	282,040,818	502,223	1,032,550	283,575,591	5,953,445	289,529,036
Equity investments			36,133	36,133	27,072,830	27,108,963
Debt and equity securities and units in collective investment undertakings	79,151,029	5,188	959,840	80,116,057	645,857	80,761,914
Property, plant and equipment/technical investments	342,936	3,059	1,406,385	1,752,380	40,803,621	42,556,001
Other assets (including Inventories)	469,144	20,926	82,168	572,238	19,513,989	20,086,227
Funding	369,376,955	164,465	1,625,629	371,167,049	35,098,467	406,265,516
– *of which: bonds*	17,150,801		351,257	17,502,058	21,353,983	*38,856,041*

Reclassified consolidated balance sheet - 2021

				Companies not subject to management and coordination		
(thousands of euro)	Support for the economy	Companies subject to management and coordination	Total	International expansion	Other segments	Total
Loans and cash and cash equivalents	295,244,426	1,397,817	296,642,243	506,644	6,874,947	304,023,834
Equity investments		37,846	37,846		20,792,772	20,830,618
Debt and equity securities and units in collective investment undertakings	79,040,977	899,388	79,940,365	5,165	1,364,411	81,309,941
Property, plant and equipment/technical investments	342,925	1,421,671	1,764,596	3,892	39,339,906	41,108,394
Other assets (including Inventories)	715,182	88,647	803,829	17,562	14,186,939	15,008,330
Funding	375,077,485	1,551,639	376,629,124	150,257	38,713,136	415,492,517
– *of which: bonds*	*21,370,928*	*416,954*	21,787,882		*22,243,266*	*44,031,148*

Reclassified consolidated income statement - 2022

(thousands of euro)	Support for the economy	Companies subject to management and coordination		Total (*)	Companies not subject to management and coordination	Total
		International expansion	Other segments			
Net interest income	**1,704,932**	**22,712**	**(1,431)**	**1,726,213**	(309,302)	**1,416,911**
Dividends	1,602,101		558,105	45,340	4,398	49,738
Gains (losses) on equity investments			(3,858)	(3,858)	4,368,107	4,364,249
Net commission income (expense)	120,547	35,266	7,888	163,701	(33,872)	129,829
Other net revenues (costs)	85,143	(6,482)	(53,028)	25,633	101,986	127,619
Gross income	**3,512,723**	**51,496**	**507,676**	**1,957,029**	**4,131,317**	**6,088,346**
Net recoveries (impairment)	68,693	(3,367)	895	66,221	(30,392)	35,829
Administrative expenses	(250,961)	(38,891)	(104,471)	(394,323)	(12,234,422)	(12,628,745)
Other net operating income (costs)	(122,313)	(48)	60,581	(61,780)	17,874,701	17,812,921
Operating income	**3,208,142**	**9,190**	**464,681**	**1,567,147**	**9,741,204**	**11,308,351**
Net Provisions for risks and charges	244	50	159,607	159,901	(162,996)	(3,095)
Net adjustment to property, plant and equipment and intangible assets	(31,901)	(2,782)	(16,698)	(51,381)	(3,127,987)	(3,179,368)
Goodwill impairment					(48,337)	(48,337)
Other	(7)		8,481	8,474	13,772	22,246
Income (loss) for the year before tax	**3,176,478**	**6,458**	**616,071**	**1,684,141**	**6,415,656**	**8,099,797**
Income taxes						(1,297,302)
INCOME (LOSS) FOR THE YEAR						**6,802,495**

(*) Total of the segments "Support for the economy" and "Companies subject to management and coordination ", net of elimination of dividends.

Reclassified consolidated income statement - 2021

(thousands of euro)	Support for the economy	Companies subject to management and coordination	Total (*)	Companies not subject to management and coordination		Total
				International expansion	Other segments	
Net interest income	**1,782,338**	**7,799**	**1,790,137**	**24,075**	**(301,165)**	**1,513,047**
Dividends	1,233,649	520,934	50,236		6,169	56,405
Gains (losses) on equity investments		1,145	1,145		1,736,564	1,737,709
Net commission income (expense)	110,420	7,185	117,605	28,533	(26,967)	119,171
Other net revenues (costs)	638,332	(81,799)	556,533	(9,014)	31,048	578,567
Gross income	**3,764,739**	**455,264**	**2,515,656**	**43,594**	**1,445,649**	**4,004,899**
Net recoveries (impairment)	(19,742)	3,062	(16,680)	(191)	(24,477)	(41,348)
Administrative expenses	(213,897)	(101,323)	(315,220)	(28,845)	(11,331,475)	(11,675,540)
Other net operating income (costs)	12,654	21,954	34,608	5	17,379,928	17,414,541
Operating income	**3,543,754**	**378,957**	**2,218,364**	**14,563**	**7,469,625**	**9,702,552**
Net Provisions for risks and charges	(62)	65,388	65,326		(113,694)	(48,368)
Net adjustment to property, plant and equipment and intangible assets	(25,809)	(94,570)	(120,379)	(2,081)	(2,635,302)	(2,757,762)
Other	(136)	939,653	939,517	(1,170,202)	8,696	(221,989)
Income (loss) for the year before tax	**3,517,747**	**1,289,428**	**3,102,828**	**(1,157,720)**	**4,729,325**	**6,674,433**
Income taxes						(1,350,768)
INCOME (LOSS) FOR THE YEAR						**5,323,665**

(*) Total of the segments "Support for the economy" and "Companies subject to management and coordination ", net of elimination of dividends.

PART M - DISCLOSURE OF LEASES

This section contains some information indicated by IFRS 16.

SECTION 1 - LESSEE

QUALITATIVE DISCLOSURES

The lease agreements within the scope of application of IFRS 16 are mainly referred to the rental contracts of the real estate properties used by the Group in addition to the lease agreements for machinery (other assets e.g. printers, scanners etc.) and vehicles.

The CDP Group calculated the duration of the lease for each individual contract, considering the "non-cancellable" period during which it has the right of use the underlying asset, evaluating all the contractual aspects that may change the duration, including, in particular, the possible presence of:
- any period covered by an option to extend the lease, if it is reasonably certain that the option will be exercised;
- any period covered by an option to terminate the lease, if it is reasonably certain that the option will not be exercised.

In accordance with the accounting standard which provides that "*the underlying asset can be of low value only if:*
- the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- the underlying asset is not highly dependent on, or highly interrelated with, other assets".

The CDP Group applies the exemption for lease contracts when the asset on the purchase date is of low value.

The Standard also specifies that "a contract containing the purchase option cannot be considered a short-term lease".

The CDP Group considers a lease to be "short-term" when it has a maximum lease duration of 12 months and does not include any option to extend (and to purchase) that may be exercised at the discretion of the lessee.

For these contracts, the related payments are recorded in the income statement on a straight-line basis for the corresponding duration.

QUANTITATIVE DISCLOSURES

Reported below is the information required by IFRS 16 with regard to contracts where the CDP Group acts as a lessee, contained in these notes in the following sections:
- Part B - Assets, section 9 - for information on the rights of use acquired under a lease;
- Part B - Liabilities, section 1, table 1.6 "Lease liabilities" - for information on lease liabilities;
- Part C - section 1, table 1.3 "Interest expense and similar expense: breakdown" — for information on interest expense on the lease liabilities;
- Part C - section 14, table 14.1 "Net adjustments to property, plant and equipment: breakdown" — for information on the depreciation of the rights of use acquired under a lease.

Short-term leases and leases of a low value are accounted for in accordance with paragraph 6 of IFRS 16. The costs are reported in Part C, section 12, table 12.5 "Other administrative expenses: breakdown".

SECTION 2 - LESSOR

QUALITATIVE DISCLOSURES

The CDP Group has leasing operations as lessor, represented by both finance and operating leases.

Finance leases require the recognition of a receivable corresponding to the net value of the investment in the lease. The net value is the sum of the minimum payments and the unguaranteed residual value, discounted at the interest rate implicit in the lease.

Subsequently, financial income is recognised in the income statement for the term of the contract to make the periodic rate of return on the residual net investment constant.

The estimate of the unguaranteed residual value is periodically reviewed to recognise any impairment losses.

Whereas, lease payments relating to lease contracts that qualify as operating leases are recognised in the income statement on a straight-line basis over the term of the contract.

QUANTITATIVE DISCLOSURES

1. DISCLOSURES ON THE BALANCE SHEETS AND INCOME STATEMENTS

With reference to finance leases, the carrying value of the finance leases to which the CDP Group is the lessor is shown in section 4 – Financial assets measured at amortised cost – Item 40 of the Notes to the consolidated financial statements, Part B.

During the year, these loans resulted in interest income shown in section 1 – Interest – Items 10 and 20 of the Notes to the consolidated financial statements, Part C.

With reference to operating leases, the fees recognised on an accrual basis during the year in consideration of the lease are shown in section 16 – Other operating income (costs) – Item 230 of the Notes to the consolidated financial statements, Part C.

2. FINANCE LEASES

2.1 Classification by time band of the payments to be received and reconciliation with loans for leases recognised under assets

For more details see Part B - Assets, section 4 - for information on “Classification by time band of the payments to be received and reconciliation with finance leases recognised under assets”.

2.2 Other information

There is no additional information to report.

3. OPERATING LEASES

3.1 Classification by time band of the payments to be received

(thousands of euro) Time bands	Total 31/12/2022 Lease payments to be received
Up to 1 year	18,226
Between 1 and 2 years	11,921
Between 2 and 3 years	11,921
Between 3 and 4 years	11,921
Between 4 and 5 years	11,921
Over 5 years	254,370
TOTAL	**320,280**

3.2 Other information

There is no additional information to report.

ANNEXES

1. ANNEXES TO THE CONSOLIDATE FINANCIAL STATEMENTS

1.1 SCOPE OF CONSOLIDATION

Company name	Registered office	Investor	% holding	Consolidation method
Parent Company				
Cassa Depositi e Prestiti S.p.A.	Rome			
Consolidated companies				
2F Per Vado - S.c.ar.l.	Genoa	Fincantieri Infrastructure S.p.A.	49.00%	Equity method
4B3 S.c.ar.l.	Trieste	Fincantieri S.p.A.	2.50%	Equity method
		Fincantieri SI S.p.A.	52.50%	Equity method
4TB13 S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	55.00%	Equity method
4TCC1 S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	75.00%	Equity method
		Fincantieri S.p.A.	5.00%	Equity method
ACE Marine LLC	Madison, WI	Fincantieri Marine Group LLC	100.00%	Line-by-line
Albanian Gas Service Company Sh.a.	Tirana	Snam S.p.A.	25.00%	At cost
Alfiere S.p.A.	Rome	Fondo Sviluppo Comparto A	100.00%	Line-by-line
Alivieri Power Units Maintenance SA	Athens	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
Altiforni e Ferriere di Servola S.p.A.	Udine	Fintecna S.p.A.	24.10%	At cost
Ansaldo Algérie S.àr.l.	Algiers	Ansaldo Energia S.p.A.	49.00%	Equity method
Ansaldo Energia Gulf	Abu Dhabi	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Ansaldo Energia IP UK Ltd	London	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Ansaldo Energia Iranian LLC	Tehran	Ansaldo Russia LLC	30.00%	Line-by-line
		Ansaldo Energia S.p.A.	70.00%	Line-by-line
Ansaldo Energia Muscat LLC	Muscat	Ansaldo Energia Switzerland AG	50.00%	Line-by-line
		Ansaldo Energia S.p.A.	50.00%	Line-by-line
Ansaldo Energia Netherlands BV	Breda	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
Ansaldo Energia S.p.A.	Genoa	CDP Equity S.p.A.	88.29%	Line-by-line
Ansaldo Energia Spain S.L.	Zaragoza	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
Ansaldo Energia Switzerland AG	Baden	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Ansaldo Gas Turbine Technology Co. Ltd (JVA)	Shanghai	Ansaldo Energia S.p.A.	60.00%	Equity method
Ansaldo Green Tech S.p.A.	Genoa	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Ansaldo Nigeria Limited	Lagos	Ansaldo Energia S.p.A.	60.00%	Line-by-line
Ansaldo Nucleare S.p.A.	Genoa	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Ansaldo Russia LLC	Moscow	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Arbolia S.p.A. Società Benefit	San Donato Milanese (MI)	Snam S.p.A.	51.00%	At cost
Società Agricola Ariano Biometano S.r.l.	Cittadella	Iniziative Biometano S.p.A.	98.00%	Line-by-line
Arsenal S.r.l.	Trieste	Fincantieri Oil & Gas S.p.A.	100.00%	Line-by-line
AS Gasinfrastruktur Beteiligung GmbH	Vienna	Snam S.p.A.	40.00%	Equity method
Asia Power Project Private Ltd	Chennai	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Asset Company 10 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Asset Company 2 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Asset Company 4 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	At cost
Asset Company 7 B.V.	Amsterdam	Snam S.p.A.	100.00%	At cost
Asset Company 9 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	At cost
A-U Finance Holdings BV	Amsterdam	Ansaldo Energia S.p.A.	40.00%	Equity method

Company name	Registered office	Investor	% holding	Consolidation method
Auto Sport Engineering Limited	United Kingdom	Marval S.r.l.	100.00%	Line-by-line
Avvenia The Energy Innovator S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Bacini di Palermo S.p.A.	Palermo	Fincantieri S.p.A.	100.00%	Line-by-line
Bioenerys S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Biogas Bruso Società Agricola ar.l.	Cittadella	Iniziative Biometano S.p.A.	99.90%	Line-by-line
Bioteca S.c.ar.l.	Carpi (MO)	SOF S.p.A.	33.33%	Equity method
Biowaste CH4 Anzio S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Biowaste CH4 Foligno S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Biowaste Ch4 Genova S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Biowaste CH4 Group S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Biowaste CH4 Tuscania S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Bludigit S.p.A.	Milan	Italgas S.p.A.	100.00%	Line-by-line
BMT Energy Transmission Development LCC	Wilmington	Terna USA LLC	40.00%	Equity method
Bonafous S.p.A. in liquidation	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
BOP6 S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	95.00%	Line-by-line
		Fincantieri S.p.A.	5.00%	Line-by-line
Brevik Technology AS	Brevik	Vard Group AS	34.00%	Equity method
Brugg Cables (India) Pvt., Ltd.	Haryana	Brugg Kabel GmbH	0.26%	Line-by-line
		Brugg Kabel AG	99.74%	Line-by-line
Brugg Cables (Shanghai) Co., Ltd.	Shanghai	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables (Suzhou) Co., Ltd.	Suzhou	Brugg Cables (Shanghai) Co. Ltd.	100.00%	Line-by-line
Brugg Cables Company	Riyad	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables Italia S.r.l.	Milan	Brugg Kabel Manufacturing AG	100.00%	Line-by-line
Brugg Cables Middle East DMCC	Dubai	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables Middles East Contracting LLC	Dubai	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables. Inc.	Chicago	Brugg Kabel AG	100.00%	Line-by-line
Brugg Kabel AG	Brugg	Brugg Kabel Services AG	90.00%	Line-by-line
Brugg Kabel GmbH	Schwieberdingen	Brugg Kabel AG	100.00%	Line-by-line
Brugg Kabel Manufacturing AG	Brugg	Brugg Kabel Services AG	100.00%	Line-by-line
Brugg Kabel Services AG	Brugg	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
BUSBAR4F S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	50.00%	Equity method
		Fincantieri S.p.A.	10.00%	Equity method
C.S.I S.r.l.	Milan	Fincantieri NexTech S.p.A.	75.65%	Line-by-line
C2MAC Group S.p.A.	Montorso Vicentino	Melt 1 S.r.l. a socio unico	57.00%	Line-by-line
Ca' Bianca Società Agricola ar.l.	Cittadella	Iniziative Biometano S.p.A.	70.00%	Line-by-line
Castor Drilling Solution AS	Kristiansand S	Seaonics AS	34.13%	Equity method
CDPE Investimenti S.p.A.	Milan	CDP Equity S.p.A.	77.12%	Line-by-line
CDP Equity S.p.A.	Milan	CDP S.p.A.	100.00%	Line-by-line
CDP Immobiliare S.r.l.	Rome	CDP S.p.A.	100.00%	Line-by-line
CDP Real Asset SGR S.p.A. (già CDP Immobiliare SGR S.p.A.)	Rome	CDP S.p.A.	70.00%	Line-by-line
CDP RETI S.p.A.	Rome	CDP S.p.A.	59.10%	Line-by-line
CDP Technologies AS	Alesund	Seaonics AS	100.00%	Line-by-line
CDP Technologies Estonia OÜ	Tallinn	CDP Technologies AS	100.00%	Line-by-line
CDP Venture Capital SGR S.p.A.	Rome	CDP Equity S.p.A.	70.00%	Line-by-line
Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Fincantieri NexTech S.p.A.	86.10%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Centro Servizi Navali S.p.A.	San Giorgio di Nogaro (UD)	Fincantieri S.p.A.	10.93%	Equity method
CESI S.p.A.	Milan	Terna S.p.A.	42.70%	Equity method
CGES A.D.	Podgorica	Terna S.p.A.	22.09%	Equity method
Changsha Xi Mai Mechanical Construcion Co. Ltd	China	Marval S.r.l.	98.78%	Line-by-line
Cinque Cerchi S.p.A. in liquidation	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
Cisar Costruzioni S.c.ar.l.	Milan	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	Equity method
Città Salute Ricerca Milano S.p.A	Milan	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	Equity method
Cogenest S.r.l.	Padua	Iniziative Biometano S.p.A.	98.00%	At cost
Consorzio Bancario SIR S.p.A. in liquidation	Rome	Fintecna S.p.A.	100.00%	At cost
Consorzio Codelsa in liquidation	Rome	Fintecna S.p.A.	100.00%	At cost
Consorzio F.S.B.	Marghera (VE)	Fincantieri S.p.A.	58.36%	Equity method
Consorzio IMAFID in liquidation	Naples	Fintecna S.p.A.	56.85%	At cost
Consorzio INCOMIR in liquidation	Mercogliano (AV)	Fintecna S.p.A.	45.46%	At cost
Consorzio MED.IN. in liquidation	Rome	Fintecna S.p.A.	85.00%	At cost
Consorzio PerGenova Breakwater	Genoa	Fincantieri Infrastructure Opere Marittime S.p.A.	25.00%	Equity method
Consorzio Stabile Ansaldo Newclear	Genoa	Nuclear Engineering Group Limited	10.00%	Line-by-line
		Ansaldo Nucleare S.p.A.	70.00%	Line-by-line
		Ansaldo Energia S.p.A.	20.00%	Line-by-line
Constructora Finso Chile S.p.A.	Santiago del Cile	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	Line-by-line
CORESO S.A.	Bruxelles	Terna S.p.A.	15.84%	Equity method
CSS Design Limited	British Virgin Islands (GB)	Vard Marine Inc.	31.00%	Equity method
CSSC - Fincantieri Cruise Industry Development Ltd.	Hong Kong	Fincantieri S.p.A.	40.00%	Equity method
Cubogas S.r.l.	San Donato Milanese (MI)	Snam 4 Mobility S.p.A.	100.00%	Line-by-line
Darsena Europa S.c.ar.l.	Rome	Fincantieri Infrastructure Opere Marittime S.p.A.	26.00%	Equity method
dCarbonX Ltd	London	Snam International B.V.	28.89%	Equity method
DECOMAR S.p.A.	Massa (MS)	Fincantieri S.p.A.	20.00%	Equity method
DEDA S.A.	Athens	DEPA Infrastructure S.A.	100.00%	Line-by-line
DEPA Infrastructure S.A.	Athens	Italgas Newco S.p.A.	100.00%	Line-by-line
DIDO S.r.l.	Milan	Fincantieri S.p.A.	30.00%	Equity method
Dynamic	Saint-Paul-lès-Durance	Ansaldo Energia S.p.A.	10.00%	Equity method
		Ansaldo Nucleare S.p.A.	15.00%	Equity method
East Mediterranean Gas Company S.a.e.	Cairo	Snam International B.V.	25.00%	Equity method
EBS Società Agricola ar.l.	Cittadella	Iniziative Biometano S.p.A.	94.53%	Line-by-line
Ecoprogetto Milano S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	45.00%	Line-by-line
		Renerwaste Lodi S.r.l.	55.00%	Line-by-line
Ecoprogetto Tortona S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
EDA Attikis S.A.	Lykovrisi	DEPA Infrastructure S.A.	100.00%	Line-by-line
EDA Thess S.A.	Menemeni	DEPA Infrastructure S.A.	100.00%	Line-by-line
Elettra One S.p.A.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	90.20%	Line-by-line
Elite S.p.A.	Milan	CDP S.p.A.	15.00%	Equity method
ELMED Etudes S.àr.l.	Tunis	Terna S.p.A.	50.00%	Equity method
Emiliana Agroenergia Società Agricola ar.l.	Piacenza	IES Biogas S.r.l.	100.00%	Line-by-line
Empoli Salute Gestione S.c.ar.l.	Florence	SOF S.p.A.	4.50%	Line-by-line
		Fincantieri Infrastrutture Sociali S.p.A.	95.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Energetika S.c.ar.l.	Florence	SOF S.p.A.	40.00%	Equity method
Energie Reti Gas S.r.l.	Milan	Medea S.p.A.	49.00%	Equity method
Energy Investment Solution S.r.l.	Milan	Tep Energy Solution S.r.l.	40.00%	At cost
Enerpaper S.r.l.	Turin	Geoside S.p.A.	20.01%	Equity method
Enersi Sicilia	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Eni S.p.A.	Rome	CDP S.p.A.	26.21%	Equity method
Ensco 1053 Ltd	United Kingdom	Marval S.r.l.	100.00%	Line-by-line
Enura S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	55.00%	Line-by-line
E-phors S.p.A.	Milan	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Equigy B.V.	Arnhem	Terna S.p.A.	20.00%	Equity method
Ergon Projects ltd	Gzira	Fincantieri Infrastrutture Sociali S.p.A.	99.00%	Line-by-line
		SOF S.p.A.	1.00%	Line-by-line
ERSMA 2026 - S.c.ar.l.	Verona	Fincantieri SI S.p.A.	20.00%	Equity method
ESPERIA-CC S.r.l.	Rome	Terna S.p.A.	1.00%	Line-by-line
Estaleiro Quissamã Ltda	Rio de Janeiro	Vard Promar SA	49.50%	Line-by-line
		Vard Group AS	50.50%	Line-by-line
ETIHAD SHIP BUILDING LLC	Abu Dhabi	Fincantieri S.p.A.	35.00%	Equity method
EUR-Europrogetti & Finanza S.r.l. in liquidation	Rome	CDP S.p.A.	31.80%	Equity method
Evolve S.p.A.	Milan	Renovit S.p.A.	100.00%	Line-by-line
Fincantieri (Shanghai) Trading Co. Ltd	Shanghai	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Australia Pty Ltd	Sydney	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Clea Buildings S.c.ar.l.	Milan	Fincantieri Infrastructure S.p.A.	51.00%	Equity method
Fincantieri Dragaggi Ecologici S.p.A.	Rome	Fincantieri S.p.A.	55.00%	Line-by-line
Fincantieri Holding B.V.	Amsterdam	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri India Private Limited	New Delhi	Fincantieri Holding B.V.	99.00%	Line-by-line
		Fincantieri S.p.A.	1.00%	Line-by-line
Fincantieri Infrastructure Florida Inc.	Miami, FL	Fincantieri Infrastructure USA. Inc.	100.00%	Line-by-line
Fincantieri Infrastructure Opere Marittime S.p.A.	Trieste	Fincantieri Infrastructure S.p.A.	100.00%	Line-by-line
Fincantieri Infrastructure S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Infrastructure USA. Inc.	Wilmington, DE	Fincantieri Infrastructure S.p.A.	100.00%	Line-by-line
Fincantieri Infrastrutture Sociali S.p.A.	Rome	Fincantieri Infrastructure S.p.A.	90.00%	Line-by-line
Fincantieri Marine Group Holdings Inc.	Wilmington, DE	Fincantieri USA Inc.	87.44%	Line-by-line
Fincantieri Marine Group LLC	Carson City, NV	Fincantieri Marine Group Holdings Inc.	100.00%	Line-by-line
Fincantieri Marine Repair LLC	Wilmington, DE	Fincantieri Marine Systems North America Inc.	100.00%	Line-by-line
Fincantieri Marine System LLC	Wilmington, DE	Fincantieri Marine Systems North America Inc.	100.00%	Line-by-line
Fincantieri Marine Systems North America Inc.	Wilmington, DE	Fincantieri USA Inc.	100.00%	Line-by-line
Fincantieri NexTech S.p.A.	Milan	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Oil & Gas S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri S.p.A.	Trieste	CDP Equity S.p.A.	71.32%	Line-by-line
Fincantieri Services Doha LLC	Qatar	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Services Middle East LLC	Doha (QFC)	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Services USA LLC	Plantation, FL	Fincantieri USA Inc.	100.00%	Line-by-line
Fincantieri SI Impianti S.c.ar.l.	Milan	Fincantieri SI S.p.A.	60.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Fincantieri SI S.p.A.	Trieste	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	Line-by-line
Fincantieri Sweden AB	Stoccolma	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri USA Holding LLC	Wilmington, DE	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri USA Inc.	Wilmington, DE	Fincantieri S.p.A.	65.00%	Line-by-line
		Fincantieri USA Holding LLC	35.00%	Line-by-line
FINMESA S.c.ar.l.	Milan	Fincantieri SI S.p.A.	50.00%	Equity method
Finso Albania S.h.p.k.	Tirana	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	Line-by-line
Fintecna S.p.A.	Rome	CDP S.p.A.	100.00%	Line-by-line
FIV Comparto Extra	Rome	CDP S.p.A.	100.00%	Line-by-line
FIV Comparto Plus	Rome	CDP S.p.A.	100.00%	Line-by-line
Florence InvestCo S.r.l.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	41.64%	Equity method
Fly One S.p.A.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	67.30%	Line-by-line
Flytop S.r.l. in liquidation	Rome	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
FMSNA YK	Nagasaki	Fincantieri Marine Systems North America Inc.	100.00%	Line-by-line
FNAS - Fondo Nazionale Abitare Sostenibile	Rome	CDP S.p.A.	100.00%	Line-by-line
FNT Fondo Nazionale per il Turismo - Comparto A	Rome	CDP S.p.A.	80.11%	Line-by-line
FoF Private Equity Italia	Milan	CDP S.p.A.	66.23%	Fair value
FoF Impact Investing (FoF Impact)	Milan	CDP Equity S.p.A.	100.00%	Fair value
FoF Private Debt	Milan	CDP S.p.A.	62.50%	Line-by-line
FoF Private Debt Italia	Milan	CDP Equity S.p.A.	73.42%	Fair value
FoF Venture Capital	Milan	CDP S.p.A.	76.69%	Fair value
Fondmatic Hydraulic Machining S.r.l.	Crevalcore	C2MAC Group S.p.A.	100.00%	Line-by-line
Fondo acceleratori	Rome	CDP Equity S.p.A.	85.62%	Fair value
Fondo Boost Innovation	Rome	CDP Equity S.p.A.	100.00%	Fair value
Fondo Corporate Partners I - comparto EnergyTech	Rome	Terna Forward S.r.l.	23.53%	Fair value
		Italgas S.p.A.	5.88%	Fair value
		Snam S.p.A.	11.77%	Fair value
		CDP Equity S.p.A.	35.29%	Fair value
Fondo Corporate Partners I - comparto IndustryTech	Rome	CDP Equity S.p.A.	66.67%	Fair value
Fondo Corporate Partners I - comparto InfraTech	Rome	CDP Equity S.p.A.	75.00%	Fair value
		Terna Forward S.r.l.	25.00%	Fair value
Fondo Corporate Partners I - comparto ServiceTech	Rome	CDP Equity S.p.A.	66.67%	Fair value
Fondo di Fondi Venturitaly	Rome	CDP Equity S.p.A.	82.19%	Fair value
Fondo Evoluzione	Rome	CDP Equity S.p.A.	100.00%	Fair value
Fondo Italiano Consolidamento e Crescita (FICC)	Milan	CDP S.p.A.	65.99%	Line-by-line
Fondo Italiano d'Investimento SGR S.p.A.	Milan	CDP Equity S.p.A.	55.00%	Line-by-line
Fondo Italiano Tecnologia e Crescita (FITEC)	Milan	CDP S.p.A.	64.89%	Fair value
Fondo Large Ventures	Rome	CDP Equity S.p.A.	100.00%	Fair value
Fondo Sviluppo Comparto A	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
Fondo Technology Transfer - comparto diretto	Rome	CDP Equity S.p.A.	92.06%	Fair value
Fondo Technology Transfer - comparto indiretto	Rome	CDP Equity S.p.A.	100.00%	Fair value
FT1 Fondo Turismo 1	Rome	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
FT2 Fondo Turismo 2	Rome	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	Fair value
Galaxy Pipeline Assets Holdco Limited	Jersey	Snam S.p.A.	12.33%	Equity method
Gannouch Maintenance S.àr.l.	Tunis	Ansaldo Energia Netherlands BV	99.00%	Line-by-line
		Ansaldo Energia Switzerland AG	1.00%	Line-by-line
Gasrule Insurance D.A.C.	Dublin	Snam S.p.A.	100.00%	Line-by-line
Gaxa S.p.A.	Cagliari	Italgas S.p.A.	15.56%	Equity method
Geoside S.p.A.	Casalecchio di Reno	Toscana Energia S.p.A.	32.78%	Line-by-line
		Italgas S.p.A.	67.22%	Line-by-line
Gesam Reti S.p.A.	Lucca	Toscana Energia S.p.A.	42.96%	Equity method
Gestione Bacini La Spezia S.p.A.	La Spezia	Fincantieri S.p.A.	99.89%	Line-by-line
GNL Italia S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Golar LNG NB13 Corporation	Marshall Islands	Snam FSRU Italia S.r.l.	100.00%	Line-by-line
Govone Biometano S.r.l.	Pordenone	IES Biogas S.r.l.	100.00%	At cost
GPI S.p.A.	Trento	CDP Equity S.p.A.	18.41%	Equity method
Greenit S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	49.00%	Equity method
Gruppo PSC S.p.A.	Maratea (PZ)	Fincantieri S.p.A.	10.00%	Equity method
Halfbridge Automation S.r.l.	Rome	LT S.r.l.	70.00%	Line-by-line
HMS IT S.p.A.	Rome	Fincantieri NexTech S.p.A.	60.00%	Line-by-line
Holding Reti Autostradali S.p.A.	Rome	CDP Equity S.p.A.	51.00%	Equity method
Hospital Building Technologies S.c.ar.l.	Florence	SOF S.p.A.	20.00%	Equity method
Hotelturist S.p.A.	Padua	CDP Equity S.p.A.	45.95%	Equity method
IDS Australasia PTY Ltd	Brendale	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
IDS Ingegneria Dei Sistemi (UK) Ltd	Fareham	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
IDS Ingegneria Dei Sistemi S.p.A.	Pisa	Fincantieri NexTech S.p.A.	90.00%	Line-by-line
IDS Korea Co. Ltd	Daejeon	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
IDS North America Ltd	Ottawa	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
IDS Technologies US Inc.	Littleton	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
IES Biogas S.r.l.	Pordenone	Bioenerys S.r.l.	100.00%	Line-by-line
IES Biogas S.r.l. (Argentina)	Buenos Aires	Bioenerys S.r.l.	5.00%	At cost
		IES Biogas S.r.l.	95.00%	At cost
Immogas S.r.l.	Florence	Toscana Energia S.p.A.	100.00%	Line-by-line
Industrie De Nora S.p.A.	Milan	Asset Company 10 S.r.l.	25.79%	Equity method
Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (MI)	Asset Company 2 S.r.l.	100.00%	Line-by-line
Iniziative Biometano S.p.A.	San Donato Milanese (MI)	Bioenerys S.r.l.	51.00%	Line-by-line
Interconnector Ltd	London	Snam International B.V.	23.68%	Equity method
Interconnector Zeebrugge Terminal B.V.	Bruxelles	Snam International B.V.	25.00%	Equity method
		Interconnector Ltd	48.00%	Equity method
IQ Made in Italy Investment Company S.p.A.	Milan	CDPE Investimenti S.p.A.	50.00%	Equity method
Island Diligence AS	Stålhaugen	Vard Group AS	39.38%	Equity method
Island Offshore XII Ship AS	Ulsteinvik	Vard Group AS	46.90%	Equity method
Isola Biometano S.a.r.l	Cittadella	Iniziative Biometano S.p.A.	70.00%	At cost
Isotta Fraschini Motori S.p.A.	Bari	Fincantieri S.p.A.	100.00%	Line-by-line
Issel Middle East Information Technology Consultancy LLC	Abu Dhabi	Issel Nord S.r.l.	49.00%	Equity method
Issel Nord S.r.l.	Follo	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Italgas Acqua S.p.A.	Milan	Italgas S.p.A.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Italgas Newco S.p.A.	Milan	Italgas S.p.A.	90.00%	Line-by-line
Italgas Reti S.p.A.	Turin	Italgas S.p.A.	100.00%	Line-by-line
Italgas S.p.A.	Milan	Snam S.p.A.	13.48%	Line-by-line
		CDP RETI S.p.A.	26.01%	Line-by-line
ITS Integrated Tech System S.r.l.	La Spezia	Rob.Int S.r.l.	51.00%	Equity method
ITsART S.p.A.	Milan	CDP S.p.A.	51.00%	Line-by-line
Janagas S.r.l.	Rome	Medea S.p.A.	100.00%	Line-by-line
Latina Biometano S.r.l.	Rome	IES Biogas S.r.l.	32.50%	At cost
LT S.r.l.	Rome	Terna Energy Solutions S.r.l.	75.00%	Line-by-line
M.T. Manifattura Tabacchi S.p.A.	Rome	CDP Immobiliare S.r.l.	40.00%	Equity method
Maiero Energia Società Agricola a.r.l.	Cittadella	Iniziative Biometano S.p.A.	100.00%	Line-by-line
Marina Bay S.A.	Luxembourg	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Marine Interiors Cabins S.p.A.	Trieste	Marine Interiors S.p.A.	100.00%	Line-by-line
Marine Interiors S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Marine Project Solutions S.r.l.	Vittorio Veneto (TV)	MI S.p.A.	100.00%	Line-by-line
Marinette Marine Corporation	Green Bay, WI	Fincantieri Marine Group LLC	100.00%	Line-by-line
Marval S.r.l.	Turin	Stark Two S.r.l.	69.47%	Line-by-line
MC4COM - Mission Critical For Communication S.c.ar.l.	Milan	HMS IT S.p.A.	50.00%	Equity method
Mecaer America Inc.	Montreal	Mecaer Aviation Group S.p.A.	100.00%	Line-by-line
Mecaer Aviation Group Inc.	Philadelphia	Mecaer Aviation Group S.p.A.	100.00%	Line-by-line
Mecaer Aviation Group S.p.A.	Rome	Fly One S.p.A.	75.80%	Line-by-line
Mecaf S.r.l.	Rolo	C2MAC Group S.p.A.	100.00%	Line-by-line
Medea S.p.A.	Sassari	Italgas Reti S.p.A.	51.85%	Line-by-line
Melt 1 S.r.l. a socio unico	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	100.00%	Line-by-line
Metano S. Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Italgas S.p.A.	50.00%	Equity method
MI S.p.A.	Trieste	Marine Interiors S.p.A.	100.00%	Line-by-line
Mieci S.p.A.	Milan	Renovit S.p.A.	100.00%	Line-by-line
Motta Energia Società Agricola a.r.l.	Cittadella	Iniziative Biometano S.p.A.	94.80%	Line-by-line
Mozart Holdco S.p.A.	Milan	CDP Equity S.p.A.	15.00%	Equity method
MZ Biogas Società Agricola a.r.l.	Cittadella	Iniziative Biometano S.p.A.	99.90%	Line-by-line
Naviris S.p.A.	Genoa	Fincantieri S.p.A.	50.00%	Equity method
Nexi S.p.A.	Milan	CDPE Investimenti S.p.A.	8.28%	Equity method
		CDP Equity S.p.A.	5.29%	Equity method
Niehlgas GmbH	Oberursel	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
Nord Ovest Toscana Energia S.r.l	Vicopisano (PI)	SOF S.p.A.	34.00%	Equity method
Norwind Shipholding AS	Alesund	Vard Shipholding Singapore Pte Ltd	12.00%	Equity method
Note Gestione S.c.ar.l.	Reggio Emilia	SOF S.p.A.	34.00%	Equity method
Nuclear Engineering Group Limited	Wolverhampton	Ansaldo Nucleare S.p.A.	100.00%	Line-by-line
Nuova Torneria Zanotti S.r.l.	Crevalcore	C2MAC Group S.p.A.	100.00%	Line-by-line
Nuovo Santa Chiara Hospital S.c.a r.l.	Florence	Fincantieri Infrastrutture Sociali S.p.A.	50.00%	Equity method
OLT Offshore LNG Toscana S.p.A.	Milan	Snam S.p.A.	49.07%	Equity method
Olympic Green Energy KS	Fosnavag	Vard Group AS	29.50%	Equity method
Open Fiber Holding S.p.A.	Milan	CDP Equity S.p.A.	60.00%	Equity method
Orizzonte Sistemi Navali S.p.A.	Genoa	Fincantieri S.p.A.	51.00%	Equity method
Pentagramma Piemonte S.p.A. in liquidation	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Pentagramma Romagna S.p.A. in liquidation unipersonale	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
PerGenova s.c.p.a.	Genoa	Fincantieri Infrastructure S.p.A.	50.00%	Equity method
Perucchini S.p.A.	Omegna (VB)	C2MAC Group S.p.A.	100.00%	Line-by-line
Piacentina Agroenergia Società Agricola ar.l.	Piacenza	IES Biogas S.r.l.	100.00%	Line-by-line
Piazzola Nuove Energie S.a.r.l	Cittadella	Iniziative Biometano S.p.A.	100.00%	At cost
Polaris Anserv S.r.l.	Bucarest	Ansaldo Nucleare S.p.A.	20.00%	Equity method
Polo Strategico Nazionale S.p.A.	Rome	CDP Equity S.p.A.	20.00%	At cost
Poste Italiane S.p.A.	Rome	CDP S.p.A.	35.00%	Equity method
Power4Future S.p.A.	Calderara di Reno (BO)	Fincantieri SI S.p.A.	52.00%	Equity method
Prelios Solutions & Technologies S.r.l.	Milan	Fincantieri NexTech S.p.A.	49.00%	Equity method
Quadrifoglio Brescia S.p.A. in liquidation	Rome	CDP Immobiliare S.r.l.	50.00%	At cost
Quadrifoglio Genova S.p.A. in liquidation	Rome	CDP Immobiliare S.r.l.	100.00%	At cost
Ravenna LNG Termina S.r.l.	San Donato Milanese (MI)	Snam FSRU Italia S.r.l.	100.00%	Line-by-line
Redo SGR S.p.A.	Milan	CDP S.p.A.	30.00%	At cost
REICOM S.r.l.	Milan	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Renerwaste Cupello S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Renerwaste Lodi S.r.l.	San Donato Milanese (MI)	Renerwaste S.r.l.	100.00%	Line-by-line
Renerwaste S.r.l.	San Donato Milanese (MI)	Bioenerys S.r.l.	100.00%	Line-by-line
Renovit S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	30.00%	Line-by-line
		Snam S.p.A.	60.05%	Line-by-line
Residenziale Immobiliare 2004 S.p.A.	Rome	Fondo Sviluppo Comparto A	100.00%	Line-by-line
Rete S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Rob.Int S.r.l.	Pisa	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
Rocco Forte Hotels Limited	London	CDPE Investimenti S.p.A.	23.00%	Equity method
S.Ene.Ca Gestioni S.c.ar.l.	Florence	SOF S.p.A.	49.00%	Equity method
S.L.S. - Support Logistic Services S.r.l.	Guidonia Montecelio	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Saipem S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	12.82%	Equity method
SAT S.p.A.	Ascoli Piceno	Mecaer Aviation Group S.p.A.	100.00%	Line-by-line
Scaranello S.r.l.	Rovigo	C2MAC Group S.p.A.	100.00%	Line-by-line
Seanergy a Marine Interiors Company S.r.l.	Pordenone	Marine Interiors Cabins S.p.A.	85.00%	Line-by-line
Seaonics AS	Alesund	Vard Group AS	100.00%	Line-by-line
Seaonics Polska SP.Z 0.0.	Gdansk	Seaonics AS	100.00%	Line-by-line
Senfluga energy infrastructure holdings S.A.	Athens	Snam S.p.A.	54.00%	Equity method
Shanghai Electric Gas Turbine Co. LTD (JVS)	Shanghai	Ansaldo Energia S.p.A.	40.00%	Equity method
Sicilian Biogas Refinery S.r.l.	Catania	Iniziative Biometano S.p.A.	32.00%	Equity method
SIMEST S.p.A.	Rome	CDP S.p.A.	76.01%	Line-by-line
Skytech Italia S.r.l.	Rome	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
Snam 4 Mobility S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Snam energy services private limited	New Delhi	Snam International B.V.	99.999%	At cost
		Snam S.p.A.	0.001%	At cost
Snam FSRU Italia S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Snam Gas & Energy Services (Beijing) Co. Ltd.	Beijing (China)	Snam International B.V.	100.00%	At cost
Snam International B.V.	Amsterdam	Snam S.p.A.	100.00%	Line-by-line
Snam International UK Limited	Maidenhead	Snam International B.V.	100.00%	At cost
Snam Middle East BV BS Co	Riyad	Snam International B.V.	100.00%	At cost
Snam North America LLC	Wilmington, DE	Snam International B.V.	100.00%	At cost

Company name	Registered office	Investor	% holding	Consolidation method
Snam Rete Gas S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Snam S.p.A.	San Donato Milanese (MI)	CDP RETI S.p.A.	31.35%	Line-by-line
Società Agricola Agrimetano ar.l.	Faenza (RA)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Agrimezzana Biogas ar.l.	San Rocco al Porto LO)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Asola Energie Biogas ar.l.	Asola (MN)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Astico Biometano ar.l.	Cittadella	Iniziative Biometano S.p.A.	100.00%	At cost
Società Agricola Biostellato 1 ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 2 ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 3 ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 4 ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Carignano Biogas ar.l.	Bologna	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola G.B.E. Gruppo Bio Energie ar.l.	Pordenone	Società Agricola Sangiovanni ar.l.	100.00%	Line-by-line
Società Agricola La Valle Green Energy ar.l.	Cerea (VR)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola San Giuseppe Agroenergia ar.l.	Bologna	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Sangiovanni ar.l.	Pordenone	Società Agricola SQ Energy ar.l.	50.00%	Line-by-line
		IES Biogas S.r.l.	50.00%	Line-by-line
Società Agricola Santo Stefano Energia ar.l.	Casalmoro (MN)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola SQ Energy ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola T4 Energy ar.l.	Pordenone	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Tessagli Agroenergia ar.l.	Commessaggio (MN)	IES Biogas S.r.l.	100.00%	Line-by-line
Società Agricola Zoppola Biogas ar.l.	Pordenone	Società Agricola Sangiovanni ar.l.	100.00%	Line-by-line
Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
SOF S.p.A.	Florence	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	Line-by-line
Solstad Supply AS	Alesund	Vard Group AS	26.66%	Equity method
Southeast Electricity Network Coordination Center S.A.	Saloniki	Terna S.p.A.	25.00%	Equity method
Spe Transmissora de Energia Linha Verde I S.A.	Belo Horizonte	Terna Plus S.r.l.	75.00%	Line-by-line
Stark Two S.r.l.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	75.14%	Line-by-line
STARS Railway Systems	Rome	IDS Ingegneria Dei Sistemi S.p.A.	48.00%	Equity method
		TRS Sistemi S.r.l.	2.00%	Equity method
Stogit S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Sviluppo Biometano Sicilia S.r.l.	Cittadella	Iniziative Biometano S.p.A.	50.00%	Equity method
Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Transformers USA L.L.C.	Sewickley	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Trasformatori S.r.l.	Legnano (MI)	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Tea Innovazione Due S.r.l.	Brescia	Tep Energy Solution S.r.l.	100.00%	At cost
Team Turbo Machines SAS	La Trinité De Thouberville	Fincantieri S.p.A.	85.00%	Line-by-line
Tep Energy Solution S.r.l.	Rome	Renovit S.p.A.	100.00%	Line-by-line
Terega Holding S.A.S.	Pau	Snam S.p.A.	40.50%	Equity method
Terna 4 Chacas S.A.C.	Lima	Terna Chile S.p.A.	0.01%	Line-by-line
		Terna Plus S.r.l.	99.99%	Line-by-line
Terna Chile S.p.A.	Santiago del Chile	Terna Plus S.r.l.	100.00%	Line-by-line
Terna Crna Gora d.o.o.	Podgorica	Terna S.p.A.	100.00%	Line-by-line
Terna Energy Solutions S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna Forward S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Terna Interconnector S.r.l.	Rome	Terna S.p.A.	65.00%	Line-by-line
		Terna Rete Italia S.p.A.	5.00%	Line-by-line
Terna Peru S.A.C.	Lima	Terna Chile S.p.A.	0.01%	Line-by-line
		Terna Plus S.r.l.	99.99%	Line-by-line
Terna Plus S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna Rete Italia S.p.A.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna S.p.A.	Rome	CDP RETI S.p.A.	29.85%	Line-by-line
Terna USA LLC	New York	Terna Plus S.r.l.	100.00%	Line-by-line
Tlux S.r.l.	Piancogno (BS)	Mieci S.p.A.	100.00%	Line-by-line
Toscana Energia S.p.A.	Florence	Italgas S.p.A.	50.66%	Line-by-line
Trans Adriatic Pipeline AG	Baar	Snam International B.V.	20.00%	Equity method
Trans Austria Gasleitung GmbH	Vienna	Snam S.p.A.	84.47%	Equity method
Trevi Finanziaria Industriale S.p.A	Cesena	CDPE Investimenti S.p.A.	25.67%	Equity method
TRS Sistemi S.r.l.	Rome	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
Umbria Distribuzione Gas S.p.A.	Terni	Italgas S.p.A.	45.00%	Equity method
Unifer Navale S.r.l. in liquidation	Finale Emilia (MO)	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	20.00%	Equity method
Valvitalia Finanziaria S.p.A.	Milan	CDPE Investimenti S.p.A.	50.00%	Equity method
Vard Accommodation AS	Tennfjord	Vard Group AS	100.00%	Line-by-line
Vard Accommodation Tulcea S.r.l.	Tulcea	Vard Accommodation AS	99.77%	Line-by-line
		Vard Electro Romania S.r.l.	0.23%	Line-by-line
Vard Braila SA	Braila	Vard Group AS	5.88%	Line-by-line
		Vard RO Holding S.r.l.	94.12%	Line-by-line
Vard Design AS	Alesund	Vard Group AS	100.00%	Line-by-line
Vard Design Liburna Ltd.	Rijeka	Vard Design AS	51.00%	Line-by-line
Vard Electrical Installation and Engineering (India) Private Limited	New Delhi	Vard Electro AS	99.50%	Line-by-line
		Vard Electro Romania S.r.l.	0.50%	Line-by-line
Vard Electro AS	Tennfjord	Vard Group AS	100.00%	Line-by-line
Vard Electro Brazil (Instalaçoes Eletricas) Ltda	Niteroi	Vard Electro AS	99.00%	Line-by-line
		Vard Group AS	1.00%	Line-by-line
Vard Electro Canada Inc	Vancouver	Vard Electro AS	100.00%	Line-by-line
Vard Electro Italy S.r.l.	Trieste	Vard Electro AS	100.00%	Line-by-line
Vard Electro Romania S.r.l.	Tulcea	Vard Electro AS	100.00%	Line-by-line
Vard Electro US Inc.	Delaware	Vard Electro Canada Inc	100.00%	Line-by-line
Vard Engineering Brevik AS	Brevik	Vard Group AS	100.00%	Line-by-line
Vard Engineering Constanta S.r.l.	Costanza	Vard RO Holding S.r.l.	70.00%	Line-by-line
		Vard Braila SA	30.00%	Line-by-line
Vard Group AS	Alesund	Vard Holdings Limited	100.00%	Line-by-line
Vard Holdings Limited	Singapore	Fincantieri Oil & Gas S.p.A.	98.37%	Line-by-line
Vard Infraestrutura Ltda	Ipojuca	Vard Promar SA	99.99%	Line-by-line
		Vard Group AS	0.01%	Line-by-line
Vard International Services S.r.l.	Costanza	Vard Braila SA	100.00%	Line-by-line
Vard Marine Gdansk Sp.zo.o.	Gdansk	Vard Engineering Brevik AS	100.00%	Line-by-line
Vard Marine Inc.	Vancouver	Vard Group AS	100.00%	Line-by-line
Vard Marine US Inc.	Dallas	Vard Marine Inc.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Vard Niteroi RJ S.A.	Rio de Janeiro	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	Line-by-line
		Vard Group AS	99.99%	Line-by-line
Vard Piping AS	Sovik	Vard Group AS	100.00%	Line-by-line
Vard Promar SA	Ipojuca	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.001%	Line-by-line
		Vard Group AS	99.999%	Line-by-line
Vard RO Holding S.r.l.	Tulcea	Vard Group AS	100.00%	Line-by-line
Vard Shipholding Singapore Pte Ltd.	Singapore	Vard Holdings Limited	100.00%	Line-by-line
Vard Singapore Pte. Ltd.	Singapore	Vard Group AS	100.00%	Line-by-line
Vard Tulcea SA	Tulcea	Vard RO Holding S.r.l.	99.996%	Line-by-line
		Vard Group AS	0.004%	Line-by-line
Vard Vung Tau Ltd.	Vung Tau	Vard Singapore Pte. Ltd.	100.00%	Line-by-line
Vimercate Salute Gestioni S.c.ar.l.	Milan	Fincantieri Infrastrutture Sociali S.p.A.	49.10%	Equity method
		SOF S.p.A.	3.65%	Equity method
Webuild S.p.A.	Milan	Fincantieri S.p.A.	0.07%	Equity method
		CDP Equity S.p.A.	16.67%	Equity method
Yeni Aen Insaat Anonim Sirketi	Istanbul	Ansaldo Energia S.p.A.	100.00%	Line-by-line

1.2 DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1 PARAGRAPHS 125-129

This section is dedicated to the fulfilment of the disclosure obligations introduced, starting from 2018, by Law 124 of 4 August 2017, whose rules have been reformulated by Article 35 of Decree Law no. 34 of 30 April 2019, relating to the disclosure obligations connected to public funds.

The reformulation of the original regulatory provisions clarified some significant interpretation issues raised by the previous formulation, confirming the interpretation guidance shared during the first application of the disclosure obligations, and contained in Assonime circular no. 5 of 22 February 2019 regarding "Transparency in the system of public funding: analysis of the rules and interpretation guidance".

According to the contents of Article 35 of decree no. 34/2019:

- companies publish in the notes to the separate financial statements and to the consolidated financial statements, if any, the amounts and information relating to subsidies, subventions, benefits, contributions or aid, paid in cash or in kind, not of a general nature and with no consideration, remuneration or compensation, effectively granted to them by government agencies and from companies controlled, directly or indirectly, on a legal or de facto basis, by government agencies, including listed companies and their subsidiaries;
- the publication obligations established for government agencies by Article 26 of Legislative Decree no. 33 of 2013 apply also to entities and companies controlled, directly or indirectly, on a legal or de facto basis by government agencies, with the publication in the notes to their annual accounting reports.

The disclosure obligations established by Law 124 of 2017, in continuity with what was represented during the first application, are thus limited to transactions that provide the beneficiary a direct or indirect economic benefit through the provision of incentives or concessions that have the effect of providing relief, savings or the acquisition of resources, and that are in the nature of gifts or donations.

The disbursements, unless otherwise specified, are recognised on a cash basis. With reference to any disbursements not in cash, the cash criterion is understood in a substantial sense, allocating the economic benefit to the financial year in which it is received.

In accordance with the guidance provided by the Assonime circular no. 5/2019, the information provided in application of Law 124/2017 is provided in table form, indicating:

- the identification details of the granting entity and the beneficiary;
- the amount of the economic benefit awarded or received;
- a brief description of the type of benefit (reason for payment).

The tables below show the public funding received and disbursed in 2022 by the subsidiaries of the CDP Group, consolidated on a line-by-line basis, that fall within the subjective scope of application of the law in question, as presented in the respective separate or sub-consolidated financial statements.

PUBLIC FUNDING RECEIVED PURSUANT TO ART. 1, PAR. 125, LAW NO. 124/2017

(thousands of euro)

Beneficiary	Grantor	Motive	Amount
Terna S.p.A.	Ministry of Enterprises and Made in Italy	State Aids	15,575
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Virgin Project	2,958
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Polar Project	2,385
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Technological Leadership Project	748
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Agorà project	745
Fincantieri S.p.A.	POR-FESR Liguria	Aware project	13
Fincantieri S.p.A.	Friuli Venezia-Giulia Region	Confcab project	70
Fincantieri S.p.A.	Ministry of Enterprises and Made in Italy	"Agenda Digitale Isdm" project	386
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Ministry of Universities and Research	Prade Research project	52
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Ministry of Universities and Research	Teti Research project	114
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Ministry of Universities and Research	Gestec Research project	17
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Star 4.0 Competence Centre Association	Cymon Research project	25
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	FILSE	Cyber Research project	84
Italgas Reti S.p.A.	Municipality of San Lorenzo	Grants related to plants - see note (1)	467
Italgas Reti S.p.A.	Municipality of Morro D'oro	Grants related to plants - see note (1)	14
Italgas Reti S.p.A.	Municipality of Palizzi	Grants related to plants - see note (1)	179
Italgas Reti S.p.A.	Municipality of Montebello Jonico	Grants related to plants - see note (1)	403
Italgas Reti S.p.A.	Municipality of Melito di Porto Salvo	Grants related to plants - see note (1)	415
Italgas Reti S.p.A.	Municipality of Cardeto	Grants related to plants - see note (1)	428
Italgas Reti S.p.A.	Municipality of Rose	Grants related to plants - see note (1)	3
Italgas Reti S.p.A.	Municipality of Montesilvano	Grants related to plants - see note (1)	11
Italgas Reti S.p.A.	Municipality of Pineto	Grants related to plants - see note (1)	6
Italgas Reti S.p.A.	Municipality of Gazzo Veronese	Grants related to plants - see note (1)	2
Italgas Reti S.p.A.	Municipality of Maniago	Grants related to plants - see note (1)	6
Italgas Reti S.p.A.	Municipality of Roana	Grants related to plants - see note (1)	6
Italgas Reti S.p.A.	Municipality of Torre Annunziata	Grants related to plants - see note (1)	2
Toscana Energia S.p.A.	Municipality of Monsummano Terme	Grants related to plants - see note (1)	7
Toscana Energia S.p.A.	Municipality of Terricciola	Grants related to plants - see note (1)	41
Medea S.p.A.	Municipality of Ozieri	Grants related to plants - see note (2)	486
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Matraka	92

(thousands of euro)

Beneficiary	Grantor	Motive	Amount
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Shield	314
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Universities and Research	Clara	44
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Tester 2009	88
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Envis 2009	44
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Envis 2014	72
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atens 2014/2015	111
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atlas 2014/2015	180
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Envis Ets 2012/2013	126
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atens 2012/2012	109
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atlas 2012/2013	79
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Envis Ets 2011	116
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atlas 2011	20
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Enterprises and Made in Italy	Atens 2011	107
IDS Ingegneria Dei Sistemi S.p.A.	Ministry of Universities and Research	Eomat-Formation	99

(1) Grants related to plants - Regional Law of 3 April 1995, no. 25 and Regional Law of 27 December 2001, no. 84 .
(2) Grants related to plants Resolution 54/28 of 22/11/2005 of the Sardinia Autonomous Region - Article 5.

PUBLIC FUNDING GRANTED PURSUANT TO ART. 1, PAR. 126, LAW NO. 124/2017

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	CDP Foundation	Charitable donations for project grants	9,660
CDP S.p.A.	Association of the Italian Red Cross	Charitable donation for Ukrainian emergency - see note (1)	72
CDP S.p.A.	United Nations High Commissioner for Refugees - UNHCR	Charitable donation for Ukrainian emergency - see note (1)	72
CDP S.p.A.	Italian Committee for UNICEF - Onlus Foundation	Charitable donation for Ukrainian emergency - see note (1)	72
CDP S.p.A.	Municipality of Accumoli	Central Italy earthquake - see note (2)	97
CDP S.p.A.	Municipality of Acquasanta Terme	Central Italy earthquake - see note (2)	167
CDP S.p.A.	Municipality of Amandola	Central Italy earthquake - see note (2)	123
CDP S.p.A.	Municipality of Amatrice	Central Italy earthquake - see note (2)	65
CDP S.p.A.	Municipality of Antrodoco	Central Italy earthquake - see note (2)	95
CDP S.p.A.	Municipality of Apiro	Central Italy earthquake - see note (2)	215
CDP S.p.A.	Municipality of Appignano del Tronto	Central Italy earthquake - see note (2)	58
CDP S.p.A.	Municipality of Arquata del Tronto	Central Italy earthquake - see note (2)	57
CDP S.p.A.	Municipality of Arrone	Central Italy earthquake - see note (2)	203
CDP S.p.A.	Municipality of Ascoli Piceno	Central Italy earthquake - see note (2)	1,089
CDP S.p.A.	Municipality of Barete	Central Italy earthquake - see note (2)	61
CDP S.p.A.	Municipality of Belforte del Chienti	Central Italy earthquake - see note (2)	55
CDP S.p.A.	Municipality of Belmonte Piceno	Central Italy earthquake - see note (2)	39
CDP S.p.A.	Municipality of Bolognola	Central Italy earthquake - see note (2)	23
CDP S.p.A.	Municipality of Borbona	Central Italy earthquake - see note (2)	42
CDP S.p.A.	Municipality of Cagnano Amiterno	Central Italy earthquake - see note (2)	10
CDP S.p.A.	Municipality of Caldarola	Central Italy earthquake - see note (2)	77
CDP S.p.A.	Municipality of Camerino	Central Italy earthquake - see note (2)	675

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Campli	Central Italy earthquake - see note (2)	205
CDP S.p.A.	Municipality of Camporotondo di Fiastrone	Central Italy earthquake - see note (2)	23
CDP S.p.A.	Municipality of Campotosto	Central Italy earthquake - see note (2)	45
CDP S.p.A.	Municipality of Cantalice	Central Italy earthquake - see note (2)	136
CDP S.p.A.	Municipality of Capitignano	Central Italy earthquake - see note (2)	8
CDP S.p.A.	Municipality of Cascia	Central Italy earthquake - see note (2)	84
CDP S.p.A.	Municipality of Castel Castagna	Central Italy earthquake - see note (2)	27
CDP S.p.A.	Municipality of Castel di Lama	Central Italy earthquake - see note (2)	336
CDP S.p.A.	Municipality of Castel Sant'angelo	Central Italy earthquake - see note (2)	24
CDP S.p.A.	Municipality of Castelli	Central Italy earthquake - see note (2)	132
CDP S.p.A.	Municipality of Castelraimondo	Central Italy earthquake - see note (2)	593
CDP S.p.A.	Municipality of Castelsantangelo sul Nera	Central Italy earthquake - see note (2)	114
CDP S.p.A.	Municipality of Castignano	Central Italy earthquake - see note (2)	13
CDP S.p.A.	Municipality of Castorano	Central Italy earthquake - see note (2)	76
CDP S.p.A.	Municipality of Cerreto d'Esi	Central Italy earthquake - see note (2)	516
CDP S.p.A.	Municipality of Cerreto di Spoleto	Central Italy earthquake - see note (2)	89
CDP S.p.A.	Municipality of Cessapalombo	Central Italy earthquake - see note (2)	45
CDP S.p.A.	Municipality of Cingoli	Central Italy earthquake - see note (2)	943
CDP S.p.A.	Municipality of Cittaducale	Central Italy earthquake - see note (2)	586
CDP S.p.A.	Municipality of Cittareale	Central Italy earthquake - see note (2)	27
CDP S.p.A.	Municipality of Civitella Del Tronto	Central Italy earthquake - see note (2)	272
CDP S.p.A.	Municipality of Colledara	Central Italy earthquake - see note (2)	151
CDP S.p.A.	Municipality of Colli Del Tronto	Central Italy earthquake - see note (2)	124
CDP S.p.A.	Municipality of Colmurano	Central Italy earthquake - see note (2)	98
CDP S.p.A.	Municipality of Comunanza	Central Italy earthquake - see note (2)	256
CDP S.p.A.	Municipality of Corridonia	Central Italy earthquake - see note (2)	387
CDP S.p.A.	Municipality of Cortino	Central Italy earthquake - see note (2)	125
CDP S.p.A.	Municipality of Cossignano	Central Italy earthquake - see note (2)	25
CDP S.p.A.	Municipality of Crognaleto	Central Italy earthquake - see note (2)	115
CDP S.p.A.	Municipality of Esanatoglia	Central Italy earthquake - see note (2)	282
CDP S.p.A.	Municipality of Fabriano	Central Italy earthquake - see note (2)	2,010
CDP S.p.A.	Municipality of Falerone	Central Italy earthquake - see note (2)	142
CDP S.p.A.	Municipality of Fano Adriano	Central Italy earthquake - see note (2)	39
CDP S.p.A.	Municipality of Farindola	Central Italy earthquake - see note (2)	47
CDP S.p.A.	Municipality of Ferentillo	Central Italy earthquake - see note (2)	157
CDP S.p.A.	Municipality of Fiastra	Central Italy earthquake - see note (2)	77
CDP S.p.A.	Municipality of Fiuminata	Central Italy earthquake - see note (2)	158
CDP S.p.A.	Municipality of Folignano	Central Italy earthquake - see note (2)	485
CDP S.p.A.	Municipality of Force	Central Italy earthquake - see note (2)	88
CDP S.p.A.	Municipality of Gagliole	Central Italy earthquake - see note (2)	70
CDP S.p.A.	Municipality of Gualdo	Central Italy earthquake - see note (2)	96
CDP S.p.A.	Municipality of Leonessa	Central Italy earthquake - see note (2)	87
CDP S.p.A.	Municipality of Loro Piceno	Central Italy earthquake - see note (2)	202
CDP S.p.A.	Municipality of Macerata	Central Italy earthquake - see note (2)	2,166
CDP S.p.A.	Municipality of Massa Fermana	Central Italy earthquake - see note (2)	71

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Matelica	Central Italy earthquake - see note (2)	825
CDP S.p.A.	Municipality of Micigliano	Central Italy earthquake - see note (2)	26
CDP S.p.A.	Municipality of Mogliano	Central Italy earthquake - see note (2)	291
CDP S.p.A.	Municipality of Monsampietro Morico	Central Italy earthquake - see note (2)	52
CDP S.p.A.	Municipality of Montalto Delle Marche	Central Italy earthquake - see note (2)	148
CDP S.p.A.	Municipality of Montappone	Central Italy earthquake - see note (2)	156
CDP S.p.A.	Municipality of Monte Cavallo	Central Italy earthquake - see note (2)	41
CDP S.p.A.	Municipality of Monte Rinaldo	Central Italy earthquake - see note (2)	25
CDP S.p.A.	Municipality of Monte San Martino	Central Italy earthquake - see note (2)	56
CDP S.p.A.	Municipality of Monte Vidon Corrado	Central Italy earthquake - see note (2)	43
CDP S.p.A.	Municipality of Montefalcone Appennino	Central Italy earthquake - see note (2)	25
CDP S.p.A.	Municipality of Montefortino	Central Italy earthquake - see note (2)	21
CDP S.p.A.	Municipality of Montefranco	Central Italy earthquake - see note (2)	30
CDP S.p.A.	Municipality of Montegallo	Central Italy earthquake - see note (2)	61
CDP S.p.A.	Municipality of Montegiorgio	Central Italy earthquake - see note (2)	309
CDP S.p.A.	Municipality of Monteleone di Fermo	Central Italy earthquake - see note (2)	29
CDP S.p.A.	Municipality of Monteleone di Spoleto	Central Italy earthquake - see note (2)	13
CDP S.p.A.	Municipality of Montelparo	Central Italy earthquake - see note (2)	63
CDP S.p.A.	Municipality of Montereale	Central Italy earthquake - see note (2)	86
CDP S.p.A.	Municipality of Montorio al Vomano	Central Italy earthquake - see note (2)	293
CDP S.p.A.	Municipality of Muccia	Central Italy earthquake - see note (2)	39
CDP S.p.A.	Municipality of Norcia	Central Italy earthquake - see note (2)	321
CDP S.p.A.	Municipality of Offida	Central Italy earthquake - see note (2)	191
CDP S.p.A.	Municipality of Ortezzano	Central Italy earthquake - see note (2)	34
CDP S.p.A.	Municipality of Palmiano	Central Italy earthquake - see note (2)	2
CDP S.p.A.	Municipality of Penna San Giovanni	Central Italy earthquake - see note (2)	151
CDP S.p.A.	Municipality of Petriolo	Central Italy earthquake - see note (2)	87
CDP S.p.A.	Municipality of Pietracamela	Central Italy earthquake - see note (2)	57
CDP S.p.A.	Municipality of Pieve Torina	Central Italy earthquake - see note (2)	281
CDP S.p.A.	Municipality of Pioraco	Central Italy earthquake - see note (2)	104
CDP S.p.A.	Municipality of Pizzoli	Central Italy earthquake - see note (2)	154
CDP S.p.A.	Municipality of Poggio Bustone	Central Italy earthquake - see note (2)	34
CDP S.p.A.	Municipality of Poggiodomo	Central Italy earthquake - see note (2)	29
CDP S.p.A.	Municipality of Polino	Central Italy earthquake - see note (2)	63
CDP S.p.A.	Municipality of Pollenza	Central Italy earthquake - see note (2)	307
CDP S.p.A.	Municipality of Posta	Central Italy earthquake - see note (2)	7
CDP S.p.A.	Municipality of Preci	Central Italy earthquake - see note (2)	32
CDP S.p.A.	Municipality of Rieti	Central Italy earthquake - see note (2)	1,970
CDP S.p.A.	Municipality of Ripe San Ginesio	Central Italy earthquake - see note (2)	42
CDP S.p.A.	Municipality of Rivodutri	Central Italy earthquake - see note (2)	42
CDP S.p.A.	Municipality of Rocca Santa Maria	Central Italy earthquake - see note (2)	87
CDP S.p.A.	Municipality of Roccafluvione	Central Italy earthquake - see note (2)	55
CDP S.p.A.	Municipality of San Ginesio	Central Italy earthquake - see note (2)	297
CDP S.p.A.	Municipality of San Severino Marche	Central Italy earthquake - see note (2)	433
CDP S.p.A.	Municipality of Santa Vittoria in Matenano	Central Italy earthquake - see note (2)	26

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Sant'anatolia di Narco	Central Italy earthquake - see note (2)	45
CDP S.p.A.	Municipality of Sant'angelo in Pontano	Central Italy earthquake - see note (2)	109
CDP S.p.A.	Municipality of Sarnano	Central Italy earthquake - see note (2)	400
CDP S.p.A.	Municipality of Scheggino	Central Italy earthquake - see note (2)	46
CDP S.p.A.	Municipality of Sefro	Central Italy earthquake - see note (2)	61
CDP S.p.A.	Municipality of Serravalle di Chienti	Central Italy earthquake - see note (2)	97
CDP S.p.A.	Municipality of Servigliano	Central Italy earthquake - see note (2)	71
CDP S.p.A.	Municipality of Smerillo	Central Italy earthquake - see note (2)	20
CDP S.p.A.	Municipality of Spoleto	Central Italy earthquake - see note (2)	1,331
CDP S.p.A.	Municipality of Teramo	Central Italy earthquake - see note (2)	1,771
CDP S.p.A.	Municipality of Tolentino	Central Italy earthquake - see note (2)	1,571
CDP S.p.A.	Municipality of Torricella Sicura	Central Italy earthquake - see note (2)	49
CDP S.p.A.	Municipality of Tossicia	Central Italy earthquake - see note (2)	49
CDP S.p.A.	Municipality of Treia	Central Italy earthquake - see note (2)	326
CDP S.p.A.	Municipality of Urbisaglia	Central Italy earthquake - see note (2)	244
CDP S.p.A.	Municipality of Ussita	Central Italy earthquake - see note (2)	745
CDP S.p.A.	Municipality of Valfornace	Central Italy earthquake - see note (2)	189
CDP S.p.A.	Municipality of Valle Castellana	Central Italy earthquake - see note (2)	92
CDP S.p.A.	Municipality of Vallo di Nera	Central Italy earthquake - see note (2)	5
CDP S.p.A.	Municipality of Venarotta	Central Italy earthquake - see note (2)	96
CDP S.p.A.	Municipality of Visso	Central Italy earthquake - see note (2)	177
CDP S.p.A.	Province of Ancona	Central Italy earthquake - see note (2)	773
CDP S.p.A.	Province of Ascoli Piceno	Central Italy earthquake - see note (2)	1,153
CDP S.p.A.	Province of Fermo	Central Italy earthquake - see note (2)	1,376
CDP S.p.A.	Province of Macerata	Central Italy earthquake - see note (2)	1,153
CDP S.p.A.	Province of Perugia	Central Italy earthquake - see note (2)	4,840
CDP S.p.A.	Province of Pescara	Central Italy earthquake - see note (2)	2,709
CDP S.p.A.	Province of Rieti	Central Italy earthquake - see note (2)	988
CDP S.p.A.	Province of Teramo	Central Italy earthquake - see note (2)	1,008
CDP S.p.A.	Province of Terni	Central Italy earthquake - see note (2)	1,168
Fincantieri Marine Group LLC	Democratic Governors Association	Charitable contribution	28
Fincantieri S.p.A.	Atena Onlus Foundation	Donation	15
Fincantieri S.p.A.	Municipality of Monfalcone	Charitable contribution	50
Fincantieri S.p.A.	"Luigi Bocconi" University of Milan	Charitable contribution	50
Fincantieri S.p.A.	"Amici del Gonfalone" Association	Charitable contribution	40
Fincantieri S.p.A.	Atlantic Council	Charitable contribution	30
Fincantieri S.p.A.	"Amici del Cuore" Association for the cardiology process	Donation	22
Fincantieri S.p.A.	Humanitarian Centre Saving Lives Logistics hub in Poland to distribute humanitarian aid in Ukraine	Donation	10
Fincantieri S.p.A.	"Università Cattolica del Sacro Cuore" University	Charitable contribution	10
Fincantieri S.p.A.	University Residence of Peschiere (GE) of the RUI Foundation	Charitable contribution	10
Fincantieri S.p.A.	INRC-National Institute for Cardiovascular Research	Donation	14
FIV Comparto Extra	PRS Impresa Sociale	Loan for free use	cfr note (3)

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
FIV Comparto Extra	Giardino dei Gatti	Loan for free use	cfr note (3)
FIV Comparto Extra	Human Foundation	Loan for free use	cfr note (3)
FIV Comparto Extra	FlashBack	Loan for free use	cfr note (3)
FIV Comparto Plus	Municipality of Milan	Loan for free use	cfr note (3)
FIV Comparto Plus	Municipality of Macerata	Loan for free use	cfr note (3)
LT S.r.l.	Triiron Amateur Sports Association	Gift	10
Tamini Trasformatori S.r.l.	Fondimpresa	Gift	16
Terna S.p.A.	Save The Children	Gift	30
Terna S.p.A.	Caritas Italiana	Gift	30
Terna S.p.A.	Confindustria Energia	Gift	20
Terna S.p.A.	Komen	Gift	60
Terna S.p.A.	Europacolon Italia Onlus	Gift	40
Terna S.p.A.	Accademia Musicale Chigiana Foundation	Gift	10
Terna S.p.A.	Parrocchia Madonna di Pompei	Gift	10
Terna S.p.A.	Maggio Fiorentino	Gift	20
Terna S.p.A.	Coldiretti	Gift	25
Terna S.p.A.	Chiaramonte Gulfi	Gift	10
Terna S.p.A.	Intercultura Onlus	Gift	45
Terna S.p.A.	XXXVI incontro internazionale di dialogo per la pace	Gift	30
Terna S.p.A.	Marcigliana Protection and Sustainability Project	Gift	36
Terna S.p.A.	ASD Grifone	Gift	15
Terna S.p.A.	S. Cecilia National Academy	Gift	160
Terna S.p.A.	Confindustria	Gift	19
Terna S.p.A.	Association "Sant' Erasmo Nautilus"	Gift	40
Terna S.p.A.	Foundation "Vespasiano"	Gift	10
Terna S.p.A.	Foundation "Venezia Capitale Mondiale della Sostenibilità"	Gift	34
Terna S.p.A.	Caritas Italiana	Gift	24
Terna S.p.A.	Save The Children	Gift	24
Vard Electro Tulcea S.r.l.	Pastel in Romania Association	Donation	10
Vard Engeneering Constanta S.r.l.	Asociatia Daruiieste Aripi	Donation	24
Vard Engeneering Constanta S.r.l.	Costanta Anastasia School	Donation	10

(1) As part of the solidarity initiatives in favour of the population affected by the conflict between Russia and Ukraine, the Parent company CDP acted as an intermediary with reference to other directly controlled Group companies, channelling the liberal contributions collected by them to the identified beneficiary organisations.

(2) In relation to emergencies caused by earthquakes or other calamitous events, the Parent company CDP decided the loan instalments in favour of local authorities, as a result of which to debtors have been offered the possibility of deferring payment of the instalments, in terms of principal and interest, at a future date. The benefits shown in the table are therefore represented by the amounts of the instalments due in 2022, in terms of principal and interest, the collection of which has been deferred to the future date.

(3) For both segments of the Investment Fund for Development (FIV Extra and FIV Plus) the spaces granted on free loan are former barracks characterized by the presence of multiple buildings often without systems and in conditions of abandonment. This building and town planning situation makes it impossible to identify benchmarks, in the real estate markets of reference, for the determination of a reasonable economic consideration. In particular, in the case of the Plus segment, the spaces have been granted on loan for free use for the purpose of building public utility services such as schools and public transport.

2. ANNEXES TO THE REPORT ON OPERATIONS

2.1 RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND BALANCE SHEET AND THE FINANCIAL STATEMENTS – CDP GROUP

In order to ensure consistency between the consolidated financial statements, prepared on an accounting basis and the aggregates presented on an operational basis, the balance sheet and income statement reconciliation statements are shown below.

These reclassifications mainly concerned: the allocation of interest-bearing amounts and non-interest-bearing amounts to specific and distinct items; the revision of portfolios for IAS/IFRS purposes with their reclassification into uniform aggregates in relation to both products and business lines.

Reclassified consolidated balance sheet – Assets

(million of euro) ASSETS - Balance sheet items	31/12/2022	Cash and cash equivalents and other treasury investments	Loans	Debt securities, equity securities and units in collective investment undertakings	Equity investments	Trading and hedging derivatives	Property, plant and equipment and intangible assets	Other assets
10. Cash and cash equivalents	6,503	6,503						
20. Financial assets measured at fair value through profit or loss:	3,679							
a) Financial assets held for trading	356					356		
b) Financial assets designated at fair value	195		195					
c) Other financial assets mandatorily measured at fair value	3,128		112	3,016				
30. Financial assets measured at fair value through other comprehensive income	12,029			12,029				
40. Financial assets measured at amortised cost:	348,436							
a) Loans to banks	23,208	5,356	13,551	4,301				
b) Loans to customers	325,228	157,081	106,731	61,416				
50. Hedging derivatives	4,595					4,595		
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,987)							(2,987)
70. Equity investments	27,109				27,109			
80. Reinsurers' share of technical reserves								
90. Property, plant and equipment	42,556						42,556	
100. Intangible assets	13,359						13,359	
110. Tax assets	2,579							2,579
120. Non-current assets and disposal groups held for sale	156							156
130. Other assets	20,086							20,086
TOTAL ASSETS	**478,100**	**168,940**	**120,589**	**80,762**	**27,109**	**4,951**	**55,915**	**19,834**

Reclassified consolidated balance sheet – Liabilities and equity

(million of euro) LIABILITIES AND EQUITY - Balance sheet items	31/12/2022	Funding	Funding detail: Postal funding	Funding detail: Funding from banks	Funding detail: Funding from customers	Funding detail: Bond funding	Liabilities held for trading and hedging derivatives	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Total equity
10. Financial liabilities measured at amortised cost:	406,249									
a) Due to banks	50,398	50,398	1,159	49,239						
b) Due to customers	316,995	316,995	279,859	28,853	8,283					
c) Securities issued	38,856	38,856				38,856				
20. Financial liabilities held for trading	331						331			
30. Financial liabilities designated at fair value	17	17			17					
40. Hedging derivatives	1,368						1,368			
50. Fair value change of financial liabilities in hedged portfolios										
60. Tax liabilities	2,796								2,796	
70. Liabilities associated with non-current assets and disposal groups held for sale	27							27		
80. Other liabilities	24,585							24,585		
90. Staff severance pay	173								173	
100. Provisions for risks and charges	2,815								2,815	
110. Technical reserves										
120. Valuation reserves	(973)									(973)
150. Reserves	13,219									13,219
160. Share premium reserve	2,379									2,379
170. Share capital	4,051									4,051
180. Treasury shares	(322)									(322)
190. Non-controlling interests	15,968									15,968
200. Net income (loss) for the year	5,417									5,417
TOTAL LIABILITIES AND EQUITY	**478,100**	**406,266**	**281,018**	**78,092**	**8,300**	**38,856**	**1,699**	**24,612**	**5,784**	**39,739**

Reclassified consolidated income statement

(million of euro) INCOME STATEMENT - Financial statement items	2022	Net interest income	Gains (losses) on equity investments	Net commission income (expense)	Other net revenues (costs)	Gross Income
10. Interest income and similiar income	7,901	7,901				7,901
20. Interest expense and similar expense	(5,595)	(5,595)				(5,595)
40. Commission income	472	259		213		472
50. Commission expense	(1,231)	(1,148)		(83)		(1,231)
70. Dividends and similar revenues	50		50			50
80. Profits (losses) on trading activities	65				65	65
90. Net gain (loss) on hedging activities	84				84	84
100. Gains (losses) on disposal or repurchase	52				52	52
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	(73)				(73)	(73)
130. Net adjustments/recoveries for credit risk	(9)					
140. Gains/losses from changes in contracts without derecognition						
160. Net premium income						
170. Net other income (expense) from insurance operations						
190. Administrative expenses	(12,629)					
200. Net accruals to the provisions for risks and charges	42					
210. Net adjustments to/recoveries on property, plant and equipment	(1,918)					
220. Net adjustments to/recoveries on intangible assets	(1,261)					
230. Other operating income (costs)	17,813					
250. Gains (losses) on equity investments	4,364		4,364			4,364
270. Goodwill impairment	(48)					
280. Gains (losses) on disposal of investments	21					
300. Income tax for the year on continuing operations	(1,297)					
320. Income (loss) after tax on discontinued operations	(1)					
330. Net income (loss) for the year	**6,802**	**1,417**	**4,414**	**130**	**128**	**6,089**
340. Net income (loss) for the year pertaining to non-controlling interests	1,385					
350. NET INCOME (LOSS) FOR THE YEAR PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY	**5,417**					

Net recoveries (impairment)	Administrative expenses	Other net operating income (costs)	Operating income	Net provisions for risks and charges	Net adjustments on PPE and intangible assets	Goodwill impairment	Other	Income taxes	Net income (loss) for the year
			7,901						7,901
			(5,595)						(5,595)
			472						472
			(1,231)						(1,231)
			50						50
			65						65
			84						84
			52						52
			(73)						(73)
(9)			(9)						(9)
	(12,629)		(12,629)						(12,629)
45			45	(3)					42
					(1,918)				(1,918)
					(1,261)				(1,261)
		17,813	17,813						17,813
			4,364						4,364
						(48)			(48)
							21		21
								(1,297)	(1,297)
							(1)		(1)
36	**(12,629)**	**17,813**	**11,309**	**(3)**	**(3,179)**	**(48)**	**20**	**(1,297)**	**6,802**
									1,385
									5,417

REPORT OF THE INDEPENDENT AUDITORS

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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 Depositi e Prestiti S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Cassa Depositi e Prestiti S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 , and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 Depositi e Prestiti S.p.A. (the "Company") 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Valuation of the equity investments in jointly controlled subsidiaries and associates

Description of the key audit matter	The consolidated financial statements as at December 31, 2022 include equity investments amounting to Euro 27,109 million, mainly related to investments in jointly controlled subsidiaries and associates accounted for using the equity method. At each reporting date, the Management assess whether there is any indication that an asset may be impaired (so-called "triggers") provided by IAS 36; this assessment is performed on the basis of information taken from public sources or of any additional information received by the investees. For the purpose of the assessment carried out for the consolidated financial statements as at December 31, 2022, the Management also considered the indications issued by national and international authorities in relation to the current reference scenario, with a combination of factors linked to the residual impacts of the COVID-19 pandemic, the effects of the Russia-Ukraine conflict, the increase in both inflation and interest rates, general deterioration of the economic climate, geopolitical risks and uncertainty with regard to future developments. In this regard, the resulting impacts of these events on economic activity have led to an increase in uncertainty which makes the formulation of estimates regarding cash flows deriving from equity investments more complex, also with reference to the greater uncertainty associated with the assumptions and parameters used in the recoverability assessment of the assets. As at December 31, 2022, the Management detected impairment indicators on some of the key equity investments accounted for using the equity method. As indicated in the notes to the consolidated financial statements, the Management, therefore, carried out the impairment test through a comparison between the carrying amount and the recoverable amount of such equity investments, using the most appropriate methodologies, from the outcome of which impairment losses were recognised. Considering the discretionary and the uncertainty implied in the estimation made in determining the assumptions and parameters of the impairment model, the complexity in the formulation of these estimates, as well as the significance of the amount of equity investments in jointly controlled subsidiaries and associates, we considered the valuation of such equity investments was a key audit matter of the consolidated financial statement of Cassa Depositi e Prestiti as at December 31, 2022. Paragraph 5 "Equity investments" of Part A.2 "The main financial statement items" describes the accounting principles used for the valuation of these items. Paragraph 7.1 "Information on equity investments" of Section 7 "Equity investments" Item 70 of Part B "Information on the consolidated

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	balance sheet" includes the disclosure about the valuation of investments in jointly controlled subsidiaries and associates.
Audit procedures performed	As part of our audits work, we carried out the following procedures also supported, in some cases, by valuation experts from our Network: • meetings and discussions with Management of the Group and, where appropriate, of the equity investments in order to understand the valuation methods, the information used and the assumptions made for the impairment test; • understanding the processes and relevant controls adopted by the Group for the assessment of the impairment test; • analysis of the valuation methods adopted by Management to determine the recoverable amount of such equity investments; • analysis of the set of information used by Management to support their valuation, including the report issued by the independent expert involved by Management for the estimation of the recoverable amount; • verification of the adequacy of the valuation method and their consistency with the accounting standards and valuation practices, also taking into account the specific context of each equity investments; • analysis of the reasonableness of the main assumptions and parameters used to determine the recoverable amount also through the verification of external data and information provided by Management; • assessing the mathematical accuracy of the model used to determine the recoverable amount of the equity investments in jointly controlled subsidiaries and associates; • verification of the adequacy of the disclosure provided by Directors in the consolidated financial statements and its compliance with IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, 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.

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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 Company 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.,

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- 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 Depositi e Prestiti S.p.A. has appointed us on March 19, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

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 Company 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.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the preparation of the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the specific section related to the report on corporate governance and ownership structure of Cassa Depositi e Prestiti Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the specific section related to the report on corporate governance and ownership structure set forth in art. 123-bis, paragraph 4, of Legislative Decree 58/98, with the consolidated financial statements of Cassa Depositi e Prestiti Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the specific section related to the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Cassa Depositi e Prestiti Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Cassa Depositi e Prestiti 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 Pietrarelli
Partner

Rome, Italy
April 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.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

pursuant to Art. 154-*bis* of Legislative Decree no. 58/1998

1. The undersigned Dario Scannapieco, in his capacity as Chief Executive Officer, and Fabio Massoli, in his capacity as Manager in charge with preparing the company's financial reports of Cassa Depositi e Prestiti S.p.A., hereby certify, taking into account the provisions of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   – the appropriateness with respect to the characteristics of the company; and
   – the actual application

   of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2022.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the consolidated financial statements at 31 December 2022 was based on a process developed by Cassa Depositi e Prestiti S.p.A in line with the COSO model and COBIT model (for the IT component), which make up the generally-accepted internal control framework at international level.

3. In addition, it is hereby certified that:
   3.1 the consolidated financial statements at 31 December 2022:
      a) have been prepared in compliance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
      b) correspond to the information in the books and other accounting records;
      c) give a true and fair view of the performance and financial position of the issuer and of the companies included in the scope of consolidation;

   3.2 the Report on Operations contains a reliable analysis of operations and performance as well as the situation of the issuer and of the companies included in the scope of consolidation together with a description of the main risks and uncertainties to which they are exposed.

Rome, 20 April 2023

Chief Executive Officer

Dario Scannapieco

Manager in charge with preparing the company's financial reports

Fabio Massoli

5 REPORTS OF THE PATRIMONIO RILANCIO

1. *Fondo Nazionale Supporto Temporaneo*
2. *Fondo Nazionale Strategico*
3. *Fondo Nazionale Ristrutturazioni Imprese*

The section below contains the annual reports of the Sub-Funds ("Fondo Nazionale Supporto Temporaneo" – Temporary National Support Fund, "Fondo Nazionale Strategico" – Strategic National Fund, and "Fondo Nazionale Ristrutturazioni Imprese" – National Enterprise Restructuring Fund) of the Patrimonio Rilancio as at 31 December 2022.

Pursuant to Article 27 of Decree Law no. 34 of 19 May 2020 ("Relaunch Decree") and Article 104 of the Regulation of the "Patrimonio Rilancio" – Special-Purpose Assets Fund, a separate report is prepared annually for each Sub-Fund, in accordance with the IFRS, which does not contribute to the results of CDP S.p.A. and is annexed to the separate financial statements of CDP S.p.A.

The annual report of each Sub-Fund is approved by the Board of Directors of CDP S.p.A. at the same time as the approval of the draft separate financial statements of CDP S.p.A. and subsequently submitted to the decisions of the general meeting of the holders of the equity instruments.

FONDO NAZIONALE SUPPORTO TEMPORANEO

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CONTENTS

REPORT ON OPERATIONS

MISSION AND PRESENTATION OF THE SUB-FUND

In light of the Covid-19 epidemiological emergency, Article 27 of Decree Law no. 34 of 19 May 2020, "Urgent measures regarding health, support for work and the economy, and social policies related to the Covid-19 epidemiological emergency" ("Relaunch Decree"), converted with amendments by Law no. 77 of 17 July 2020, authorised Cassa Depositi e Prestiti S.p.A. ("CDP") to set up a special-purpose assets fund, called "Patrimonio Rilancio", to which certain assets and legal relationships identified by the Ministry of the Economy and Finance were transferred. The purpose of the Patrimonio Rilancio is to provide support for the relaunch of Italy's economy, in the forms and under the conditions provided for by the European Union's State Aid Temporary Framework, adopted to address the Covid-19 epidemiological emergency (the "Temporary Framework"), or at market conditions, with the aim of supporting Italy's entrepreneurial fabric, also through capital-strengthening measures.

The following public implementing measures were adopted for the establishment and the consequent start of operations of the Patrimonio Rilancio, pursuant to Article 27 of the Relaunch Decree:

- the Implementing Decree of the Ministry of the Economy and Finance, following consultation with the Ministry of Economic Development, dated 3 February 2021, concerning the access requirements, conditions, criteria and procedures for the investments of the Patrimonio Rilancio, published in the Official Gazette on 10 March 2021 and entered into force on 25 March 2021;
- the Allocation Decree of the Ministry of the Economy and Finance of 7 May 2021, concerning the maximum allocation of up to 44 billion euro for the Patrimonio Rilancio, published in the Official Gazette on 15 May 2021, which, for the initial allocation to the Patrimonio Rilancio, provided for the transfer to this Fund, by way of allocation to CDP, of government securities in the amount of 3 billion euro (the "Initial Allocation"), subsequently assigned by Directorial Decree of 7 June 2021.

In addition, in accordance with Article 27, paragraph 6 of the Relaunch Decree, in the meeting held on 18 May 2021, the Board of Directors of CDP also adopted the Regulation the Patrimonio Rilancio (below the "Regulation of the Patrimonio Rilancio"), which was approved on 24 May 2021 by the Minister of the Economy and Finance, pursuant to the above-mentioned provisions, as notified to CDP on 7 June 2021.

In accordance with and in execution of the provisions of the Implementing Decree, the Regulation of the Patrimonio Rilancio governs the following, among other things:

- the purposes of the Patrimonio Rilancio, its establishment and operating procedures, the timing of the measures, its duration, the requirements for the enterprises benefiting from the measures, the management policy, the forms of implementation of the measures and the financial plan;
- the operations of the sub-funds, including the management of their income, their liquidation and the regime for their reporting;
- the preliminary assessment activities of the Patrimonio Rilancio, including the underlying principles, the procedure for the granting of measures, the accredited entities (respectively the "Accredited Intermediaries", which support the Patrimonio Rilancio in the preliminary assessment activities, the execution of operations and their monitoring and management, and the "Independent Experts", for the determination of the market value of applicant enterprises with shares not listed on a regulated market) and the management, monitoring and control activities;
- the organisation and management of the Patrimonio Rilancio, including the characteristics of the equity instruments, the Conflicts and Transactions Committee[1], the classification and preliminary assessment process for transactions in conflict of interest, and the cost regime of the Patrimonio Rilancio.

[1] The Conflicts and Transactions Committee is responsible for providing a prior mandatory and non-binding opinion to the decision-making body, in accordance with the provisions of the Regulation of the Patrimonio Rilancio, within the preliminary assessment and approval process, and in particular in transactions with potential conflicts of interest and with related parties relating to the use of the special-purpose assets fund, in line with the provisions of Article 30 of the Implementing Decree.

As established by the Relaunch Decree, the sub-funds that make up the Patrimonio Rilancio are separate, autonomous and distinct in all respects from the assets of the other sub-funds and from the assets of CDP, and relate to different types of measure in support of enterprises.

In accordance with the three types of operations envisaged by the Regulation, the Patrimonio Rilancio is divided into three sub-funds: Fondo Nazionale Supporto Temporaneo (FNST - Temporary National Support Fund), Fondo Nazionale Strategico (FNS - Strategic National Fund) and Fondo Nazionale Ristrutturazioni Imprese (FNRI - National Enterprise Restructuring Fund).

Through the FNST Sub-Fund, the Patrimonio Rilancio provides financial resources, also by means of capital strengthening measures, in a manner consistent with the measures provided for by the European Commission in the Temporary Framework to support the economy in the Covid-19 emergency. The operations of this Sub-Fund are aimed above all at companies which, despite qualifying as "healthy" enterprises, have suffered a significant fall in turnover with possible difficulties in finding resources within the economic and financial system. The operations of the FNST are characterised by: (i) being entirely regulated by the European Commission; (ii) the standardisation of the contracts; (iii) having predefined corporate governance limitations in accordance with EU regulations; (iv) having a predefined use of the resources, in compliance with the constraints set by the European Commission and (v) having a predefined divestment process.

The deadline for the granting of the FNST's instruments was initially set at 30 June 2021, except for the measures via subordinated bonds, for which the deadline was set at 31 December 2020. The European Commission has extended these deadlines several times and most recently, on 18 November 2021, it set the deadline for the granting of the FNST's measures at 30 June 2022.

It follows that, from the second half of 2022, the operations of the Sub-Fund are dedicated exclusively to managing and monitoring the investments already completed on that date.

The investment scheme envisaged for this Sub-Fund consisted of the following four instruments:

- capital increase ("CAPINCs"): intended for a minimum amount of 100 million euro, aimed at strengthening and stabilising the assets of the applicant companies, providing a suitable method to progressively increase the remuneration of the investment, in order to encourage the repurchase by the beneficiary company;
- mandatory convertible subordinated bonds ("CBs"): intended for a minimum amount of 25 million euro and a duration of up to 4 years for listed companies and up to 5 years for unlisted companies, aimed at enterprises that wished to obtain funding, with an obligation at maturity of (i) conversion into shares or (ii) redemption in cash;
- convertible subordinated bonds ("CSBs"): intended for a minimum amount of 1 million euro and a duration of up to 5 years for listed companies and up to 6 years for unlisted companies. The bond may be redeemed or converted into equity, subject to certain preset conditions;
- non-convertible subordinated bonds ("SBs"): intended for a minimum amount of 1 million euro and a duration of up to 6 years. The bond is redeemed at maturity and is subordinated to all the outstanding debt instruments.

While the measures consisting in CAPINCs, CBs and CSBs were granted after having objectively verified the satisfaction of the requirements established by the applicable regulations, for SBs, the legislative and regulatory framework of the Patrimonio Rilancio required that the preliminary assessment procedures:

- were also aimed at assessing the prospects of sufficient earnings to ensure the repayment of the loan (Article 25, paragraph 3, of the Implementing Decree and Article 76, paragraph 3, of the Regulation of the Patrimonio Rilancio), and
- were also based on a credit rating assessment at the sole discretion of CDP, in line with the preliminary assessment principles commonly adopted by CDP (Article 76, paragraph 3 of the Regulation of the Patrimonio Rilancio).

To this end, CDP has adopted a methodological framework for assessment in line with best market practices that defines specific assessment criteria consistent with the types of instruments.

Pursuant to the provisions of the Implementing Decree and the Regulation of the Patrimonio Rilancio, the contractual agreements relating to the measures of the FNST have been prepared through predefined standard templates (the "TF Contractual Agreement Templates") which are not subject to negotiation with the enterprises.

Subject to the specific characteristics of each measure, the TF Contractual Agreement Templates establish, among other things:

- the financial conditions of each measure, in accordance with the applicable regulatory framework;
- representations and warranties from the enterprise (which must certify, among other things, that it meets the requirements of the applicable regulations for access to the measure), but in simplified format compared to market standards;
- specific commitments from the enterprise (e.g. the obligation to use the proceeds of the measure in accordance with the purposes identified by the Implementing Decree and commitments to provide periodic and "by event" information);
- the conditions precedent for the disbursement of the amount as part of the measure (e.g. fulfilment – by the enterprise – of all necessary corporate requirements);
- the procedures for redemption on the maturity date, for measures consisting in bonds;
- specific repayment or divestment mechanisms, including:
  - for the CSBs, CBs and SBs: (i) the enterprise's right of early redemption of the bond on each interest payment date; and (ii) the FNST's right to obtain early redemption of the bond from the issuer, upon the occurrence of certain events;
  - for the CAPINCs and, from the conversion date, where applicable, for the CSBs and CBs, (i) the right of the enterprise to repurchase the FNST's equity investment at a predetermined price; (ii) for listed companies, the sale on the market or to one or more investors interested in having their equity investment in the company purchased by the FNST; and (iii) for unlisted companies, the right of the FNST (a) to co-sell in the event of disposal of the controlling equity investment in the company or (b) to obtain the sale of the equity investment by the controlling shareholders, in the event of an offer by a third party investor involving a controlling equity investment or the entire share capital of the company;
- specific conditions for early termination of the measure, in the event of which some of the divestment mechanisms described above will apply.

In CAPINCs, CBs and CSBs involving unlisted companies, the value of the companies is determined by an Independent Expert that certifies their market value based on the results of the vendor due diligence conducted by the company's independent auditors. The measure cannot exceed 20% of the shares (i) listed on regulated markets, for listed companies (remaining below the threshold triggering the takeover bid obligation) or (ii) outstanding, for unlisted companies (remaining below the control threshold).

The pricing of the instruments involved in the measure is predefined and provides for increases over the years. Specifically, in order to encourage the exit of the Patrimonio Rilancio from the capital of the beneficiary enterprises, in compliance with the Temporary Framework, a step-up mechanism has been established for progressively increasing the return on the investment in the enterprise's shares in the event of failure to divest.

The Patrimonio Rilancio Platform (below also the "Platform") has been operational since 25 June 2021. It allowed applicant companies to upload their applications for support measures, through the Accredited Intermediaries.

In this regard, in order to implement the measures, nine Intermediaries, which supported the Patrimonio Rilancio in the preliminary assessment activities and the execution of operations and their constant monitoring and management, and 19 Independent Experts, for the determination of the market value of applicant enterprises with shares not listed on a regulated market, have been accredited.

The Accredited Intermediaries are banks and other entities with appropriate experience and professional qualifications, including advisory and/or auditing firms, while Independent Experts are individuals, professional associations and professional firms accredited by CDP on the basis of the individual, reputational and professional requirements set out in the notice of accreditation as an intermediary[2] and independent expert[3].

[2] See the "Notice for Accreditation as Intermediary", published on CDP's procurement portal on 31 March 2021 and last updated on 7 June 2021.
[3] See the "Notice for Accreditation as Independent Expert", published on 31 March 2021 and updated on 3 June 2021 on CDP's procurement portal.

The Platform is an IT system designed to support the granting and management of the instruments. The process is divided into two macro-phases:

- granting, covering all the activities from the submission of the application for support measures to the settlement of the transactions;
- management and monitoring/reporting, which includes all activities involving the submission of information (periodic and ad hoc) by the beneficiary enterprises and collection, verification, reporting and management by CDP and the Accredited Intermediaries.

The Accredited Intermediary, selected by the applicant enterprise, supports the latter in the granting, management and monitoring/reporting macro-phases, and in particular in:

- checking that the documentation uploaded by the enterprise into the system is complete;
- carrying out the necessary eligibility checks;
- managing any dialogue with the applicant enterprise as made by CDP and supervising the processes of rejection, lapse and withdrawal from the measure;
- checking the documentation necessary for the fulfilment of the conditions precedent;
- performing all the activities necessary for the settlement of the transaction;
- collecting and verifying the information sent by the enterprise when managing and monitoring/reporting the transaction granted.

Due to the confidential nature of the information processed, only authorised users are permitted to access the Platform.

MARKET CONTEXT

The "Great Lockdown" of 2020, caused by the spread of the Covid-19 virus, was unparalleled in modern history. It led to the most far-reaching global, and unpredictable, crisis that was less dependent on traditional economic factors. The measures to restrict mobility which were necessary to limit infections (closure of non-core production activities, closure of schools and adoption of remote working for eligible categories of workers) inevitably caused a shock to the economic system, in terms of both demand and supply, blocking consumption and industrial production, with consequent effects on levels of confidence.

The main effects of the epidemiological emergency on the Italian economic and production fabric in the year of the pandemic crisis (2020) can be summarised as follows:

- a fall in GDP of around 9% (around 3% higher than at European level, i.e. -6.4%) and an increase in the debt-to-GDP ratio of around 160%[4];
- a fall in industrial production of 11.4% (in contrast to the increase of 2.6% at European level), the second-worst result since the beginning of the time series (ISTAT data);
- likely increased selectivity of the banking industry in lending due to the deterioration of key corporate and consumer capital indicators;
- worsening of the company financial statements indicators, particularly due to an increase in leverage of over 130% and a fall in EBITDA of nearly 30%[5];
- sharp decline in turnover of non-financial enterprises. It is estimated that, in the most acute phase of the health emergency, the suspension of activities in Italy affected 2.1 million enterprises (equivalent to around 40% of the total national added value), causing an overall fall in turnover of around 14%, with peaks of more than 20% for certain sectors, which in turn generated an emergency in terms of employment and social stability[6].

The fall in turnover and the liquidity measures adopted through ultra-expansionary monetary policies have led to an increase in the level of debt of Italian enterprises. As a result, in the future, even those that survive the emergency may not have the resources to invest in human capital, digitisation and international expansion.

With this in mind, measures to improve the capitalisation of companies have been and will continue to be crucial to encourage the investments needed to ensure growth of the economy. This is particularly true for medium-sized enterprises, which are the most productive, most innovative and most open to international markets, in addition to being a cornerstone of European value chains. These types of enterprises are often key players in local labour markets and across a wide range of sectors. They also represent a vehicle for reaching new and more distant markets for a large number of smaller national enterprises, which are connected to larger enterprises through supply relationships. The protection and capitalisation of this group of enterprises is therefore strategic for the relaunch of the Italian economy once the pandemic is over.

In the context of this epidemiological emergency, the Italian Government has therefore decided to adopt instruments aimed at implementing measures and operations to support and relaunch the Italian economic and production system, by strengthening the capital of its enterprises. Thanks to the adoption of these instruments and further measures taken at government level, the financial indicators of enterprises have shown good resilience and the recovery in Italy after the acute phase of the economic and pandemic crisis has been fairly rapid and more robust than in the other major European and world economies.

During 2022, the world economy continued to suffer from high inflation, great uncertainty associated with the Russia-Ukraine war and the tightening of monetary policies.

4 Source: CERVED and European Commission.
5 Ibid.
6 Ibid.

In Italy, the data updated in December[7] 2022 shows real GDP growth of 3.8% compared to 6.7% in 2021. This result is influenced by the combined effect of the expansionary phase, recorded in the second and third quarters, and the weakening forecast for the last three months of the year.

(year-on-year percentage changes) Macroeconomic projections	2021	2022	2023	2024	2025
GDP	**6.7**	**3.8**	**0.4**	**1.2**	**1.2**
Household consumption	5.1	4.5	1.4	0.7	0.9
Government consumption	1.5	0.0	(1.1)	0.4	1.3
Gross fixed capital formation	16.5	9.7	2.8	2.2	1.3
Total exports	13.5	10.4	1.8	3.3	2.9
Total imports	14.8	15.2	4.3	2.9	2.4
Consumer prices (HICP)	1.9	8.8	7.3	2.6	1.9
HICP net of energy and food	0.8	3.3	3.5	2.7	2.2
Household consumption deflator	1.6	6.8	5.5	2.8	1.9
Employment (hours worked)	7.6	4.5	0.6	0.8	1.0
Employment (persons employed)	0.8	2.3	0.5	0.6	0.8
Unemployment rate	9.5	8.2	8.2	7.9	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2022.

In the summer months, growth was supported by domestic demand, mainly due to the increase in household consumption. During that period, the propensity to save has actually decreased (returning to the values recorded before the health crisis), also in the face of the rise in disposable income in real terms, as a consequence of the government measures to curb energy prices (Decree Law 50/22 and Decree Law 115/22).

(percentage change on previous period and percentage points)	2021	2022			
GDP and its main components	Q4	Q1	Q2	Q3	2021
GDP	**0.8**	**0.2**	**1.1**	**0.5**	**6.7**
Imports of goods and services	5.0	3.8	2.1	4.2	14.7
National demand	2.1	(0.3)	1.1	1.8	6.8
National consumption		(0.7)	1.5	1.8	4.2
Household spending	(0.2)	(1.2)	2.5	2.5	5.2
General government spending	0.7	0.6	(1.2)	(0.2)	1.5
Gross fixed investment	2.7	3.8	1.5	0.8	16.5
Construction	3.6	4.6	0.8	(1.3)	21.8
Capital goods	1.9	3.1	2.2	2.9	12.1
Change in stocks	1.4	(0.4)	(0.4)	0.2	0.3
Exports of goods and services	0.7	5.2	2.1	0.1	13.4
Net exports	(1.1)	0.5	0.1	(1.3)	0.1

Source: Banca d'Italia, Economic Bulletin n. 1 - 2023.

This positive trend slowed down in the last quarter of the year due to the combined effect of the uncertainty over the continuation of the Russia-Ukraine conflict and the worsening conditions for access to credit for businesses and households.

The Bank of Italy also estimates (i) a decline in industrial production due to high energy costs (especially in the transport and manufacturing sectors), (ii) a decrease in investments by companies and (iii) a worsening of the outlook on the real estate sector due to the increase in interest rates. In addition, following the expansionary phase that characterised the summer months, a slowdown in

[7] Source: Bank of Italy, "*Proiezioni macroeconomiche per l'economia italiana* (Macroeconomic projections for the Italian economy)", updated on 16 December 2022.

household spending is estimated despite the continuation of government measures to support disposable income in a context of high inflation.

In the banking sector, between August and November, the average interest rate on new loans to businesses rose by around 150 basis points (to 2.9% in November), in line with the average increase in the EU area. The cost of new loans to households for house purchases rose by about 100 basis points (to 3.1%) and affected both fixed-rate (3.6%) and variable-rate (2.8%) mortgage loans. The ratio of non-performing loans in September 2022 remained stable compared to the previous quarter (gross ratio of 2.6%, net ratio of 1.2%).

Ultimately, growth is expected to slow down sharply in 2023, with a recovery starting in 2024, coinciding with the easing of inflationary pressures and uncertainty relating to the Russia-Ukraine conflict. The economic activity would also benefit from the effects of the fiscal policy measures and the measures outlined in the National Recovery and Resilience Plan (NRRP).

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2022

As specified in more detail in the paragraph "Mission and Presentation of the Sub-Fund", the measures consisting in capital increases (CAPINCs), CBs and CSBs are only granted after having verified the satisfaction of the requirements established by the applicable regulations, while, for SBs, the legislative and regulatory framework of the Patrimonio Rilancio requires that the preliminary assessment procedures (i) are also aimed at assessing the prospects of sufficient earnings to ensure the repayment of the loan (Article 25, paragraph 3, of the Implementing Decree and Article 76, paragraph 3, of the Regulation of the Patrimonio Rilancio) and (ii) are also based on a detailed credit rating assessment.

At 31 December 2022, CDP had approved the granting of 21 measures under the FNST, for a total of 401.9 million euro, of which:

- 12 CSBs for a total of 283.2 million euro;
- 7 SBs for a total of 44.4 million euro;
- 2 CBs for a total of 74.3 million euro.

The resolved measures potentially safeguarded around 22,500 employees.

At 31 December 2022, 20 bonds[8] had been issued for a total of 392.8 million euro, of which:

- 11 CSBs for a total of 274.2 million euro;
- 7 SBs for a total of 44.4 million euro;
- 2 CBs for a total of 74.2 million euro.

The measures envisaged by the Patrimonio Rilancio are intended to support companies operating in some of the most strategically important sectors of the Italian economy, such as automotive, industrial component manufacturing, plant engineering, infrastructure and construction, agri-food, publishing and culture.

Specifically, 11 CSBs were provided totalling 274.2 million euro, for companies operating in the industrial component manufacturing, infrastructure and construction, creative, artistic and entertainment activities, electronics, food, automotive and healthcare sectors. The income is used to cover costs for investments and/or working capital related to production facilities and business activities, in line with the EU objectives and national obligations on green and digital transformation, including the objective of climate neutrality by 2050. Investment expenses are aimed, among others, at implementing energy redevelopment projects, digitising business processes, purchasing and/or adapting new machinery and equipment and installing new business software. Working capital expenses are aimed, among others, at paying suppliers and personnel, as well as purchasing raw materials and services related to the investments mentioned above.

The 7 SBs were disbursed for a total of 44.4 million euro, in favour of companies operating in the electronics, construction and infrastructure, publishing, catering and entertainment sectors. The income is used to cover costs for investments and/or working capital relating to production facilities and business activities that are located in Italy, of which at least 40% are for investments and projects of an innovative nature and/or with high environmental sustainability. Investment expenses are aimed, among others, at enhancing the energy efficiency of production facilities, improving the efficiency of equipment and machinery, purchasing new equipment compatible with industry 4.0, investing in assets aimed at the green economy and investing in the creation of digital products and e-commerce platforms. Working capital expenses are aimed, among others, at the purchase of raw materials and semi-finished products, multi-year operating expenses and personal training, consultancy services and expenses to replace plastic material with biodegradable and/or recyclable products.

Finally, 2 CBs were provided totalling 74.2 million euro, for companies operating in the machinery and equipment production and infrastructure and construction sectors. The income is used to cover costs for investments and/or working capital related to production facilities and business activities, in line with the EU objectives and national obligations on green and digital transformation, including the objective of climate neutrality by 2050. Investment expenses are aimed, among others, at the construction of photovoltaic systems and automatic processes for energy efficiency at operational facilities, upgrade of the company's car fleet, machines and

[8] 1 bond was not completed by signing the relevant contract, due to the non-acquisition by 30 June 2022 of the official documentation, placed as a condition precedent to signing the same contract, suitable to prove the existence of certain access requirements referred to in Article 3, paragraph 1, letters h) and i), of the Implementing Decree

construction site equipment with relative purchase of electric vehicles in line with European regulations and purchase of software with a view to the digitalisation of company processes. Working capital expenses are aimed, among others, at purchasing fuel for vessels and road vehicles, paying for the installation costs to commission water treatment plants, paying the costs of design and installation of air conditioning systems and paying for construction site labour costs.

It should be noted that, following the communication received from a company benefiting from a CSB measure amounting to 30 million euro, on 3 August 2022, the Patrimonio Rilancio was notified of the occurrence of a significant event pursuant to the loan regulation as well as a prejudicial event pursuant to the investment contract. On 28 September 2022, the Board of Directors of CDP resolved to apply the contract termination clause, not to exercise the contractual right to request the company to convert the CSB into shares for the purpose of mandatory early repayment, with the consequent obligation on the company to make such repayment in cash. Given the impossibility of meeting its obligations, the company, with the support of its advisors, has started a turnaround process by means of the negotiated settlement of the business crisis pursuant to the Corporate Crisis and Insolvency Code.

In conclusion, it should be noted that following the communication received from a company benefiting from a CB measure amounting to 39.5 million euro on 20 June 2022, the Patrimonio Rilancio was notified of the resolution of the Board of Directors of that company, passed at the meeting of 14 June 2022, to submit to the court an application for an arrangement with creditors "subject to reservation", pursuant to Articles 161, paragraph 6, and 186-bis of Royal Decree no. 267 of 16 March 1942, as amended ("Bankruptcy Law"). Please note that the final application for an arrangement with creditors by the company was filed on 16 January 2023.

OUTLOOK OF OPERATIONS

The Temporary Framework has been extended and supplemented several times, most recently on 18 November 2021 with Communication C(2021) 8442 in which the European Commission approved the sixth extension of the Temporary Framework, until 30 June 2022. Following the regulatory changes mentioned above, the extension of the Temporary Framework has allowed the continuation of the granting of financial resources in a manner consistent with the measures envisaged by the European Commission to support the economy in the Covid-19 emergency until 30 June 2022.

During 2023, management and monitoring of the implemented measures will continue, including all activities involving the submission of (periodic and ad hoc) information by the beneficiary enterprises and collection, verification, reporting and management by CDP and the Accredited Intermediaries.

CDP monitors the portfolio of measures implemented, also through checks on (i) the maintenance of the requirements for access to the measures, on the basis of public sources, information and/or self-certified declarations collected periodically and “by event” that the applicant enterprises agree to provide under the Regulation of the Patrimonio Rilancio, and (ii) the contractual obligations undertaken by the beneficiary enterprises throughout the remaining contractual duration of the measures.

To verify the satisfaction of the conditions and requirements for access to the measures, as well as the accuracy, completeness and truthfulness of the declarations, information and data provided by the applicant enterprises, CDP may carry out checks on the information contained in the documentation submitted by the beneficiary enterprises at any stage, both during the preliminary assessment and after disbursement, or during the course of the process.

The competent organisational structures carry out checks, also after disbursement, on the satisfaction and maintenance of the requirements established by the Regulation of the Patrimonio Rilancio in relation to the measures, as defined in specific internal procedures. These checks are carried out annually on a sample basis, in order to achieve a significant percentage coverage of the total number of beneficiary enterprises throughout the duration of the related measure, ensuring an annual coverage of at least 20% of the total.

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2022, total assets amounted to 713,856 thousand euro, recording a decrease of 1,646,899 thousand euro compared to the previous year. This decrease is mainly due to the reallocation of the resources of the initial allocation, approved by the Board of Directors of CDP on 22 June 2022, which led to the transfer of government securities for a value of around 972 million euro to the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund and approximately 546 million euro to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund.

The balance sheet assets are mainly composed of: (i) financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 382,116 thousand euro; (ii) convertible subordinated bonds, converting subordinated bonds and non-convertible subordinated bonds, subscribed as part of the Temporary Framework measures, for 239,188 thousand euro, 10,555 thousand euro and 37,249 thousand euro, respectively; (iii) cash and cash equivalents deposited in central treasury account no. 25083 for 28,454 thousand euro; and (iv) deposits and other assets totalling 16,294 thousand euro.

Equity amounted to 528,553 thousand euro, down by 1,829,750 thousand euro compared to the previous year. This decrease is mainly due to the effects of the aforementioned resolution of the Board of Directors of CDP, which approved the reduction in the nominal value of the Equity Instruments initially issued for an amount equal to 1,518,100 thousand euro, that is, the value of the transferred government securities, through cancellation and subsequent re-issuance of the Equity Instruments. The increase in the negative valuation reserves of 44,407 thousand euro contributes to the decrease in this item.

The balance sheet liabilities consist of repurchase agreements for 179,289 thousand euro and other liabilities for 6,014 thousand euro.

The Sub-Fund reported a loss for the year of 267,243 thousand euro, mainly due to (i) net negative adjustments due to credit risk of 5,843 thousand euro relating to financial assets and the central treasury account, recognised in accordance with IFRS 9, (ii) administrative expenses of 4,079 thousand euro, (iii) negative changes in the fair value of the convertible and converting subordinated bonds, measured at fair value through profit or loss, equal to 38,658 thousand euro and 64,861 thousand euro, respectively, (iv) interest expense of 591 thousand euro and (v) losses on disposal of government securities of 164,637 thousand euro.

These negative income components were partially offset by interest income on financial instruments, which amounted to 11,467 thousand euro for the year, of which: (i) 3,244 thousand euro related to financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF); (ii) 6,878 thousand euro related to financial assets measured at fair value through profit or loss (convertible and converting subordinated bonds); (iii) 677 thousand euro related to financial assets measured at fair value at amortised cost (deposits and non-convertible subordinated bonds); (iv) 227 thousand euro accrued on the sums deposited in interest-bearing treasury account no. 25083; and (v) 441 thousand euro related to repurchase agreement transactions.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro)

Assets	31/12/2022	31/12/2021	Notes
Financial assets measured at fair value through profit or loss	**249,743,426**	**127,387,467**	**II.1.1**
Convertible subordinated bonds	239,188,163	127,387,467	
Mandatory Convertible Bonds	10,555,263		
Financial assets measured at fair value through other comprehensive income	**382,115,581**	**2,208,437,292**	**II.1.2**
Government securities	382,115,581	2,208,437,292	
Financial assets measured at amortised cost	**52,022,970**	**5,416,738**	**II.1.3**
Subordinated bonds	37,248,906	5,316,739	
Deposits	14,774,064	99,999	
Other assets	**1,519,851**	**16,600**	**II.1.4**
Cash and cash equivalents	**28,454,373**	**19,497,402**	**II.1.5**
TOTAL ASSETS	**713,856,201**	**2,360,755,499**	

(euro)

Liabilities and Equity	31/12/2022	31/12/2021	Notes
Equity	**528,552,992**	**2,358,303,343**	**II.2.1**
Equity instruments	861,899,808	2,379,999,933	
Valuation reserves	(63,898,897)	(19,491,901)	
Retained earnings or loss	(2,204,689)		
Net income (loss) (+/-)	(267,243,230)	(2,204,689)	
Financial liabilities measured at amortised cost	**179,288,885**		**II.2.2**
Repurchase agreements	179,288,885		
Other liabilities	**6,014,324**	**2,452,156**	**II.2.3**
TOTAL LIABILITIES AND EQUITY	**713,856,201**	**2,360,755,499**	

INCOME STATEMENT

(euro)

Items	2022	2021	Notes
Income	**(92,051,319)**	**2,564,754**	**III.1**
Interest income and similar income	11,467,332	2,944,614	III.1.1
– *of which: interest income calculated using the effective interests rate method*	*4,588,949*	*2,577,287*	
Commission income	79		III.1.2
Net profit (loss) on financial assets measured at fair value through profit or loss	(103,518,730)	(379,860)	III.1.3
Costs	**(175,191,911)**	**(4,769,443)**	**III.2**
Interests expense	(591,246)	(1,342)	III.2.1
Commission expense	(40,856)	(27,200)	III.2.2
Administrative expenses	(4,079,146)	(2,447,677)	III.2.3
Losses on disposal of:	(164,637,513)		III.2.4
Financial assets measured at fair value through other comprehensive income	(164,637,513)		
Net adjustments/recoveries due to credit risk	(5,843,150)	(2,293,224)	III.2.5
NET INCOME (LOSS) FOR THE YEAR	**(267,243,230)**	**(2,204,689)**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2022	2021
Net income (loss)	(267,243,230)	(2,204,689)
Financial assets measured at fair value through other comprehensive income	(44,406,996)	(19,491,901)
COMPREHENSIVE INCOME	**(311,650,226)**	**(21,696,590)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the period			
(euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Reserves	Dividends and other allocations	Cancellation of equity instruments	Issue of new equity instruments	Comprehensive income at 31/12/2022	Equity at 31/12/2022
Equity instruments	2,379,999,933		2,379,999,933			(2,379,999,933)	861,899,808		861,899,808
Retained earnings or loss				(2,204,689)					(2,204,689)
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(19,491,901)		(19,491,901)					(44,406,996)	(63,898,897)
Net income (loss)	(2,204,689)		(2,204,689)	2,204,689				(267,243,230)	(267,243,230)
EQUITY	**2,358,303,343**		**2,358,303,343**			**(2,379,999,933)**	**861,899,808**	**(311,650,226)**	**528,552,992**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

		Changes for the period				
(euro)	Balance at 09/06/2021	Changes in reserves	Issue of new equity instruments	Purchase of own equity instruments	Comprehensive income at 31/12/2021	Equity at 31/12/2021
Equity instruments	2,379,999,933					2,379,999,933
Valuation reserves:						
Financial assets measured at fair value through other comprehensive income					(19,491,901)	(19,491,901)
Net income (loss)					(2,204,689)	(2,204,689)
EQUITY	**2,379,999,933**				**(21,696,590)**	**2,358,303,343**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(euro)	2022	2021
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**14,796,447**	**10,413,524**
- net income (loss) for the year (+/-)	(267,243,229)	(2,204,690)
- gains (losses) on financial assets measured at fair value through profit or loss (-/+)	103,518,730	379,860
- gains (losses) on financial assets measured at fair value through other comprehensive income (-/+)	164,637,513	
- net impairment adjustments (+/-)	5,840,769	2,288,041
- adjustments for uncollected/paid interests	4,476,018	7,502,635
- other adjustments	3,566,646	2,447,678
2. Cash generated/(used) by financial assets	**(184,638,898)**	**9,079,400**
- financial assets measured at fair value through profit or loss	(221,000,000)	(127,400,000)
- financial assets measured at fair value through other comprehensive income	91,505,000	141,996,000
- financial assets measured at amortised cost	(53,636,168)	(5,500,000)
- other assets	(1,507,730)	(16,600)
3. Cash generated/(used) by financial liabilities	**178,799,422**	**4,478**
- financial liabilities measured at amortised cost	178,799,422	
- other liabilities		4,478
Cash generated/(used) by operating activities (1. + 2. + 3.)	**8,956,971**	**19,497,402**
CASH GENERATED/(USED) DURING THE YEAR	**8,956,971**	**19,497,402**

Reconciliation

(euro) Items (*)	2022	2021
Cash and cash equivalents at beginning of the year	19,497,402	
Total cash generated/(used) during the year	8,956,971	19,497,402
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**28,454,373**	**19,497,402**

(*) The cash and cash equivalents reported in the statement of cash flows comprise the balance of current account no. 25083 held with the Central State Treasury and recognised under "Cash and cash equivalents".

NOTES TO THE REPORT

I. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

I.1 GENERAL INFORMATION

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Pursuant to Article 27, paragraph 6, of the Relaunch Decree, this annual report of the Patrimonio Rilancio - "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) (below the "report") has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission and in force at 31 December 2022, taking into account also the minimum reporting requirements established by the Italian Civil Code, where compatible with the standards adopted.

The international accounting standards include the IFRS issued by the IASB, the IAS still in force issued by the IASC and the interpretations issued by the IFRS Interpretation Committee (IFRS IC), including those previously issued by the International Financial Reporting Interpretations Committee (IFRIC) and, even earlier, by the Standing Interpretations Committee (SIC).

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The annual report includes the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows (prepared according to the "Indirect Method"), and the notes to the report.

The report clearly presents, and gives a true and fair view of, the financial performance and results of operations for the year. The report corresponds with the Sub-Fund's accounting records and fully reflects the transactions conducted during the financial year. As detailed below, the notes to the report provide all information required by the IAS/IFRS, as well as any supplemental information deemed necessary in order to give a true and fair view of the Sub-Fund's financial performance and standing.

The balance sheet, the income statement, the other financial statements and the tables in the notes to the report are expressed in units of euro, unless otherwise specified. In the income statement, revenues are indicated without a sign, while costs are shown in brackets.

Tables with zero amounts in the reporting year and in the comparative year were omitted.

The balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows do not contain items having a zero amount in the reporting year and in the comparative year.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- the Framework for the Preparation and Presentation of Financial Statements, issued by the International Accounting Standards Board (IASB) in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRS issued;

- Interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo italiano di contabilità (Italian Accounting Board, OIC).

Where the information required by the IFRS is deemed to be inadequate in presenting the financial standing in a true and fair manner, the notes to the report also provide supplemental information for that purpose.

The report has been duly prepared on an accrual basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

An assessment was also made of the Sub-Fund's ability to continue to operate as a going concern, as required by IAS 1 Revised.

No offsetting of assets and liabilities, revenues and expenses, were performed, except where expressly required or allowed by an accounting standard or a related interpretation.

Comparative information is disclosed in respect of the previous financial period. This information, referring for both the balance sheet and income statement data at the reporting date of the previous financial year, is provided in the documents comprising the statement, including the Notes to the Report.

USE OF ESTIMATES

The application of International Financial Reporting Standards in preparing the report requires accounting estimates to be made that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the items in the report and future earnings results.

The underlying assumptions of the estimates take into account all the information available at the date of preparation of the report, as well as hypothesis considered reasonable. Because of their nature, it cannot therefore be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios the Sub-Fund will operate in. The results that will be achieved in the future may therefore differ from the estimates made for the purposes of preparing the report and it may therefore be necessary to make adjustments that cannot be foreseen or estimated to date with respect to the carrying value of the assets and liabilities recognised in the report. In this respect, it should be noted that adjustments to the estimates may be necessary as a result of changes in the circumstances on which the estimates were based, as a result of new information or increased experience.

The main areas in which subjective assessments are required are:
- the calculation of impairment losses on loans and other financial assets subject to impairment;
- the use of measurement techniques to determine the fair value of financial instruments not listed on an active market;
- the quantification of provisions for risks and charges.

The description of the accounting policies used provides details on the main assumptions and assessments used in preparing the report.

SECTION 3 - AUDIT OF THE REPORT

This report is subject to statutory audit in accordance with Article 27, paragraph 14 of Decree Law no. 34 of 19 May 2020.

The statutory audit is carried out by the Independent Auditors of CDP S.p.A., namely Deloitte & Touche S.p.A. ("Deloitte"). The engagement for the statutory audit of CDP S.p.A.'s accounts was awarded to Deloitte for the 2020-2028 period by the Shareholders' Meeting in ordinary session of 19 March 2019.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date of this report and its approval by the Board of Directors of CDP S.p.A. on 30 March 2023, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2022.

It should be noted that, as previously described in the report on operations, following the occurrence of a default by a beneficiary company of the relevant measures (CSBs amounting to 30 million euro), which constitutes a "Prejudicial Event" pursuant to the Contract, as well as a "Significant Event" pursuant to the Loan Regulations, the Sub-Fund terminated the contract, deciding not to avail itself of the right to convert into shares, as a means of repayment, and also exercised its contractual right to request the reference shareholder to purchase the subscribed bonds, by paying an amount equal to the nominal value of the same plus the accrued interest ("Put Option").

However, in light of the company's economic and financial situation, on 23 February 2023 the Board of Directors of CDP S.p.A. resolved to adhere to the capital and financial strengthening manoeuvre for the reference group, by converting the receivable from the beneficiary company pursuant to the CSB into Equity instruments and at the same time waiving the Put Option.

In conclusion, it should be noted that a company benefiting from a CB measure amounting to 39.5 million euro has submitted an application for an arrangement with creditors "subject to reservation", pursuant to Articles 161, sixth paragraph, and 186-bis Royal Decree no. 267 of 16 March 1942 as amended ("Bankr. Law"). The final application for an arrangement with creditors by the company was filed on 16 January 2023 at the competent Court.

The current market context, due to the ongoing effects deriving from the Covid-19 pandemic as well as the evolution of the Russian-Ukrainian conflict, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

No direct exposures to the risks arising from the conflict are detected with regard to the beneficiary company of the relevant measures. It should also be noted that, on the date of approval of the report, there were no significant direct impacts on the operations of the beneficiary companies related to the conflict in question.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2022 AND IN FORCE SINCE 2022

As required by IAS 8 - "Accounting policies, changes in accounting estimates and errors", details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2022, are provided below.

- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in Official Journal L 234/90 of 2 July 2021, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET IN FORCE (DATE OF ENTRY INTO EFFECT FOR FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2023)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2022:

- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 17;

- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) no. 1126/2008 as regards International Accounting Standard 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) no. 1126/2008 as regards International Financial Reporting Standard 17.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2022

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of this report:
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

In the current context, financial markets and the global real economy are strongly affected by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments.

In this context, characterised by uncertainty, high inflation and deterioration in the confidence of households and businesses, the trend in GDP lost momentum during the year, having been able to rely less and less on the expansionary impulse deriving from the easing of pandemic.

In the Eurozone, GDP has kept up a better pace than expected, returning to 2019 levels. Growth was supported by domestic demand and in particular by private consumption, the expansion of which benefited from the gradual recovery of the pandemic-affected activities. In the second half of the year, the grip of inflation and a weaker global environment led to a deterioration in the outlook of the area.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the Temporary National Support Fund (FNST) is required to assess and reflect the impacts that this context and the related uncertainties may have on its budget and operations.

The evolving macroeconomic scenario has not generated risks other than those reported, as these types of events are considered within the risks already assessed and monitored.

In this regard, the most important areas concern (i) market risks due to the reduction in the fair value of the securities held in the portfolio as a result of negative trends in interest and inflation rates and (ii) credit risks due to a possible rise of debtors in financial distress, both on the loans and guarantees portfolio and on debt securities.

For further details regarding the determination of fair value and with reference to credit risk (with particular regard to the ECL calculation methodologies), please refer respectively to the specific sections, "I.3 Disclosures on Fair Value Measurement" and "IV. Information on risks".

DISCLOSURE ON THE IMPACTS OF RUSSIA'S INVASION OF UKRAINE

With its recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the right level of transparency in financial reporting.

For this reason, in preparing financial reporting, all the necessary information is provided to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial position, performance and cash flows, through detailed disclosure on the process of identifying the main risks and uncertainties to which companies are exposed[9].

Both qualitative and quantitative disclosure is therefore required on the information deemed relevant for representing in a clear, impartial and exhaustive manner the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

The gradual easing of the health and economic effects of the pandemic heralded 2022 as a year of transition and normalisation after the robust recovery of 2021. Rising inflation was perceived as transitory, linked to temporary imbalances resulting from the pandemic, which would be reabsorbed as the pandemic waned. The outbreak of the conflict in Ukraine at the end of February affected these expectations.

Indeed, Russia's military intervention in Ukraine represented an unexpected shock that exacerbated an already slowing economic environment, marking the return of war to Europe's doorstep and triggering the most serious geopolitical crisis since the Cold War, with significant economic consequences.

Sweeping, coordinated sanctions have been imposed on Russia, Belarus, and the areas of the Ukrainian territory not under the Ukrainian government's control. Their aims include: i) eroding the industrial base, ii) preventing the wealth of the Russian elite from being hidden in safe havens in Europe, iii) targeting the oil sector and preventing Russia from upgrading its oil refineries, and iv) cutting off Russia's access to the world's most important financial markets.

The two heaviest sanctions are in the financial sector: the ban of some of Russia's most important banks from the SWIFT international payment system and the freezing of the Russian Central Bank's foreign currency reserves, held, for the most part, in China, France, Japan and Germany, while exposure to the USA is limited.

The sharp acceleration of commodity prices, already well above pre-pandemic levels, gave a strong boost to the overall trend in global prices.

At the outbreak of the conflict in Ukraine, the considerable energy dependence on Russia had raised fears of a significant deterioration in the national economic outlook, with possible downside risks due to the unavailability of gas. These risks have not materialised, thanks to the ability to diversify sources, the voluntary containment of gas consumption and the mild autumn temperatures.

In the medium term, on the other hand, the impact of the current crisis on growth and inflation is likely to have a significant negative fallout on various sectors of the economy, adversely affecting the invested portfolio.

The potential risk for the Sub-Fund depends on the possible impacts, for the beneficiary companies of the relevant measures, of the crisis generated by the conflict.

No exposure to the risks arising from the conflict is detected with regard to the issuer of the subordinated bond.

The beneficiary issuers of the subordinated convertible bonds and convertible bonds are exposed through business relations with companies established in the territory of the Russian Federation, production plants and/or through subsidiaries held for sale.

[9] In this context, the companies are invited to also refer to the Warning Notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, published by CONSOB in May 2022.

It should also be noted that, on the date of approval of the report, there were no significant direct impacts on the operations of the beneficiary companies related to the conflict in question.

With regard to the potential impact of the evolution of the sanctions on the Sub-Fund's operations, based on the FNST's current operations no risk profiles associated with the current restrictions have been identified, in the light of the sanctions introduced by both the EU and the US.

In view of the rapidly and constantly evolving framework, the indications emerging from the analysis may be modified by subsequent measures.

OTHER INFORMATION

The annual report is approved by the Board of Directors of CDP S.p.A. at the same time as the approval of the draft separate financial statements of CDP S.p.A., to which it constitutes an annex as required by Article 27, paragraph 6 of the Relaunch Decree. The annual report is subsequently approved by the general meeting of the holders of the equity instruments.

I.2 THE MAIN ITEMS OF THE ANNUAL REPORT

The annual report of the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund at 31 December 2022 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2022, as described in Section 5 – Other issues, I.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing this report.

1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The item "Financial assets measured at fair value through profit or loss" includes:
- the assets represented by debt securities, equities, loans, units of UCIs included in an "Other/Trading" business model, and also derivatives not designated as hedging instruments;
- the assets include debt securities, equity securities, units of UCIs and loans, i.e. those assets other than those measured at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income. They are substantially represented by those financial assets whose contractual terms provide for periodic flows that are not represented by solely payments of principal and interests (thus characterised by the failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio measured at amortised cost or at fair value through other comprehensive income.

Specifically, this item for the Sub-Fund includes mandatory convertible subordinated bonds ("CBs") and convertible subordinated bonds ("CSBs").

Financial assets measured at fair value through profit or loss are initially recognised at the settlement date for debt securities and equities and at the disbursement date for loans.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which generally equals the transaction price, net of transaction costs or income that are immediately recognised through profit or loss.

Subsequent measurement is at fair value, with recognition of the measurement results in the income statement. The fair value is determined based on the official prices as of the reporting date for the financial instruments listed on active markets. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions.

The interest arising from debt securities and loans classified as financial assets measured at fair value through profit or loss are included in interest income and similar income.

No reclassifications to other categories of financial assets are allowed.

Financial assets measured at fair value through profit or loss are derecognised when the contractual rights to the cash flows from the assets expire or when the financial asset is sold, substantially transferring all risks and rewards connected with it or control over it. In cases where it is not possible to ascertain the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Finally, transferred assets are derecognised from the balance sheet if the contractual right to receive the cash flows of the same is maintained, but at the same time a contractual obligation is assumed to pay these flows to a third party, without delay and only to the extent of those received.

2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

The item "Financial assets measured at fair value through other comprehensive income" includes financial assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Held to Collect and Sell" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In particular, this item includes Italian government securities contributed by the Ministry of the Economy and Finance in exchange for equity instruments issued by the Sub-Fund.

The initial recognition for the debt securities is on the settlement date.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which corresponds to the transaction price, including any expenses and income attributable to the transaction.

Subsequent to the initial recognition, these financial instruments, which are traded in active markets, are measured at their fair value determined on the basis of official prices on the reporting date.

The profits and losses resulting from changes in fair value are recognised in the statement of comprehensive income and recorded in the item valuation reserves, in equity, until the financial asset is derecognised.

If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Interest is recognised in the income statement according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset. Interest is recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

These instruments are also subject to the calculation of adjustments through profit or loss to cover the expected impairment losses in accordance with IFRS 9. In particular, an expected loss over a period of up to 12 months following the reporting date is recognised for instruments classified in stage 1 (i.e. performing financial assets that do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (impaired financial assets). The above allocation does not include exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

For financial assets that are classified in stages 1 and 2, impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

For purchased or originated credit-impaired financial assets, the amortised cost and, consequently, interest income is calculated by considering expected losses over the residual maturity of the asset in the estimates of future cash flows. For these assets, the credit loss allowance is calculated as the cumulative change, from initial recognition, in the expected losses over the life of the asset.

Losses and recoveries arising from the impairment process are recognised under the income statement item "net adjustments for credit risk".

No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

The item "Financial assets measured at amortised cost", in accordance with IFRS 9, includes assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("Held to collect" business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, this item of the Sub-Fund comprises subordinated bonds (SBs) and deposits with CDP, as collateral for repurchase agreement transactions, and mirrors those held by CDP as default funds with Cassa di Compensazione e Garanzia.

"Financial assets measured at amortised cost" are initially recognised on the settlement date.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the cash flow estimates.

Interest is recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance under IFRS 9 rules and the amount of such losses is recognised through profit or loss in the item "net adjustments for credit risk".

Financial assets measured at amortised cost are derecognised when the contractual rights to the cash flows expire or in presence of a sale that transfers to a third party all the risks and rewards connected with ownership of the transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

4 - CASH AND CASH EQUIVALENTS

This item includes cash and cash equivalents held with the Central State Treasury.

Cash and cash equivalents are recorded on the assets side of the balance sheet at nominal value adjusted by the expected credit loss allowance. The amount of such losses is recognised through profit or loss in the item "Net adjustments for credit risk".

The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet settled, which are recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

5 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The item "Financial liabilities measured at amortised cost" includes repurchase agreements with CDP.

Financial liabilities measured at amortised cost are recognised for the first time on the settlement date of the amounts collected and is made on the basis of their fair value, normally equal to the amount collected.

The valuation of these payables is carried out at amortised cost, applying the effective interest method. If the expected cash flows change and there is the possibility to estimate them reliably, the value of the payables is recalculated to reflect the changes based on the current value of the new expected cash flows and the internal rate of return initially determined.

Interest is recognised under revenues — item “Interest income” — when positive, and under expenses — item “Interest expense” — when negative.

Financial liabilities are derecognised when settled or when the obligation specified in the contract has been satisfied, cancelled or has expired.

6 - OTHER INFORMATION

INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised in the income statement, on a pro-rata basis over time for all instruments, based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Interest is recognised under revenues — item “Interest income” — when positive, and under expenses — item “Interest expense” — when negative.

COMMISSION INCOME AND EXPENSES

Commission income for revenues from services provided and commission expense for the costs of services received are recognised, based on the existence of contractual agreements, on an accrual basis, i.e. in the year when the services are provided. Any commissions considered in the amortised cost, for the calculation of the effective interest rate, are classified as interest.

PREPAYMENTS AND ACCRUALS

The prepayments and accruals that include costs or revenues for the year accruing on assets and liabilities, are recognised in the report as an adjustment to the assets and liabilities to which they relate.

OTHER ASSETS AND OTHER LIABILITIES

Other assets and other liabilities comprise the items that cannot be allocated to the other balance sheet items. Specifically, for the Sub-Fund they consist of amounts on deposit with the manager Cassa Depositi e Prestiti S.p.A. and amounts payable to be settled for the reimbursements of costs incurred by the manager and trade payables.

TAXES

As provided for in Article 27 paragraph 13 of the Relaunch Decree, the income and value of production of the Sub-Fund are exempt from tax. The Sub-Fund is not subject to withholding tax or taxes that substitute income taxes on income received in any capacity.

I.3 DISCLOSURES ON FAIR VALUE MEASUREMENT

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received at the measurement date to sell an asset or paid to transfer a liability in an orderly transaction between independent market counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded, and are fully operational (without the urgent need to liquidate or significantly reduce a position). The international accounting standards have established three levels of classification for a financial instrument (known as the "fair value hierarchy"), according to the observability and significance of the inputs used in its measurement.

For financial instruments listed on active markets, the fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1). An instrument is considered to be traded on an active market if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date. When there are no quoted prices on an active market, the fair value is determined using models and measurement techniques, with classification in Level 2 of the hierarchy if the inputs used are quoted prices available on active markets or inputs based on observable market data, such as interest rates or yield curves. If the inputs require adjustments made on the basis of parameters that cannot be observed in the market and are impacted by the modelling choices needed to make them, for example through the use of statistical or expert-based techniques, the fair value is classified in Level 3 of the hierarchy.

Specifically, with regard to the items measured at fair value on a recurring basis, in the annual report of the "Fondo Nazionale Supporto Temporaneo" (FNST - Temporary National Support Fund) Sub-Fund at 31 December 2022 the measurements of securities issued by the Italian government and listed on active markets, transferred by the Ministry of the Economy and Finance into the Patrimonio Rilancio at the time of its establishment and/or subsequently reallocated from other Sub-Funds, are included in Level 1.

At 31 December 2022, there are no measurements of instruments classified in Level 2 of the hierarchy of fair value.

The measurements of convertible subordinated bonds (CSBs) and converting subordinated bonds, are classified in Level 3 of the fair value hierarchy, due to the use of non-directly observable inputs, such as the following:

- credit spreads of issuers for which a liquid yield curve cannot be identified, but can only be estimated on the basis of statistical techniques applied to market comparables;
- the market value (equity value) of unlisted underlyings, which is not directly observable and can be estimated, for example, through models based on discounted cash flows or market multiples, and other related parameters (e.g. volatility).

In general, for a bond with an optionality component linked to the issuer's equity value, an increase in credit spreads tends to reduce the estimated fair value, while an increase in equity value contributes to an increase in fair value.

With regard to the estimate of the equity value, please note that the discounted cash flows underlying the valuation are based on assumptions of future events and actions of the beneficiary companies that are inherently subjective and uncertain, and in particular characterised by the risk that forecasted events and actions they originate from may not occur or may occur to an extent and at a time different from what was forecasted, while events and actions may also occur that could not be foreseen at the time of their preparation. Therefore, differences between actual values and estimated values could be significant, especially considering the current reference context characterised by a combination of factors related to the effects of the Russian-Ukrainian conflict, the rise in inflation and interest rates and the general deterioration of the macroeconomic scenario.

For each investment instrument of each Sub-Fund of the Patrimonio Rilancio, CDP has engaged financial advisors with proven professional expertise and experience, through a specific European tender procedure, to provide a fair value measurement in line with market best practice, as well as the main regulatory sources on the subject and the "Fair Value Measurement Regulation" currently in force, drawn up by the designated CDP functions.

I.3.1 HIERARCHY OF FAIR VALUE

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(euro)	31/12/2022			31/12/2021		
Assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss			**249,743,426**			**127,387,467**
Convertible subordinated bonds			239,188,163			127,387,467
Mandatory Convertible Bonds			10,555,263			
2. Financial assets measured at fair value through other comprehensive income	**382,115,581**			**2,208,437,292**		
Government securities	382,115,581			2,208,437,292		
TOTAL ASSETS	**382,115,581**		**249,743,426**	**2,208,437,292**		**127,387,467**

Change for the year in financial assets measured at fair value (Level 3)

	Financial assets measured at fair value through profit or loss		
(euro)	Total	Of which: Convertible subordinated bonds	Of which: Mandatory Convertible Bonds
1. Opening balance	**127,387,467**	**127,387,467**	
2. Increases	**227,878,383**	**152,462,104**	**75,416,279**
2.1 Subscriptions	221,000,000	146,800,000	74,200,000
2.2 Profits taken to:	6,878,383	5,662,104	1,216,279
2.2.1 Income statement	*6,878,383*	*5,662,104*	*1,216,279*
2.2.2 Equity	*X*	*X*	*X*
2.3 Transfers from other levels			
2.4 Other increases			
3. Decreases	**105,522,424**	**40,661,408**	**64,861,016**
3.1 Sales			
3.2 Repayments	2,003,694	2,003,694	
3.3 Losses taken to:	103,518,730	38,657,714	64,861,016
3.3.1 Income statement	*103,518,730*	*38,657,714*	*64,861,016*
3.3.2 Equity	*X*	*X*	*X*
3.4 Transfers to other levels			
3.5 Other decreases			
4. CLOSING BALANCE	**249,743,426**	**239,188,163**	**10,555,263**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(euro) Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2022				31/12/2021			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**52,022,970**			**51,041,819**	**5,416,738**			**5,416,738**
Subordinated bonds	37,248,906			36,267,755	5,316,739			5,316,739
Deposits for GMRA	14,774,064			14,774,064	99,999			99,999
Cash and cash equivalents	**28,454,373**			**28,454,373**	**19,497,402**			**19,497,402**
Central Treasury current account n. 25083	28,454,373			28,454,373	19,497,402			19,497,402
TOTAL ASSETS	**80,477,343**			**79,496,192**	**24,914,140**			**24,914,140**
Financial liabilities measured at amortised cost	**179,288,885**			**179,288,885**				
Repurchase agreements	179,288,885			179,288,885				
TOTAL LIABILITIES	**179,288,885**			**179,288,885**				

II. INFORMATION ON THE BALANCE SHEET

II.1 ASSETS

II.1.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at fair value through profit or loss: breakdown

(euro)	31/12/2022			31/12/2021		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss						
Convertible bonds			239,188,163			127,387,467
Mandatory Convertible Bonds			10,555,263			
TOTAL			**249,743,426**			**127,387,467**

The balance of the item, equal to 249,743,426 euro, includes 238,188,163 euro of convertible subordinated bonds and 10,555,263 euro of converting subordinated bonds. The Sub-Fund subscribed to these instruments as part of the Temporary Framework measures.

Convertible subordinated bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			**127,387,467**
2. Increases			**152,462,104**
2.1 Subscriptions			146,800,000
2.2 Profits taken to income statement			5,662,104
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			
2.4 Other increases			
3. Decreases			**40,661,408**
3.1 Divestments			
3.2 Repayments			2,003,694
3.3 Losses taken to income statement			38,657,714
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE			**239,188,163**

The increase in the item of 152,462,104 euro is due to: (i) subscriptions of 9 convertible subordinated bonds for a total amount of 146,800,000 euro; and (ii) profits posted to the income statement and related to accrued interest for 5,662,104 euro.

The decreases are due to: (i) redemptions relating to coupons collected for 2,003,694 euro; and (ii) negative changes in fair value with an impact on the income statement equal to 38,657,714 euro.

Negative changes in fair value with an impact on the income statement are largely represented by the fall in value of the exposure to a beneficiary company (convertible subordinated bonds equal to 30 million euro) for which, in 2022, a "Prejudicial Event" was found pursuant to the Contract and a "Significant Event" was found pursuant to the Loan Regulations, as better specified in "Section 4 - Events subsequent to the reporting date".

Converting subordinated bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			
2. Increases			**75,416,279**
2.1 Subscriptions			74,200,000
2.2 Profits taken to income statement			1,216,279
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases			
3. Decreases			**64,861,016**
3.1 Divestments			
3.2 Repayments			
3.3 Losses taken to income statement			64,861,016
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE			**10,555,263**

The increase in the item of 75,416,279 euro is due to: (i) subscriptions of 2 converting subordinated bonds for a total amount of 74,200,000 euro; and (ii) profits posted to the income statement and related to accrued interest for 1,216,279 euro.

The decreases are due to negative changes in fair value with an impact on the income statement of 64,861,016 euro.

Among the negative changes in fair value with an impact on the income statement, note the fall in value of the entire exposure to a beneficiary company (nominal value of the CB equal to 39.5 million euro), which submitted an application for an arrangement with creditors "subject to reservation", pursuant to Articles 161, sixth paragraph, and 186-*bis* Royal Decree no. 267 of 16 March 1942 as amended ("Bankr. Law"). The final application for an arrangement with creditors by the company was filed on 16 January 2023 at the competent Court.

II.1.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired
Government securities	382,590,274				(474,693)				382,115,581			
TOTAL 31/12/2022	**382,590,274**				**(474,693)**				**382,115,581**			
Total 31/12/2021	**2,210,640,573**				**(2,203,281)**				**2,208,437,292**			

This item, equal to 382,115,581 euro, consists of the Italian government securities contributed by the Ministry of the Economy and Finance at the time of the establishment of the Sub-Fund, and of the subsequent reallocation from other Sub-Funds, to allow it to operate.

Government securities: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance	**2,208,437,292**		
2. Increases	**4,973,058**		
2.1 Contributions			
2.2 Profits taken to:	4,973,058		
2.2.1 Income statement	*4,973,058*		
2.2.2 Other comprehensive income			
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases			
3. Decreases	**1,831,294,769**		
3.1 Sales			
3.2 Repayments	104,150,135		
3.3 Losses taken to:	209,044,509		
3.3.1 Income statement	*164,637,513*		
3.3.2 Other comprehensive income	*44,406,996*		
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases	1,518,100,125		
4. CLOSING BALANCE	**382,115,581**		

The increase in the item of 4,973,058 euro is due to: (i) profits posted to the income statement relating to accrued interest income of 3,244,470 euro; and (ii) net recoveries for credit risk, recognised in the income statement in accordance with IFRS 9, equal to 1,728,588 euro.

The decreases relate to: (i) redemptions of 104,150,135 euro; (ii) negative changes in fair value with a balancing entry in equity, equal to 44,406,996 euro; (iii) other decreases due to the reallocation of the resources of the initial allocation, completed on 23 June 2022, which led to the transfer of government securities for a value of approximately 972 million euro to the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund and approximately 546 million euro to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund; and (iv) losses on disposal equal to 164,637,513 euro, recognised in the income statement, as a result of the reallocation of the resources of the initial allocation.

II.1.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: breakdown

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit Impaired
a) Subordinated bonds	39,452,944	5,449,904			(6,483,160)	(1,170,782)			32,969,784	4,279,122		
b) Deposits for GMRA	14,774,239				(175)				14,774,064			
TOTAL 31/12/2022	**54,227,183**	**5,449,904**			**(6,483,335)**	**(1,170,782)**			**47,743,848**	**4,279,122**		
Total 31/12/2021	**5,501,497**				**(84,759)**				**5,416,738**			

The item refers to: (i) 7 subordinated bonds for 37,248,906 euro and (ii) Default Fund deposits with CDP for 14,774,064 euro.

Subordinated bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			**5,316,739**
2. Increases			**39,638,225**
2.1 Subscriptions			39,000,000
2.2 Profits taken to income statement			638,225
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases			
3. Decreases			**7,706,058**
3.1 Divestments			
3.2 Repayments			136,874
3.3 Losses taken to income statement			7,569,184
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE			**37,248,906**

The increase in the item of 39,638,225 euro is due to (i) subscriptions for 39,000,000 euro and (ii) accrued interest income of 638,225 euro.

The decreasing components relate to (i) impairment losses in accordance with IFRS 9, recognised in the income statement, amounting to 7,569,184 euro and (ii) redemptions relating to coupons collected of 136,874 euro.

II.1.4 OTHER ASSETS

(euro) Type of operations/Values	31/12/2022	31/12/2021
Tax receivables	6,776	
Receivables for financial transactions	1,513,075	16,600
TOTAL	**1,519,851**	**16,600**

The balance of the item, equal to 1,519,851 euro, includes:

- resources deposited in the account managed by CDP for 1,513,075 euro. In accordance with Article 101.4 of the Patrimonio Rilancio Regulation, these resources are set up as a buffer to cover unforeseen or urgent payments or to accommodate unexpected collections for which CDP S.p.A. is unable to make withdrawals from or payments into central treasury accounts due to cut-off times beyond which it is not possible to operate on central treasury accounts;
- tax receivables for 6,776 euro.

II.1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: breakdown

	Gross value				Accumulated impairment				Net value			
(euro) Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Central Treasury current account n. 25083	28,461,938				(7,565)				28,454,373			
TOTAL 31/12/2022	**28,461,938**				**(7,565)**				**28,454,373**			
Total 31/12/2021	**19,502,586**				**(5,184)**				**19,497,402**			

The balance of the item refers to the Sub-Fund's cash and cash equivalents held in Central State Treasury account no. 25083 and the related interest income accrued at 31 December 2022.

In compliance with Article 35, paragraph 1, of the Implementing Decree, the liquid assets of the Special-purpose assets fund are credited to interest-bearing account no. 25083, opened with the Central State Treasury in the name of Cassa Depositi e Prestiti S.p.A. - Patrimonio Rilancio.

On the account balance, the Ministry of the Economy and Finance pays interest on a half-yearly basis at a rate equal to the greater of (i) the simple arithmetic average of the gross rates of return, recorded at issuance, on six-month ordinary bonds (BOT) issued in the same half-year period and (ii) zero. At 31 December 2022, interest equal to 227,447 euro was accrued.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2022	31/12/2021
Equity instruments	861,899,808	2,379,999,933
Valuation reserves:		
Financial assets measured at fair value through other comprehensive income	(63,898,897)	(19,491,901)
Retained earnings or loss	(2,204,689)	
Net income (loss) (+/-)	(267,243,230)	(2,204,689)
TOTAL	**528,552,992**	**2,358,303,343**

The equity of the Sub-Fund is mainly composed of the equity instruments issued in favour of the Ministry of the Economy and Finance.

The item "valuation reserves", negative by 63,898,897 euro, refers to the negative change in the fair value of the Italian government securities held in the Sub-Fund's portfolio, which are measured at fair value through other comprehensive income (FVOCI).

At 31 December 2022 the Sub-Fund showed a loss for the year of 267,243,230 euro.

Equity instruments: changes for the year

(euro)	
Participative Financial instruments as at 01/01/2022	**2,379,999,933**
Increases	**861,899,808**
New issues	861,899,808
Decreases	**2,379,999,933**
Other changes	2,379,999,933
PARTICIPATIVE FINANCIAL INSTRUMENTS AS AT 31/12/2022	**861,899,808**

On 22 June 2022, the Board of Directors of CDP approved the adjustment of the nominal value of the Equity Instruments initially issued (through cancellation and subsequent re-issuance of the same), for an amount equal to the value of the government securities, subject to transfer upon the rescheduling of the initial resource allocation plan.

LIABILITIES

II.2.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The item "Financial liabilities measured at amortised cost", equal to 179,288,885 euro, consists entirely of repurchase agreements with CDP.

II.2.3 OTHER LIABILITIES: BREAKDOWN

(euro)

Type of operations/Values	31/12/2022	31/12/2021
a) Payables due to suppliers	247,956	105,813
b) Tax payables	15,664	7,700
c) Payables due from CDP	5,747,304	2,334,165
d) Other liabilities	3,400	4,478
TOTAL	**6,014,324**	**2,452,156**

At 31 December 2022 the item "Other liabilities" amounted to 6,014,324 euro and consisted of:

- payables to suppliers for 247,956 euro;
- payables for VAT payments under the Split Payment scheme for 15,664 euro;
- commission and interest expense on default fund deposits with CDP not yet settled at 31 December 2022, in the amount of 3,400 euro;
- payables to CDP in the amount of 5,747,304 euro for costs incurred by CDP S.p.A. to manage the Sub-Fund in accordance with Article 32 of the Implementing Decree of the Ministry of the Economy and Finance that came into force on 25 March 2021. It should be noted that in January 2023, CDP was reimbursed 3,778,892 euro.

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2022, no commitments to disburse funds or financial guarantees had been issued.

OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

At 31 December 2022, no other commitments to disburse funds or other guarantees had been issued.

ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

The assets pledged as collateral for own debts are represented by government securities in repurchase agreements with CDP. The following table shows the nominal value of the securities in question.

(euro)

Portfolios	31/12/2022	31/12/2021
Financial assets at fair value through other comprehensive income	205,000,000	
TOTAL	**205,000,000**	

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows owned securities deposited with third parties, at their nominal value.

Specifically, the securities in question are managed by CDP S.p.A. and deposited with Euronext Securities Milan.

(euro)	31/12/2022	31/12/2021
Securities deposited with third-parties		
Government securities	433,445,000	2,161,833,000
Convertible subordinated bonds	274,200,000	127,400,000
Mandatory convertible subordinated bonds	74,200,000	
Subordinated bonds	44,400,000	5,400,000
TOTAL	**826,245,000**	**2,294,633,000**

FINANCIAL LIABILITIES OFFSET IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS

				Correlated amounts not offset in financial statement			
(euro) Technical forms	Gross amount of financial liabilities (A)	Amount of financial assets offset in financial statement (B)	Net amount of financial liabilities reported in financial statement (C = A - B)	Financial instruments (D)	Cash deposits pledged as guarantee (E)	Net amount 31/12/2022 (F = C - D - E)	Net amount 31/12/2021
Repurchase agreements	179,288,885		179,288,885	179,288,885			
TOTAL 31/12/2022	**179,288,885**		**179,288,885**	**179,288,885**			**X**
Total 31/12/2021						**X**	

The table provides information on financial liabilities that have been offset in the balance sheet pursuant to IAS 32 or that can potentially be netted under certain conditions, but are disclosed in the balance sheet without netting because they are governed by "framework netting arrangements or similar".

It should be noted that the Sub-Fund has GMRA agreements in place for repurchase agreements with CDP.

The effects of the potential netting of the carrying values of financial liabilities at 31 December 2022 are indicated in column (d). This column shows the fair value of the securities placed as collateral, up to the value of the financial liabilities. This results in a net exposure of zero, as shown in column (f) of the table.

At 31 December 2022, there were no financial assets subject to netting in the financial statements, or subject to framework netting arrangements or similar.

III. INFORMATION ON THE INCOME STATEMENT

III.1 REVENUES

III.1.1 INTEREST INCOME AND SIMILAR INCOME

Interest income and similar income: breakdown

(euro)

Items/Values	2022	2021
1. Financial assets measured at fair value through profit or loss	**6,878,383**	**367,327**
1.1 Interests on convertible subordinated bonds	5,662,104	367,327
1.2 Interests on Mandatory Convertible Bonds	1,216,279	
2. Financial assets measured at fair value through other comprehensive income	**3,244,470**	**2,551,533**
2.1 Interests on Government securities	3,244,470	2,551,533
3. Financial assets measured at amortised cost	**676,296**	**1,497**
3.1 Interests on subordinated bonds	638,225	1,497
3.2 Interests Deposits for GMRA	38,071	
4. Cash and cash equivalents	**227,447**	
4.1 Interests on Central Treasury current account	227,447	
5. Financial liabilities	**440,736**	**24,257**
5.1 Interest income on repurchase agreements	440,736	24,257
TOTAL	**11,467,332**	**2,944,614**

The item, amounting to 11,467,332 euro, consists of:

- interest income accrued on convertible subordinated bonds for 5,662,104 euro;
- interest income accrued on converting subordinated bond for 1,216,279 euro;
- interest income on government securities contributed by the MEF for 3,244,470 euro;
- interest income accrued on subordinated bonds for 638,225 euro;
- interest income on default fund deposits with CDP for 38,071 euro;
- interest income accrued on the treasury account for 227,447 euro;
- interest income on repurchase agreements for 440,736 euro.

III.1.2 COMMISSION INCOME

This item, amounting to 79 euro, consists of commission income on default fund deposits with CDP.

III.1.3 NET PROFIT (LOSS) ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(euro)

Type of operation/P&L items	Gains	Losses	2022	2021
Net profit (loss) on financial assets measured at fair value through profit or loss				
Convertible subordinated bonds		(38,657,714)	(38,657,714)	(379,860)
Mandatory Convertible Bonds		(64,861,016)	(64,861,016)	
TOTAL		**(103,518,730)**	**(103,518,730)**	**(379,860)**

The balance of the item, negative for 103,518,730 euro, includes the result arising from the fair value measurement of convertible subordinated bonds and converting subordinated bonds, recorded among financial assets measured at fair value through profit or loss.

III.2 COSTS

III.2.1 INTEREST EXPENSE

Interest expense: breakdown

(euro)

Items/Values	2022	2021
1. Financial liabilities measured at amortised cost	**(553,689)**	
Repurchase agreements	(553,689)	
2. Financial Assets	**(37,557)**	**(1,342)**
Deposits for GMRA	(37,557)	(1,342)
TOTAL	**(591,246)**	**(1,342)**

The item, amounting to 591,246 euro, includes 37,557 euro of interest expense on default fund deposits and 553,689 euro of interest expense on repurchase agreements.

III.2.2 COMMISSION EXPENSE

This item, amounting to 40,856 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro)

Type of expenses/Values	2022	2021
Professional services	(248,279)	(113,512)
Repayments of assessment costs to beneficiary enterprises	(417,728)	
Operating costs charged from CDP	(3,413,139)	(2,334,165)
TOTAL	**(4,079,146)**	**(2,447,677)**

This item includes expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund in the amount of 3,413,139 euro, repayments of preliminary assessment costs to beneficiary enterprises, as defined in Article 26 of Ministerial Decree no. 26 of 3 February 2021, amounting to 417,728 euro, and costs for other professional services in the amount of 248,279 euro.

AUDIT FEES

The audit fees for 2022 are shown below. Note that no non-audit services were provided in 2022.

(euro) Type of services	Deloitte & Touche S.p.A.
Auditing	44,394
TOTAL	**44,394**

III.2.4 LOSSES ON DISPOSAL

The item, amounting to 164,637,513 euro, consists entirely of losses on the disposal of government securities measured at fair value through other comprehensive income.

These losses derive from the reversal to the income statement of the valuation reserve accumulated up to the transfer of the government securities to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund and "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund, carried out upon the rescheduling of the resource allocation plan of the initial allocation.

III.2.5 NET ADJUSTMENTS FOR CREDIT RISK

	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
(euro) Operations/P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2022	2021
Financial assets measured at fair value through other comprehensive income							**1,728,588**				**1,728,588**	**(2,203,281)**
Government securities							1,728,588				1,728,588	(2,203,281)
Financial assets measured at amortised cost	**(6,398,575)**	**(1,170,782)**									**(7,569,357)**	**(84,759)**
Subordinated bonds	(6,398,402)	(1,170,782)									(7,569,184)	(84,758)
Deposits for GMRA	(173)										(173)	(1)
Cash and cash equivalents	**(2,381)**										**(2,381)**	**(5,184)**
Central Treasury current account	(2,381)										(2,381)	(5,184)
TOTAL	**(6,400,956)**	**(1,170,782)**					**1,728,588**				**(5,843,150)**	**(2,293,224)**

This item, negative for approximately 5,843,150 euro, represents the net balance between adjustments and recoveries for credit risk on financial assets measured at amortised cost, cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

IV. INFORMATION ON RISKS

1. GENERAL ASPECTS

To ensure an efficient risk management system, the Sub-Fund has set up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate, monitor, prevent or mitigate, and communicate to the appropriate reporting structures all the risks - assumed or that can be assumed.

The risk management system takes into account the specific characteristics of the activity carried out by CDP and is implemented in compliance with the regulatory requirements.

The guidelines for risk management envisage the separation of roles and responsibilities in the assumption and control of risks, and the organisational independence of risk control from the operational management of risks.

The types of risks to which the Sub-Fund is exposed can be classified as investment and credit risks, liquidity risks, market risks and operational risks.

2. INVESTMENT AND CREDIT RISK

Investment risk consists of the possibility of negative or lower than expected performance of the investments made, including lasting losses in value. Credit risk relates to the possibility of default by debtors on instruments such as subordinated loans, convertible subordinated loans and mandatory convertible subordinated loans.

Investment and credit risks arise mainly from the investment in the instruments provided for by the Regulation of the Sub-Fund and, secondarily, from related activities, particularly treasury management.

At 31 December 2022, the portfolio of the Sub-Fund consisted of a small number of instruments. The nature of the instruments — which include the possibility to subscribe for direct equity, bonds with conversion options to the benefit of the issuer or the subscriber, mandatory convertible bonds and subordinated bonds — exposes the Sub-Fund to a specific and intrinsically high-risk profile, both in terms of possible fluctuations in value and in terms of the low liquidity of the investments. On the same date, pursuant to the Regulation of the "Patrimonio Rilancio", the subscription period is concluded.

With reference to the credit risk management and control policies, during the preliminary analysis phase, the creditworthiness of the counterparty was assessed based on the information provided pursuant to the Regulation.

In accordance with IFRS 9, for instruments not measured at fair value through profit or loss (*i.e., instruments recognised at FVOCI and amortised cost*), these are government securities contributed when establishing the Sub-Fund and the Subordinated Bonds – SBs – subscribed) the expected credit losses at the reporting date are recognised by determining the basic components of the credit risk: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). These financial assets are allocated to three distinct "stages" (Stage Allocation):

- **stage 1**: this stage refers to financial assets for which no significant credit impairment was recognised in comparison with the date of initial recognition. These assets are measured based on the expected loss over a time horizon of up to one year;
- **stage 2**: this stage involves the financial assets whose credit quality has improved significantly in terms of credit risk since initial recognition. These financial assets are measured based on their expected credit loss, calculated over a time horizon corresponding to the residual life of the financial asset;
- **stage 3**: this stage involves non-performing financial assets: having suffered a significant increase in their credit risk since initial recognition, they are measured accordingly based on the expected credit loss over the residual life of the financial asset.

The calculation of the expected loss over the time horizon that is consistent with the staging of each instrument is based on the discounting of the expected cash flows according to the probability of default corresponding to the creditworthiness at the reporting date and to the LGD. In general, the above allocation (i.e., stage 1, stage 2 and stage 3) does not include any exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

Any non-performing assets are recognised in the financial statements on the basis of discounting expected cash flows over the asset's entire lifetime, calculated using the original effective interest rate of the specific loan.

The amount of the adjustments is equal to the difference between the carrying value of the asset and the discounted value of the expected future cash flows. The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure.

The Sub-Fund also subscribed instruments recognised at fair value through profit or loss, characterised by the presence of optional components linked to the equity value of the issuing company. Please refer to the Disclosures on fair value measurement section for further details.

3. LIQUIDITY RISK

Liquidity risk is the risk that the Sub-Fund will be unable to meet its commitments due to difficulties in financing itself or in divesting assets, or that it will be unable to monetise assets held in the market without significantly adverse conditions affecting their market price.

With regard to liquidity risk, due to the composition of its balance sheet, and in order to reduce the non-core risks, the Sub-Fund intends to also use repurchase agreements carried out under typical market conditions to manage its liquidity.

At 31 December 2022, the liquidity position of the Sub-Fund, net of the characteristic uses of the sub-fund, which are illiquid by nature, and of the assets committed to repurchase agreements, was overall positive.

4. MARKET RISK

In terms of market risk, the Sub-Fund holds Italian government securities with a maturity compatible with its investment horizon and Convertible and Converting Subordinated Bonds recognised at Fair Value with recognition in the income statement: it is therefore exposed to the risk of price fluctuations. There were no exposures to foreign currencies at 31 December 2022.

5. OPERATIONAL RISKS

Operational risks potentially affecting the Sub-Fund include the possible economic effects of adverse events of an operational nature, including those related to legal proceedings, if they do not come under the responsibility of CDP as the manager of the Sub-Fund.

V. TRANSACTIONS WITH RELATED PARTIES

This paragraph provides information about the relationship with:

- CDP S.p.A.;
- the MEF, holder of the equity instruments.

Transactions with related parties, notably those with the Ministry of the Economy and Finance and CDP S.p.A., arise as a result of legislative provisions. In any event, it should be noted that no atypical or unusual transactions were carried out with related parties whose size could have an impact on the assets and liabilities or performance of the Sub-Fund. All transactions with related parties were carried out on an arm's length basis and form part of the Sub-Fund's ordinary operations.

The table below shows the main existing related-party relationships at 31 December 2022.

	(euro) Items	Ministry for the Economy and Finance	CDP	Total transaction with related parties
Assets	Financial assets measured at fair value through other comprehensive income	382,115,581		**382,115,581**
	Financial assets measured at amortised cost		14,774,064	**14,774,064**
	Other assets		1,513,075	**1,513,075**
	Cash and cash equivalents	28,454,373		**28,454,373**
Liabilities	Financial liabilities measured at amortised cost		179,288,885	**179,288,885**
	Other liabilities		5,750,704	**5,750,704**
Income statement	Interests income and similar revenues	3,471,917	478,807	**3,950,724**
	Interests expense and similar charges		(591,245)	**(591,245)**
	Commission expense		(40,800)	**(40,800)**
	Administrative expenses		(3,413,139)	**(3,413,139)**
	Losses on disposal of financial assets	(164,637,513)		**(164,637,513)**
	Net adjustment for credit risk	1,726,207	(173)	**1,726,034**

The transactions conducted with the Ministry of Economy and Finance were related to cash and cash equivalents held on a treasury account, and government securities recognised as financial assets measured at fair value through other comprehensive income. Specifically:

- "financial assets measured at fair value through other comprehensive income", for 382,115,581 euro;
- "cash and cash equivalents", for 28,454,373 euro;
- "Interest income and similar income", for 3,471,917 euro;
- "Losses on disposal of financial assets", for 164,637,513 euro;
- "net adjustments for credit risk", for 1,726,207 euro.

Transactions with CDP are carried out for the purposes of the administrative management of the Sub-Fund, as more fully described in the preceding sections of the explanatory notes.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 27, PARAGRAPH 3, OF THE LAW-DECREE N. 34 OF MAY 19, 2020, CONVERTED WITH LAW N. 77 OF JULY 17, 2020

To the Investor of the
Patrimonio Rilancio - Fondo Nazionale Supporto Temporaneo

Opinion

We have audited the separate annual report of Patrimonio Rilancio - Fondo Nazionale Supporto Temporaneo (the "Sub-fund"), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report.

In our opinion, the accompanying separate annual report give a true and fair view of the financial position of the Sub-fund as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Separate Annual Report section of our report. We are independent of the Sub-fund and Cassa Depositi e Prestiti S.p.A. 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.

Responsibilities of the Directors of Cassa Depositi e Prestiti S.p.A. for the Separate Annual Report

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the preparation of separate annual report that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate annual report that are free from material misstatement, whether due to fraud or error.

In preparing the separate annual report, the Directors of Cassa Depositi e Prestiti S.p.A. are responsible for assessing the Sub-fund'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 Sub-fund or for the termination of the operations or have no realistic alternative to such choices.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Responsibilities for the Separate Annual Report

Our objectives are to obtain reasonable assurance about whether the separate annual report 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 separate annual report.

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 separate annual report, 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 internal control of the Sub-fund and Cassa Depositi e Prestiti S.p.A..

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Cassa Depositi e Prestiti S.p.A..

- Conclude on the appropriateness of Cassa Depositi e Prestiti S.p.A. 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 Sub-fund'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 separate annual report 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 Sub-fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate annual report, including the disclosures, and whether the separate annual report represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance of Cassa Depositi e Prestiti S.p.A., 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.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 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.

FONDO NAZIONALE STRATEGICO

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CONTENTS

REPORT ON OPERATIONS

MISSION AND PRESENTATION OF THE SUB-FUND

In light of the Covid-19 epidemiological emergency, Article 27 of Decree Law no. 34 of 19 May 2020, “Urgent measures regarding health, support for work and the economy, and social policies related to the Covid-19 epidemiological emergency” (“Relaunch Decree”), converted with amendments by Law no. 77 of 17 July 2020, authorised Cassa Depositi e Prestiti S.p.A. (“CDP”) to set up a special-purpose assets fund, called “Patrimonio Rilancio”, to which certain assets and legal relationships identified by the Ministry of the Economy and Finance were transferred. The purpose of the Patrimonio Rilancio is to provide support for the relaunch of Italy’s economy, in the forms and under the conditions provided for by the European Union’s State Aid Temporary Framework, adopted to address the Covid-19 epidemiological emergency (the “Temporary Framework”), or at market conditions, with the aim of supporting Italy’s entrepreneurial fabric, also through capital-strengthening measures.

The following public implementing measures were adopted for the establishment and the consequent start of operations of the Patrimonio Rilancio, pursuant to Article 27 of the Relaunch Decree:
- the Implementing Decree of the Ministry of the Economy and Finance, following consultation with the Ministry of Economic Development, dated 3 February 2021, concerning the access requirements, conditions, criteria and procedures for the investments of the Patrimonio Rilancio, published in the Official Gazette on 10 March 2021 and entered into force on 25 March 2021;
- the Allocation Decree of the Ministry of the Economy and Finance of 7 May 2021, concerning the maximum allocation of up to 44 billion euro for the Patrimonio Rilancio, published in the Official Gazette on 15 May 2021, which, for the initial allocation to the Patrimonio Rilancio, provided for the transfer to this Fund, by way of allocation to CDP, of government securities in the amount of 3 billion euro (the “Initial Allocation”), subsequently assigned by Directorial Decree of 7 June 2021.

In addition, in accordance with Article 27, paragraph 6 of the Relaunch Decree, in the meeting held on 18 May 2021, the Board of Directors of CDP also adopted the Regulation the Patrimonio Rilancio (below the “Regulation of the Patrimonio Rilancio”), which was approved on 24 May 2021 by the Minister of the Economy and Finance, pursuant to the above-mentioned provisions, as notified to CDP on 7 June 2021.

In accordance with and in execution of the provisions of the Implementing Decree, the Regulation of the Patrimonio Rilancio governs the following, among other things:
- the purposes of the Patrimonio Rilancio, its establishment and operating procedures, the timing of the measures, its duration, the requirements for the enterprises benefiting from the measures, the management policy, the forms of implementation of the measures and the financial plan;
- the operations of the sub-funds, including the management of their income, their liquidation and the regime for their reporting;
- the preliminary assessment activities of the Patrimonio Rilancio, including the underlying principles, the procedure for the granting of measures, the accredited entities (respectively the “Accredited Intermediaries”, which support the Patrimonio Rilancio in the preliminary assessment activities, the execution of operations and their monitoring and management, and the “Independent Experts”, for the determination of the market value of applicant enterprises with shares not listed on a regulated market) and the management, monitoring and control activities;
- the organisation and management of the Patrimonio Rilancio, including the characteristics of the equity instruments, the Conflicts and Transactions Committee[1], the classification and preliminary assessment process for transactions in conflict of interest, and the cost regime of the Patrimonio Rilancio.

[1] The Conflicts and Transactions Committee is responsible for providing a prior mandatory and non-binding opinion to the decision-making body, in accordance with the provisions of the Regulation of the Patrimonio Rilancio, within the preliminary assessment and approval process, and in particular in transactions with potential conflicts of interest and with related parties relating to the use of the special-purpose assets fund, in line with the provisions of Article 30 of the Implementing Decree.

As established by the Relaunch Decree, the sub-funds that make up the Patrimonio Rilancio are separate, autonomous and distinct in all respects from the assets of the other sub-funds and from the assets of CDP, and relate to different types of measure in support of enterprises.

In accordance with the three types of operations envisaged by the Regulation, the Patrimonio Rilancio is divided into three sub-funds: Fondo Nazionale Supporto Temporaneo (FNST - Temporary National Support Fund), Fondo Nazionale Strategico (FNS - Strategic National Fund) and Fondo Nazionale Ristrutturazioni Imprese (FNRI - National Enterprise Restructuring Fund).

More specifically, through the FNS, the Patrimonio Rilancio participates, together with other market investors, in investment transactions on the primary market, through capital increases or convertible bonds, or directly and indirectly on the secondary market, through equity investments in strategic enterprises ("Market Operations"). In particular, the Sub-Fund's measures involve the following instruments: (i) capital increases (CAPINCs); (ii) convertible bonds (CBs); (iii) direct investments on the primary and secondary markets in listed companies with a market capitalisation of more than 250 million euro; and (iv) indirect investments (e.g. through investment funds managed by asset management companies controlled by CDP) on the secondary market in companies listed or to be listed (also on the AIM market) with a market capitalisation of less than 250 million euro.

MARKET CONTEXT

During 2022, the world economy continued to suffer from high inflation, great uncertainty associated with the Russia-Ukraine war and the tightening of monetary policies.

In Italy, the data updated in December[2] 2022 shows real GDP growth of 3.8% compared to 6.7% in 2021. This result is influenced by the combined effect of the expansionary phase, recorded in the second and third quarters, and the weakening forecast for the last three months of the year.

(year-on-year percentage changes) Macroeconomic projections	2021	2022	2023	2024	2025
GDP	**6.7**	**3.8**	**0.4**	**1.2**	**1.2**
Household consumption	5.1	4.5	1.4	0.7	0.9
Government consumption	1.5	0.0	(1.1)	0.4	1.3
Gross fixed capital formation	16.5	9.7	2.8	2.2	1.3
Total exports	13.5	10.4	1.8	3.3	2.9
Total imports	14.8	15.2	4.3	2.9	2.4
Consumer prices (HICP)	1.9	8.8	7.3	2.6	1.9
HICP net of energy and food	0.8	3.3	3.5	2.7	2.2
Household consumption deflator	1.6	6.8	5.5	2.8	1.9
Employment (hours worked)	7.6	4.5	0.6	0.8	1.0
Employment (persons employed)	0.8	2.3	0.5	0.6	0.8
Unemployment rate	9.5	8.2	8.2	7.9	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2022.

In the summer months, growth was supported by domestic demand, mainly due to the increase in household consumption. During that period, the propensity to save has actually decreased (returning to the values recorded before the health crisis), also in the face of the rise in disposable income in real terms, as a consequence of the government measures to curb energy prices (Decree Law 50/22 and Decree Law 115/22).

(percentage change on previous period and percentage points) GDP and its main components	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2021
GDP	**0.8**	**0.2**	**1.1**	**0.5**	**6.7**
Imports of goods and services	5.0	3.8	2.1	4.2	14.7
National demand	2.1	(0.3)	1.1	1.8	6.8
National consumption		(0.7)	1.5	1.8	4.2
Household spending	(0.2)	(1.2)	2.5	2.5	5.2
General government spending	0.7	0.6	(1.2)	(0.2)	1.5
Gross fixed investment	2.7	3.8	1.5	0.8	16.5
Construction	3.6	4.6	0.8	(1.3)	21.8
Capital goods	1.9	3.1	2.2	2.9	12.1
Change in stocks	1.4	(0.4)	(0.4)	0.2	0.3
Exports of goods and services	0.7	5.2	2.1	0.1	13.4
Net exports	(1.1)	0.5	0.1	(1.3)	0.1

Source: Banca d'Italia, Economic Bulletin n. 1 - 2023.

[2] Source: Bank of Italy, "*Proiezioni macroeconomiche per l'economia italiana* (Macroeconomic projections for the Italian economy)", updated on 16 December 2022.

This positive trend slowed down in the last quarter of the year due to the combined effect of the uncertainty over the continuation of the Russia-Ukraine conflict and the worsening conditions for access to credit for businesses and households.

The Bank of Italy also estimates (i) a decline in industrial production due to high energy costs (especially in the transport and manufacturing sectors), (ii) a decrease in investments by companies and (iii) a worsening of the outlook on the real estate sector due to the increase in interest rates. In addition, following the expansionary phase that characterised the summer months, a slowdown in household spending is estimated despite the continuation of government measures to support disposable income in a context of high inflation.

In the banking sector, between August and November, the average interest rate on new loans to businesses rose by around 150 basis points (to 2.9% in November), in line with the average increase in the EU area. The cost of new loans to households for house purchases rose by about 100 basis points (to 3.1%) and affected both fixed-rate (3.6%) and variable-rate (2.8%) mortgage loans. The ratio of non-performing loans in September 2022 remained stable compared to the previous quarter (gross ratio of 2.6%, net ratio of 1.2%).

Ultimately, growth is expected to slow down sharply in 2023, with a recovery starting in 2024, coinciding with the easing of inflationary pressures and uncertainty relating to the Russia-Ukraine conflict. The economic activity would also benefit from the effects of the fiscal policy measures and the measures outlined in the National Recovery and Resilience Plan (NRRP).

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2022

Starting from the launch of the Patrimonio Rilancio, also in light of the fact that the measures can be finalised compatibly with the overall duration of the Patrimonio Rilancio (equal to 12 years from the launch), numerous conversations with potential beneficiaries were started during 2022. When applying the methodological framework for the operations of the Fondo Nazionale Strategico (National Strategic Fund, FNS), the requirements of the relevant legislation were not met in many cases after the preliminary evaluation process. In this sense, the pre-assessment phase, aimed at optimising the operation of the Sub-Fund, was geared towards an investment process that focuses the resources on the most deserving investments in the priority areas identified by the Implementing Decree.

Finally, the last months of 2022 saw the completion of most of the preliminary assessment process for a measure which could possibly be finalised during the first half of 2023.

OUTLOOK OF OPERATIONS

At 31 December 2022, several preliminary discussions had been initiated for potential new pre-assessment activities with a view to evaluating possible measures by the Sub-Fund. In addition, as illustrated in the previous paragraph, the last months of 2022 saw the completion of most of the preliminary assessment process for a measure which could possibly be finalised during the first half of 2023

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2022, total assets amounted to 968,073 thousand euro, recording an increase of 487,007 thousand euro compared to the previous year. This increase is mainly due to the reallocation of the resources of the initial allocation, approved by the Board of Directors of CDP on 22 June 2022, which led to the transfer of government securities for a value of around 546 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund.

The balance sheet assets are mainly composed of: (i) financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 749,333 thousand euro; (ii) deposits and other assets for 120 thousand euro; and (iii) cash and cash equivalents deposited in central treasury account no. 25083 for 218,620 thousand euro.

Equity amounted to 964,175 thousand euro, up by 484,679 thousand euro compared to the previous year. This increase is mainly due to the effects of the aforementioned resolution of the Board of Directors of CDP, which approved the increase in the nominal value of the Equity Instruments initially issued for an amount equal to 546,158 thousand euro, that is, the value of the transferred government securities, through cancellation and subsequent re-issuance of the Equity Instruments. This increase is partially offset by an increase in the negative valuation reserves of 67,933 thousand euro.

The balance sheet liabilities are composed of payables to CDP and suppliers, totalling 3,899 thousand euro.

Net income for the year amounted to 6,454 thousand euro, mainly due to (i) interest income on financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 7,855 thousand euro and (ii) interest income accrued on Central Treasury account no. 25083 for 1,475 thousand euro.

These positive income components are partially offset by (i) net negative adjustments due to credit risk, relating to financial assets measured at fair value through other comprehensive income and the central treasury account for a total of 475 thousand euro, recognised in accordance with IFRS 9, by calculating the expected loss for the 12 months following the reporting date; (ii) administrative expenses for 2,360 thousand euro; and (iii) interest and commission expense for 41 thousand euro.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro) Assets	31/12/2022	31/12/2021	Notes
Financial assets measured at fair value through other comprehensive income	**749,333,375**	**450,039,098**	**II.1.1**
Government securities	749,333,375	450,039,098	
Financial assets measured at amortised cost	**100,264**	**99,999**	**II.1.2**
Deposits	100,264	99,999	
Other assets	**20,000**	**9,610**	**II.1.3**
Cash and cash equivalents	**218,619,765**	**30,918,121**	**II.1.4**
TOTAL ASSETS	**968,073,404**	**481,066,828**	

(euro) Liabilities and Equity	31/12/2022	31/12/2021	Notes
Equity	**964,174,859**	**479,495,686**	**II.2.1**
Equity instruments	1,031,158,419	485,000,235	
Valuation reserves	(71,904,661)	(3,972,089)	
Retained earnings or loss	(1,532,460)		
Net income (loss) (+/-)	6,453,561	(1,532,460)	
Other liabilities	**3,898,545**	**1,571,142**	**II.2.2**
TOTAL LIABILITIES AND EQUITY	**968,073,404**	**481,066,828**	

INCOME STATEMENT

(euro)

Items	2022	2021	Notes
Income	**9,330,032**	**519,955**	**III.1**
Interest income and similar income	9,330,032	519,955	III.1.1
– *of which: Interest income calculated using the effective interests rate method*	*9,330,032*	*519,955*	
Costs	**(2,876,471)**	**(2,052,415)**	**III.2**
Interests expense	(447)	(455)	III.2.1
Commission expense	(40,800)	(27,200)	III.2.2
Administrative expenses	(2,360,267)	(1,567,551)	III.2.3
Net adjustments/recoveries for credit risk	(474,957)	(457,209)	III.2.4
NET INCOME (LOSS) FOR THE YEAR	**6,453,561**	**(1,532,460)**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2022	2021
Net income (loss)	6,453,561	(1,532,460)
Financial assets measured at fair value through other comprehensive income	(67,932,572)	(3,972,089)
COMPREHENSIVE INCOME	**(61,479,011)**	**(5,504,549)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the period			
(euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Reserves	Dividends and other allocations	Cancellation of equity instruments	Issue of new equity instruments	Compre-hensive income at 31/12/2022	Equity at 31/12/2022
Equity instruments	485,000,235		485,000,235			(485,000,235)	1,031,158,419		1,031,158,419
Retained earnings or loss				(1,532,460)					(1,532,460)
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(3,972,089)		(3,972,089)					(67,932,572)	(71,904,661)
Net income (loss)	(1,532,460)		(1,532,460)	1,532,460				6,453,561	6,453,561
EQUITY	**479,495,686**		**479,495,686**			**(485,000,235)**	**1,031,158,419**	**(61,479,011)**	**964,174,859**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

		Changes for the period				
(euro)	Balance at 09/06/2021	Changes in reserves	Issue of new equity instruments	Purchase of own equity instruments	Comprehensive income at 31/12/2021	Equity at 31/12/2021
Equity instruments	485,000,235					485,000,235
Valuation reserves:						
Financial assets measured at fair value through other comprehensive income					(3,972,089)	(3,972,089)
Net income (loss)					(1,532,460)	(1,532,460)
EQUITY	**485,000,235**				**(5,504,549)**	**479,495,686**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(euro)	2022	2021
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**8,269,225**	**2,088,143**
- net income (loss) for the year (+/-)	6,453,561	(1,532,460)
- net impairment adjustments (+/-)	425,054	448,989
- adjustments for uncollected/paid interests	(936,985)	1,604,063
- other adjustments	2,327,595	1,567,551
2. Cash generated/(used) by financial assets	**179,432,419**	**28,826,387**
- financial assets measured at fair value through other comprehensive income	179,443,000	28,935,997
- financial assets measured at amortised cost		(100,000)
- other assets	(10,581)	(9,610)
3. Cash generated/(used) by financial liabilities		**3,591**
- other liabilities		3,591
Cash generated/(used) by operating activities (1. + 2. + 3.)	**187,701,644**	**30,918,121**
CASH GENERATED/(USED) DURING THE YEAR	**187,701,644**	**30,918,121**

Reconciliation

(euro) Items (*)	2022	2021
Cash and cash equivalents at beginning of the year	30,918,121	
Total cash generated/(used) during the year	187,701,644	30,918,121
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**218,619,765**	**30,918,121**

(*) The cash and cash equivalents reported in the statement of cash flows comprise the balance of current account no. 25083 held with the Central State Treasury and recognised under "Cash and cash equivalents".

NOTES TO THE REPORT

I. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

I.1 GENERAL INFORMATION

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Pursuant to Article 27, paragraph 6, of the Relaunch Decree, this annual report of the Patrimonio Rilancio - "Fondo Nazionale Strategico" (Strategic National Fund) (below the "report") has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission and in force at 31 December 2022, taking into account also the minimum reporting requirements established by the Italian Civil Code, where compatible with the standards adopted.

The international accounting standards include the IFRS issued by the IASB, the IAS still in force issued by the IASC and the interpretations issued by the IFRS Interpretation Committee (IFRS IC), including those previously issued by the International Financial Reporting Interpretations Committee (IFRIC) and, even earlier, by the Standing Interpretations Committee (SIC).

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The annual report includes the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows (prepared according to the "indirect method"), and the notes to the report.

The report clearly presents, and gives a true and fair view of, the financial performance and results of operations for the year. The report corresponds with the Sub-Fund's accounting records and fully reflects the transactions conducted during the financial year. As detailed below, the notes to the report provide all information required by the IAS/IFRS, as well as any supplemental information deemed necessary in order to give a true and fair view of the Sub-Fund's financial performance and standing.

The balance sheet, the income statement, the other financial statements and the tables in the notes to the report are expressed in units of euro, unless otherwise specified. In the income statement, revenues are indicated without a sign, while costs are shown in brackets.

Tables with zero amounts in the reporting year and in the comparative year were omitted.

The balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows do not contain items having a zero amount in the reporting year and in the comparative year.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:
- the Framework for the Preparation and Presentation of Financial Statements, issued by the International Accounting Standards Board (IASB) in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRS issued;

- Interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo italiano di contabilità (Italian Accounting Board, OIC).

Where the information required by the IFRS is deemed to be inadequate in presenting the financial standing in a true and fair manner, the notes to the report also provide supplemental information for that purpose.

The report has been duly prepared on an accrual basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

An assessment was also made of the Sub-Fund's ability to continue to operate as a going concern, as required by IAS 1 Revised.

No offsetting of asset and liabilities, revenues and expenses were performed, unless expressly required or allowed by an accounting standard or a related interpretation.

Comparative information is disclosed in respect of the previous financial period. This information, referring for both the balance sheet and income statement data at the reporting date of the previous financial year, is provided in the documents comprising the statement, including the notes to the report.

USE OF ESTIMATES

The application of International Financial Reporting Standards in preparing the report requires accounting estimates to be made that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the items in the report and future earnings results.

The underlying assumptions of the estimates take into account all the information available at the date of preparation of the report, as well as hypothesis considered reasonable. Because of their nature, it cannot therefore be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios the Sub-Fund will operate in. The results that will be achieved in the future may therefore differ from the estimates made for the purposes of preparing the report and it may therefore be necessary to make adjustments that cannot be foreseen or estimated to date with respect to the carrying value of the assets and liabilities recognised in the report. In this respect, it should be noted that adjustments to the estimates may be necessary as a result of changes in the circumstances on which the estimates were based, as a result of new information or increased experience.

The main areas in which subjective assessments are required are:
- the calculation of impairment losses on loans and other financial assets subject to impairment;
- the use of measurement techniques to determine the fair value of financial instruments not listed on an active market;
- the quantification of provisions for risks and charges.

The description of the accounting policies used provides details on the main assumptions and assessments used in preparing the report.

SECTION 3 - AUDIT OF THE REPORT

This report is subject to statutory audit in accordance with Article 27, paragraph 14 of Decree Law no. 34 of 19 May 2020.

The statutory audit is carried out by the Independent Auditors of CDP S.p.A., namely Deloitte & Touche S.p.A. ("Deloitte"). The engagement for the statutory audit of CDP S.p.A.'s accounts was awarded to Deloitte for the 2020-2028 period by the Shareholders' Meeting in ordinary session of 19 March 2019.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date of this report and its approval by the Board of Directors of CDP S.p.A. on 30 March 2023, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2022.

The current market context, due to the ongoing effects deriving from the Covid-19 pandemic as well as the evolution of the Russian-Ukrainian conflict, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

Given that no transactions have been carried out to date in the FNS (Strategic National Fund), the risks directly related to developments in the health and geopolitical context are particularly limited.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2022 AND IN FORCE SINCE 2022

As required by IAS 8 - "Accounting policies, changes in accounting estimates and errors", details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2022, are provided below.

- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in Official Journal L 234/90 of 2 July 2021, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET IN FORCE (DATE OF ENTRY INTO EFFECT FOR FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2023)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2022:

- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 17;
- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) no. 1126/2008 as regards International Accounting Standard 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) no. 1126/2008 as regards International Financial Reporting Standard 17.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2022

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of this report:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

In the current context, financial markets and the global real economy are strongly affected by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments.

In this context, characterised by uncertainty, high inflation and deterioration in the confidence of households and businesses, the trend in GDP lost momentum during the year, having been able to rely less and less on the expansionary impulse deriving from the easing of the pandemic.

In the Eurozone, GDP has kept up a better pace than expected, returning to 2019 levels. Growth was supported by domestic demand and in particular by private consumption, the expansion of which benefited from the gradual recovery of the pandemic-affected activities. In the second half of the year, the grip of inflation and a weaker global environment led to a deterioration in the outlook of the area.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the Strategic National Fund (FNS) is required to assess and reflect the impacts that this context and the related uncertainties may have on its budget and operations.

The evolving macroeconomic scenario has not generated risks other than those reported, as these types of events are considered within the risks already assessed and monitored.

In this regard, the most important areas concern (i) market risks due to the reduction in the fair value of the securities held in the portfolio as a result of negative trends in interest and inflation rates and (ii) credit risks due to a possible rise of debtors in financial distress, both on the loans and guarantees portfolio and on debt securities.

For further details regarding the determination of fair value and with reference to credit risk (with particular regard to the ECL calculation methodologies), please refer respectively to the specific sections, "I.3 Disclosures on Fair Value Measurement" and "IV. Information on risks".

Given that no transactions have been carried out to date in the FNS, the potential risk for the Sub-Fund depends on the possible impacts, for the beneficiary companies of the relevant measures, of the evolution of the relevant macroeconomic scenario.

DISCLOSURE ON THE IMPACTS OF RUSSIA'S INVASION OF UKRAINE

With its recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the right level of transparency in financial reporting.

For this reason, in preparing financial reporting, all the necessary information is provided to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial position, performance and cash flows, through detailed disclosure on the process of identifying the main risks and uncertainties to which companies are exposed[3].

[3] In this context, the companies are invited to also refer to the Warning Notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, published by CONSOB in May 2022.

Both qualitative and quantitative disclosure is therefore required on the information deemed relevant for representing in a clear, impartial and exhaustive manner the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

The gradual easing of the health and economic effects of the pandemic heralded 2022 as a year of transition and normalisation after the robust recovery of 2021. Rising inflation was perceived as transitory, linked to temporary imbalances resulting from the pandemic, which would be reabsorbed as the pandemic decrease. The outbreak of the conflict in Ukraine at the end of February affected these expectations.

Indeed, Russia's military intervention in Ukraine represented an unexpected shock that exacerbated an already slowing economic environment, marking the return of war to Europe's doorstep and triggering the most serious geopolitical crisis since the Cold War, with significant economic consequences.

Sweeping, coordinated sanctions have been imposed on Russia, Belarus, and the areas of the Ukrainian territory not under the Ukrainian government's control. Their aims include: i) eroding the industrial base, ii) preventing the wealth of the Russian elite from being hidden in safe havens in Europe, iii) targeting the oil sector and preventing Russia from upgrading its oil refineries, and iv) cutting off Russia's access to the world's most important financial markets.

The two heaviest sanctions are in the financial sector: the ban of some of Russia's most important banks from the SWIFT international payment system and the freezing of the Russian Central Bank's foreign currency reserves, held, for the most part, in China, France, Japan and Germany, while exposure to the USA is limited.

The sharp acceleration of commodity prices, already well above pre-pandemic levels, gave a strong boost to the overall trend in global prices.

At the outbreak of the conflict in Ukraine, the considerable energy dependence on Russia had raised fears of a significant deterioration in the national economic outlook, with possible downside risks due to the unavailability of gas. These risks have not materialised, thanks to the ability to diversify sources, the voluntary containment of gas consumption and the mild autumn temperatures.

Given that no transactions have been carried out to date in the FNS, the potential risk for the Sub-Fund depends on the possible impacts, for the beneficiary companies of the relevant measures, of the crisis generated by the conflict.

With regard to the potential impact of the evolution of the sanctions on the Sub-Fund's operations, based on the FNS' current operations no risk profiles associated with the current restrictions have been identified, in the light of the sanctions introduced by both the EU and the US.

In view of the rapidly and constantly evolving framework, the indications emerging from the analysis may be modified by subsequent measures.

OTHER INFORMATION

The annual report is approved by the Board of Directors of CDP S.p.A. at the same time as the approval of the draft separate financial statements of CDP S.p.A., to which it constitutes an annex as required by Article 27, paragraph 6 of the Relaunch Decree. The annual report is subsequently approved by the general meeting of the holders of the equity instruments.

I.2 THE MAIN ITEMS OF THE ANNUAL REPORT

The annual report of the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund at 31 December 2022 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2022, as described in Section 5 – Other issues, I.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing this report.

1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

The item "Financial assets measured at fair value through other comprehensive income" includes financial assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Held to Collect and Sell" Business Model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In particular, this item includes Italian government securities contributed by the Ministry of the Economy and Finance in exchange for equity instruments issued by the Sub-Fund.

The initial recognition for the debt securities is on the settlement date.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which corresponds to the transaction price, including any expenses and income attributable to the transaction.

Subsequent to the initial recognition, these financial instruments, which are traded in active markets, are measured at their fair value determined on the basis of official prices on the reporting date.

The profits and losses resulting from changes in fair value are recognised in the statement of comprehensive income and recorded in the item Valuation Reserves, in equity, until the financial asset is derecognised.

If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Interest is recognised in the income statement according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset. Interest is recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

These instruments are also subject to the calculation of adjustments through profit or loss to cover the expected impairment losses in accordance with IFRS 9. In particular, an expected loss over a period of up to 12 months following the reporting date is recognised for instruments classified in stage 1 (i.e. performing financial assets that do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (impaired financial assets). The above allocation does not include exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

For financial assets that are classified in stages 1 and 2, impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

For purchased or originated credit-impaired financial assets, the amortised cost and, consequently, interest income is calculated by considering expected losses over the residual maturity of the asset in the estimates of future cash flows. For these assets, the credit loss allowance is calculated as the cumulative change, from initial recognition, in the expected losses over the life of the asset.

Losses and recoveries arising from the impairment process are recognised under the income statement item "net adjustments for credit risk".

No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

2 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

The item "Financial assets measured at amortised cost", in accordance with IFRS 9, includes assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("Held to collect" business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, this item of the Sub-Fund comprises deposits with CDP, as collateral for repurchase agreement transactions, and mirrors those held by CDP as default funds with Cassa di Compensazione e Garanzia.

"Financial assets measured at amortised cost" are initially recognised on the settlement date.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the cash flow estimates.

Interest is recognised under revenues – item "Interest income" – when positive, and under expenses – item "Interest expense" – when negative.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance under IFRS 9 rules and the amount of such losses is recognised through profit or loss in the item "net adjustments for credit risk".

Financial assets measured at amortised cost are derecognised when the contractual rights to the cash flows expire or in presence of a sale that transfers to a third party all the risks and rewards connected with ownership of the transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

3 - CASH AND CASH EQUIVALENTS

This item includes cash and cash equivalents held with the Central State Treasury.

Cash and cash equivalents are recorded on the assets side of the balance sheet at nominal value adjusted by the expected credit loss allowance. The amount of such losses is recognised through profit or loss in the item "net adjustments for credit risk".

The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet settled, which are recognised under revenues – item "Interest income" – when positive, and under expenses – item "Interest expense" – when negative.

4 - OTHER INFORMATION

INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised in the income statement, on a pro-rata basis over time for all instruments, based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Interest is recognised under revenues – item "Interest income" – when positive, and under expenses – item "Interest expense" – when negative.

COMMISSION INCOME AND EXPENSES

Commission income for revenues from services provided and commission expense for the costs of services received are recognised, based on the existence of contractual agreements, on an accrual basis, i.e. in the year when the services are provided. Any commissions considered in the amortised cost, for the calculation of the effective interest rate, are classified as interest.

PREPAYMENTS AND ACCRUALS

The prepayments and accruals that include costs or revenues for the year accruing on assets and liabilities, are recognised in the report as an adjustment to the assets and liabilities to which they relate.

OTHER ASSETS AND OTHER LIABILITIES

Other assets and other liabilities comprise the items that cannot be allocated to the other balance sheet items. Specifically, for the Sub-Fund they consist of amounts on deposit with the manager Cassa Depositi e Prestiti S.p.A. and amounts payable to be settled for the reimbursements of costs incurred by the manager and trade payables.

TAXES

As provided for in Article 27 paragraph 13 of the Relaunch Decree, the income and value of production of the Sub-Fund are exempt from tax. The Sub-Fund is not subject to withholding tax or taxes that substitute income taxes on income received in any capacity.

I.3 DISCLOSURES ON FAIR VALUE MEASUREMENT

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received at the measurement date to sell an asset or paid to transfer a liability in an orderly transaction between independent market counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded, and are fully operational (without the urgent need to liquidate or significantly reduce a position). The international accounting standards have established three levels of classification for a financial instrument (known as the "fair value hierarchy"), according to the observability and significance of the inputs used in its measurement.

For financial instruments listed on active markets, the fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1). An instrument is considered to be traded on an active market if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date. When there are no quoted prices on an active market, the fair value is determined using models and measurement techniques, with classification in Level 2 of the hierarchy if the inputs used are quoted prices available on active markets or inputs based on observable market data, such as interest rates or yield curves. If the inputs require adjustments made on the basis of parameters that cannot be observed in the market and are impacted by the modelling choices needed to make them, for example through the use of statistical or expert-based techniques, the fair value is classified in Level 3 of the hierarchy.

Specifically, with regard to the items measured at fair value on a recurring basis, in the annual report of the Fondo Nazionale Strategico (FNS - Strategic National Fund) Sub-Fund at 31 December 2022 the measurements of securities issued by the Italian government and listed on active markets, transferred by the Ministry of the Economy and Finance into the Patrimonio Rilancio at the time of its establishment and/or subsequently reallocated from other Sub-Funds, are included in Level 1. There are no measurements of instruments classified in Level 2 and Level 3 of the fair value hierarchy.

I.3.1 HIERARCHY OF FAIR VALUE

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(euro)	31/12/2022			31/12/2021		
Assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value through other comprehensive income	**749,333,375**			**450,039,098**		
Government securities	749,333,375			450,039,098		
TOTAL ASSETS	**749,333,375**			**450,039,098**		

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(euro) Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2022				31/12/2021			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**100,264**			**100,264**	**99,999**			**99,999**
Deposits for GMRA	100,264			100,264	99,999			99,999
Cash and cash equivalents	**218,619,765**			**218,619,765**	**30,918,121**			**30,918,121**
Central Treasury current account n. 25083	218,619,765			218,619,765	30,918,121			30,918,121
TOTAL ASSETS	**218,720,029**			**218,720,029**	**31,018,120**			**31,018,120**

II. INFORMATION ON THE BALANCE SHEET

II.1 ASSETS

II.1.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Gross value				Accumulated impairment				Net value			
(euro) Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Government securities	750,207,418				(874,043)				749,333,375			
TOTAL 31/12/2022	**750,207,418**				**(874,043)**				**749,333,375**			
Total 31/12/2021	**450,488,086**				**(448,988)**				**450,039,098**			

This item, equal to 749,333,375 euro, consists of the Italian government securities contributed by the Ministry of the Economy and Finance at the time of the establishment of the Sub-Fund, and of the subsequent reallocation from other Sub-Funds, to allow it to operate.

Government securities: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance	450,039,098		
2. Increases	**554,013,230**		
2.1 Contributions			
2.2 Profits taken to:	7,855,047		
2.2.1 Income statement	*7,855,047*		
2.2.2 Equity			
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases	546,158,183		
3. Decreases	**254,718,953**		
3.1 Sales			
3.2 Repayments	186,361,326		
3.3 Losses taken to:	68,357,627		
3.3.1 Income statement	*425,055*		
3.3.2 Equity	*67,932,572*		
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE	**749,333,375**		

The increases in the item, equal to 554,013,230 euro, are due to: (i) profits recognised in the income statement relating to accrued interest income of 7,855,047 euro; and (ii) other increases due to the reallocation of the resources of the initial allocation, approved by the Board of Directors of CDP on 22 June 2022, which led to the transfer of government securities for a value of around 546 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund.

The decreasing components relate to: (i) redemptions amounting to 186,361,326 euro, (ii) impairment losses in accordance with IFRS 9, recognised in the income statement and amounting to 425,055 euro (iii) and negative fair value changes with a balancing entry in equity, amounting to 67,932,572 euro.

II.1.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: breakdown

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Deposits for GMRA	100,265				(1)				100,264			
TOTAL 31/12/2022	**100,265**				**(1)**				**100,264**			
Total 31/12/2021	**100,000**				**(1)**				**99,999**			

The item refers entirely to Default Fund deposits with CDP.

II.1.3 OTHER ASSETS

The balance of this item, equal to 20,000 euro, relates to financial resources deposited in the account managed by CDP. In accordance with Article 101.4 of the Patrimonio Rilancio Regulation, these resources are set up as a buffer to cover unforeseen or urgent payments or to accommodate unexpected collections for which CDP S.p.A. is unable to make withdrawals from or payments into central treasury accounts due to cut-off times beyond which it is not possible to operate on central treasury accounts.

II.1.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: breakdown

(euro)	Gross value				Accumulated impairment				Net Value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Central Treasury current account no. 25083	218,677,888				(58,123)				218,619,765			
TOTAL 31/12/2022	**218,677,888**				**(58,123)**				**218,619,765**			
Total 31/12/2021	**30,926,341**				**(8,220)**				**30,918,121**			

The balance of the item refers to the Sub-Fund's cash and cash equivalents held in Central State Treasury account no. 25083 and the related interest income accrued at 31 December 2022. The increase, equal to 187,701,644 euro, is mainly due to the redemption of a government security that reached maturity in 2022.

In compliance with Article 35, paragraph 1, of the Implementing Decree, the liquid assets of the Special-purpose assets fund are credited to interest-bearing account no. 25083, opened with the Central State Treasury in the name of Cassa Depositi e Prestiti S.p.A. - Patrimonio Rilancio.

On the account balance, the Ministry of the Economy and Finance pays interest on a half-yearly basis at a rate equal to the greater of (i) the simple arithmetic average of the gross rates of return, recorded at issuance, on six-month ordinary bonds (BOT) issued in the same half-year period and (ii) zero. At 31 December 2022, interest equal to 1,474,720 euro was accrued.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2022	31/12/2021
Equity instruments	1,031,158,419	485,000,235
Valuation reserves:		
Financial assets measured at fair value through other comprehensive income	(71,904,661)	(3,972,089)
Retained earnings or loss	(1,532,460)	
Net income (loss) (+/-)	6,453,561	(1,532,460)
TOTAL	**964,174,859**	**479,495,686**

The equity of the Sub-Fund is mainly composed of the equity instruments issued in favour of the Ministry of the Economy and Finance.

The item “valuation reserves”, negative by 71,904,661 euro, refers to the negative change in the fair value of the Italian government securities held in the Sub-Fund’s portfolio, which are measured at fair value through other comprehensive income (FVOCI).

At 31 December 2022 the Sub-Fund showed a net income for the year of 6,453,561 euro.

Equity instruments: changes for the year

(euro)	
Participative Financial instruments as at 01/01/2022	**485,000,235**
Increases	**1,031,158,419**
New issues	1,031,158,419
Decreases	**485,000,235**
Other changes	485,000,235
PARTICIPATIVE FINANCIAL INSTRUMENTS AS AT 31/12/2022	**1,031,158,419**

On 22 June 2022, the Board of Directors of CDP approved the adjustment of the nominal value of the Equity Instruments initially issued (through cancellation and subsequent re-issuance of the same), for an amount equal to the value of the government securities, subject to transfer upon the rescheduling of the initial resource allocation plan.

II.2.2 LIABILITIES

Other liabilities: breakdown

(euro)

Type of operations/Values	31/12/2022	31/12/2021
a) Payables due to suppliers	16,732	20,121
b) Payables due from CDP	3,878,413	1,547,430
c) Other liabilities	3,400	3,591
TOTAL	**3,898,545**	**1,571,142**

At 31 December 2022 the item "Other liabilities" amounted to 3,898,545 euro and consisted of:

- payables to suppliers for 16,732 euro;
- commission expense on default fund deposits with CDP not yet settled at 31 December 2022, in the amount of 3,400 euro;
- payables to CDP in the amount of 3,878,413 euro for costs incurred by CDP S.p.A. to manage the Sub-Fund in accordance with Article 32 of the Implementing Decree of the Ministry of the Economy and Finance that came into force on 25 March 2021. It should be noted that in January 2023, CDP was reimbursed 2,913,609 euro.

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2022, no commitments to disburse funds or financial guarantees had been issued.

OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

At 31 December 2022, no other commitments to disburse funds or other guarantees had been issued.

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows owned securities deposited with third parties, at their nominal value.

Specifically, the government securities contributed by the MEF are managed by CDP S.p.A. and deposited with Euronext Securities Milan.

(euro)	31/12/2022	31/12/2021
Securities deposited with third-parties		
Government securities	849,991,000	440,542,000
TOTAL	**849,991,000**	440,542,000

III. INFORMATION ON THE INCOME STATEMENT

III.1 REVENUES

III.1.1 INTEREST INCOME AND SIMILAR INCOME

Interest income and similar income: breakdown

(euro)

Items/Values	2022	2021
1. Financial assets measured at fair value through other comprehensive income	**7,855,047**	**519,955**
Interests on Government securities	7,855,047	519,955
2. Financial assets measured at amortised cost	**265**	
Interests Deposits (assets) on GMRA	265	
3. Cash and cash equivalents	**1,474,720**	
Interests on Central Treasury current account	1,474,720	
TOTAL	**9,330,032**	**519,955**

The item, amounting to 9,330,032 euro, consists of:

- interest income on debt securities, specifically on government securities contributed by the MEF for 7,855,047 euro;
- interest income accrued on Default Fund deposits with CDP for 265 euro;
- interest income accrued on Central Treasury Account no. 25083 for 1,474,720 euro.

The increase in interest on government securities (+7,335,092 euro) is mainly due to the effect of the reallocation of the resources of the initial allocation, completed on 23 June 2022, which led to the transfer of government securities for a value of 546 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Strategico" (Strategic National Fund) Sub-Fund.

III.2 COSTS

III.2.1 INTEREST EXPENSE

Interest expense: breakdown

(euro)

Items/Values	2022	2021
Financial assets	(447)	(455)
TOTAL	**(447)**	(455)

This item, amounting to 447 euro, consists of interest expense on financial assets which, due to negative remuneration, resulted in a component with the opposite sign.

Specifically, the interest relates to default funds deposited with CDP.

III.2.2 COMMISSION EXPENSE

This item, amounting to 40,800 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro) Type of expenses/Values	2022	2021
Professional services	(29,284)	(20,121)
Operating costs charged from CDP	(2,330,983)	(1,547,430)
TOTAL	**(2,360,267)**	**(1,567,551)**

This item includes expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund in the amount of 2,330,983 euro and costs for other professional services in the amount of 29,284 euro.

AUDIT FEES

The audit fees for 2022 are shown below. Note that no non-audit services were provided in 2022.

(euro) Type of services	Deloitte & Touche S.p.A.
Auditing	12,936
TOTAL	**12,936**

III.2.4 NET ADJUSTMENTS FOR CREDIT RISK

	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
(euro) Operations/P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2022	2021
Financial assets measured at fair value through other comprehensive income	**(425,055)**										**(425,055)**	**(448,988)**
Government securities	(425,055)										(425,055)	(448,988)
Financial assets measured at amortised cost												**(1)**
Other assets measured at amortised cost												(1)
Cash and cash equivalents	**(49,903)**										**(49,903)**	**(8,220)**
Central Treasury current account no. 25083	(49,903)										(49,903)	(8,220)
TOTAL	**(474,957)**										**(474,957)**	**(457,209)**

This item, negative for approximately 474,957 euro, represents the net balance between adjustments and recoveries for credit risk on cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

IV. INFORMATION ON RISKS

1. GENERAL ASPECTS

To ensure an efficient risk management system, the Sub-Fund has set up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate, monitor, prevent or mitigate, and communicate to the appropriate reporting structures all the risks - assumed or that can be assumed.

The risk management system takes into account the specific characteristics of the activity carried out by CDP and is implemented in compliance with the regulatory requirements.

The guidelines for risk management envisage the separation of roles and responsibilities in the assumption and control of risks and the organisational independence of risk control from the operational management of risks.

The types of risks to which the Sub-Fund is exposed to can be classified as investment risks, liquidity risks, market risks and operational risks.

2. INVESTMENT AND CREDIT RISK

Investment risk, which relates to the possibility of negative or lower than expected performance of the investments made, including lasting losses in value, mainly arises from the investment in the instruments provided for by the Regulation of the Sub-Fund and, secondarily, from related activities, particularly treasury management.

At 31 December 2022, the only financial instruments present in the Sub-Fund are the contributed government securities recognised at fair value through other comprehensive income (FVOCI). In particular, the Sub-Fund has not yet made any investments that are expected to be subscribed at arm's length.

In accordance with IFRS 9, for instruments not measured at fair value through profit or loss (*i.e., instruments recognised at FVOCI and at amortised cost*), expected credit losses at the reporting date are recognised by determining the basic components of the credit risk: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). These financial assets are allocated to three distinct "stages" (Stage Allocation):

- **stage 1**: this stage refers to financial assets for which no significant credit impairment was recognised in comparison with the date of initial recognition. These assets are measured based on the expected loss over a time horizon of up to one year;
- **stage 2**: this stage involves the financial assets whose credit quality has improved significantly in terms of credit risk since initial recognition. These financial assets are measured based on their expected credit loss, calculated over a time horizon corresponding to the residual life of the financial asset;
- **stage 3**: this stage involves non-performing financial assets: having suffered a significant increase in their credit risk since initial recognition, they are measured accordingly based on the expected credit loss over the residual life of the financial asset.

The calculation of the expected loss over the time horizon that is consistent with the staging of each instrument is based on the discounting of the expected cash flows according to the probability of default corresponding to the creditworthiness at the reporting date and to the LGD. In general, the above allocation (i.e., stage 1, stage 2 and stage 3) does not include any exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

Any non-performing assets are recognised in the financial statements on the basis of discounting expected cash flows over the asset's entire lifetime, calculated using the original effective interest rate of the specific loan.

The amount of the adjustments is equal to the difference between the carrying value of the asset and the discounted value of the expected future cash flows. The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure.

3. LIQUIDITY RISK

Liquidity risk is the risk that the Sub-Fund will be unable to meet its commitments due to difficulties in financing itself or in divesting assets, or that it will be unable to monetise assets held in the market without significantly adverse conditions affecting their market price.

With regard to liquidity risk, due to the composition of its balance sheet, and in order to reduce the non-core risks, the Sub-Fund intends to also use repurchase agreements carried out under typical market conditions to manage its liquidity.

At 31 December 2022, there are no repurchase agreements; due to their characteristics, the government securities issued do not pose significant liquidity risks.

4. MARKET RISK

In terms of market risk, the Sub-Fund holds Italian government securities with a maturity compatible with its investment horizon and is therefore exposed to the risk of price fluctuations.

5. OPERATIONAL RISKS

Operational risks potentially affecting the Sub-Fund include the possible economic effects of adverse events of an operational nature, including those related to legal proceedings, if they do not come under the responsibility of CDP as the manager of the Sub-Fund.

V. TRANSACTIONS WITH RELATED PARTIES

This paragraph provides information about the relationship with:

- CDP S.p.A.;
- the MEF, holder of the equity instruments.

Transactions with related parties, notably those with the Ministry of the Economy and Finance and CDP S.p.A., arise as a result of legislative provisions. In any event, it should be noted that no atypical or unusual transactions were carried out with related parties whose size could have an impact on the assets and liabilities or performance of the Sub-Fund. All transactions with related parties were carried out on an arm's length basis and form part of the Sub-Fund's ordinary operations.

The table below shows the main existing related-party relationships at 31 December 2022.

	(euro) Items	Ministry for the Economy and Finance	CDP	Total transaction with related parties
Assets	Financial assets measured at fair value through other comprehensive income	749,333,375		**749,333,375**
	Financial assets measured at amortised cost		100,264	**100,264**
	Other assets		20,000	**20,000**
	Cash and cash equivalents	218,619,765		**218,619,765**
Liabilities	Other liabilities		3,881,813	**3,881,813**
Income statement	Interests income and similar income	9,329,767	265	**9,330,032**
	Interests expense and similar charges		(447)	**(447)**
	Commission expense		(40,800)	**(40,800)**
	Administrative expenses		(2,330,983)	**(2,330,983)**
	Net adjustment for credit risk	(474,957)		**(474,957)**

The transactions conducted with the Ministry of Economy and Finance were related to cash and cash equivalents held on a treasury account, and government securities recognised as financial assets measured at fair value through other comprehensive income. Specifically:

- "financial assets measured at fair value through other comprehensive income", for 749,333,375 euro;
- "cash and cash equivalents", for 218,619,765 euro;
- "Interest income and similar income", for 9,329,767 euro;
- "net adjustments for credit risk", for 474,957 euro.

Transactions with CDP are carried out for the purposes of the administrative management of the Sub-Fund, as more fully described in the preceding sections of the explanatory notes.

INDEPENDENT AUDITOR'S REPORT

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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 27, PARAGRAPH 3, OF THE LAW-DECREE N. 34 OF MAY 19, 2020, CONVERTED WITH LAW N. 77 OF JULY 17, 2020**

To the Investor of the
Patrimonio Rilancio - Fondo Nazionale Strategico

Opinion

We have audited the separate annual report of Patrimonio Rilancio - Fondo Nazionale Strategico (the "Sub-fund"), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report.

In our opinion, the accompanying separate annual report give a true and fair view of the financial position of the Sub-fund as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Separate Annual Report section of our report. We are independent of the Sub-fund and Cassa Depositi e Prestiti S.p.A. 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.

Responsibilities of the Directors of Cassa Depositi e Prestiti S.p.A. for the Separate Annual Report

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the preparation of separate annual report that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate annual report that are free from material misstatement, whether due to fraud or error.

In preparing the separate annual report, the Directors of Cassa Depositi e Prestiti S.p.A. are responsible for assessing the Sub-fund'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 Sub-fund or for the termination of the operations or have no realistic alternative to such choices.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Responsibilities for the Separate Annual Report

Our objectives are to obtain reasonable assurance about whether the separate annual report 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 separate annual report.

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 separate annual report, 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 internal control of the Sub-fund and Cassa Depositi e Prestiti S.p.A..

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Cassa Depositi e Prestiti S.p.A..

- Conclude on the appropriateness of Cassa Depositi e Prestiti S.p.A. 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 Sub-fund'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 separate annual report 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 Sub-fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate annual report, including the disclosures, and whether the separate annual report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of Cassa Depositi e Prestiti S.p.A., 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.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 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.

FONDO NAZIONALE RISTRUTTURAZIONI IMPRESE

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CONTENTS

REPORT ON OPERATIONS

MISSION AND PRESENTATION OF THE SUB-FUND

In light of the Covid-19 epidemiological emergency, Article 27 of Decree Law no. 34 of 19 May 2020, "Urgent measures regarding health, support for work and the economy, and social policies related to the Covid-19 epidemiological emergency" ("Relaunch Decree"), converted with amendments by Law no. 77 of 17 July 2020, authorised Cassa Depositi e Prestiti S.p.A. ("CDP") to set up a special-purpose assets fund, called "Patrimonio Rilancio", to which certain assets and legal relationships identified by the Ministry of the Economy and Finance were transferred. The purpose of the Patrimonio Rilancio is to provide support for the relaunch of Italy's economy, in the forms and under the conditions provided for by the European Union's State Aid Temporary Framework, adopted to address the Covid-19 epidemiological emergency (the "Temporary Framework"), or at market conditions, with the aim of supporting Italy's entrepreneurial fabric, also through capital-strengthening measures.

The following public implementing measures were adopted for the establishment and the consequent start of operations of the Patrimonio Rilancio, pursuant to Article 27 of the Relaunch Decree:

- the Implementing Decree of the Ministry of the Economy and Finance, following consultation with the Ministry of Economic Development, dated 3 February 2021, concerning the access requirements, conditions, criteria and procedures for the investments of the Patrimonio Rilancio, published in the Official Gazette on 10 March 2021 and entered into force on 25 March 2021;
- the Allocation Decree of the Ministry of the Economy and Finance of 7 May 2021, concerning the maximum allocation of up to 44 billion euro for the Patrimonio Rilancio, published in the Official Gazette on 15 May 2021, which, for the initial allocation to the Patrimonio Rilancio, provided for the transfer to this Fund, by way of allocation to CDP, of government securities in the amount of 3 billion euro (the "Initial Allocation"), subsequently assigned by Directorial Decree of 7 June 2021.

In addition, in accordance with Article 27, paragraph 6 of the Relaunch Decree, in the meeting held on 18 May 2021, the Board of Directors of CDP also adopted the Regulation the Patrimonio Rilancio (below the "Regulation of the Patrimonio Rilancio"), which was approved on 24 May 2021 by the Minister of the Economy and Finance, pursuant to the above-mentioned provisions, as notified to CDP on 7 June 2021.

In accordance with and in execution of the provisions of the Implementing Decree, the Regulation of the Patrimonio Rilancio governs the following, among other things:

- the purposes of the Patrimonio Rilancio, its establishment and operating procedures, the timing of the measures, its duration, the requirements for the enterprises benefiting from the measures, the management policy, the forms of implementation of the measures and the financial plan;
- the operations of the sub-funds, including the management of their income, their liquidation and the regime for their reporting;
- the preliminary assessment activities of the Patrimonio Rilancio, including the underlying principles, the procedure for the granting of measures, the accredited entities (respectively the "Accredited Intermediaries", which support the Patrimonio Rilancio in the preliminary assessment activities, the execution of operations and their monitoring and management, and the "Independent Experts", for the determination of the market value of applicant enterprises with shares not listed on a regulated market) and the management, monitoring and control activities;
- the organisation and management of the Patrimonio Rilancio, including the characteristics of the equity instruments, the Conflicts and Transactions Committee[1], the classification and preliminary assessment process for transactions in conflict of interest, and the cost regime of the Patrimonio Rilancio.

[1] The Conflicts and Transactions Committee is responsible for providing a prior mandatory and non-binding opinion to the decision-making body, in accordance with the provisions of the Regulation of the Patrimonio Rilancio, within the preliminary assessment and approval process, and in particular in transactions with potential conflicts of interest and with related parties relating to the use of the special-purpose assets fund, in line with the provisions of Article 30 of the Implementing Decree.

As established by the Relaunch Decree, the sub-funds that make up the Patrimonio Rilancio are separate, autonomous and distinct in all respects from the assets of the other sub-funds and from the assets of CDP, and relate to different types of measure in support of enterprises.

In accordance with the three types of operations envisaged by the Regulation, the Patrimonio Rilancio is divided into three sub-funds: Fondo Nazionale Supporto Temporaneo (FNST - Temporary National Support Fund), Fondo Nazionale Strategico (FNS - Strategic National Fund) and Fondo Nazionale Ristrutturazioni Imprese (FNRI - National Enterprise Restructuring Fund).

More specifically, through the Fondo Nazionale Ristrutturazioni Imprese (National Enterprise Restructuring Fund) Sub-Fund, the Patrimonio Rilancio implements measures related to restructuring operations in companies that have good earnings prospects, despite temporary capital or financial weaknesses. The FNRI can operate:

- directly, in the presence of private co-investors subscribing at least 50% of the total amount and a minimum investment by the FNRI of 250 million euro;
- indirectly, by means of subscription, jointly with one or more co-investors, of units or shares of Undertakings for Collective Investment ("UCIs") with assets of at least 100 million euro, for investments by the FNRI of a minimum amount of 30 million euro, within the limit of 49% of the amount of the UCI's assets.

With regard to the definition of the methodological framework for the operational start-up of the FNRI Sub-Fund, a standardised preliminary assessment procedure has been established with the aim of selecting worthy measure opportunities in an objective, professional and documentable manner.

MARKET CONTEXT

During 2022, the world economy continued to suffer from high inflation, great uncertainty associated with the Russia-Ukraine war and the tightening of monetary policies.

In Italy, the data updated in December[2] 2022 shows real GDP growth of 3.8% compared to 6.7% in 2021. This result is influenced by the combined effect of the expansionary phase, recorded in the second and third quarters, and the weakening forecast for the last three months of the year.

(year-on-year percentage changes) (*)

Macroeconomic projections	2021	2022	2023	2024	2025
GDP	**6.7**	**3.8**	**0.4**	**1.2**	**1.2**
Household consumption	5.1	4.5	1.4	0.7	0.9
Government consumption	1.5	0.0	(1.1)	0.4	1.3
Gross fixed capital formation	16.5	9.7	2.8	2.2	1.3
Total exports	13.5	10.4	1.8	3.3	2.9
Total imports	14.8	15.2	4.3	2.9	2.4
Consumer prices (HICP)	1.9	8.8	7.3	2.6	1.9
HICP net of energy and food	0.8	3.3	3.5	2.7	2.2
Household consumption deflator	1.6	6.8	5.5	2.8	1.9
Employment (hours worked)	7.6	4.5	0.6	0.8	1.0
Employment (persons employed)	0.8	2.3	0.5	0.6	0.8
Unemployment rate	9.5	8.2	8.2	7.9	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2022.

In the summer months, growth was supported by domestic demand, mainly due to the increase in household consumption. During that period, the propensity to save has actually decreased (returning to the values recorded before the health crisis), also in the face of the rise in disposable income in real terms, as a consequence of the government measures to curb energy prices (Decree Law 50/22 and Decree Law 115/22).

(percentage change on previous period and percentage points)	2021	2022			
GDP and its main components	Q4	Q1	Q2	Q3	2021
GDP	**0.8**	**0.2**	**1.1**	**0.5**	**6.7**
Imports of goods and services	5.0	3.8	2.1	4.2	14.7
National demand	2.1	(0.3)	1.1	1.8	6.8
National consumption		(0.7)	1.5	1.8	4.2
Household spending	(0.2)	(1.2)	2.5	2.5	5.2
General government spending	0.7	0.6	(1.2)	(0.2)	1.5
Gross fixed investment	2.7	3.8	1.5	0.8	16.5
Construction	3.6	4.6	0.8	(1.3)	21.8
Capital goods	1.9	3.1	2.2	2.9	12.1
Change in stocks	1.4	(0.4)	(0.4)	0.2	0.3
Exports of goods and services	0.7	5.2	2.1	0.1	13.4
Net exports	(1.1)	0.5	0.1	(1.3)	0.1

Source: Banca d'Italia, Economic Bulletin n. 1 - 2023.

2 Source: Bank of Italy, "*Proiezioni macroeconomiche per l'economia italiana* (Macroeconomic projections for the Italian economy)", updated on 16 December 2022.

This positive trend slowed down in the last quarter of the year due to the combined effect of the uncertainty over the continuation of the Russia-Ukraine conflict and the worsening conditions for access to credit for businesses and households.

The Bank of Italy also estimates (i) a decline in industrial production due to high energy costs (especially in the transport and manufacturing sectors), (ii) a decrease in investments by companies and (iii) a worsening of the outlook on the real estate sector due to the increase in interest rates. In addition, following the expansionary phase that characterised the summer months, a slowdown in household spending is estimated despite the continuation of government measures to support disposable income in a context of high inflation.

In the banking sector, between August and November, the average interest rate on new loans to businesses rose by around 150 basis points (to 2.9% in November), in line with the average increase in the EU area. The cost of new loans to households for house purchases rose by about 100 basis points (to 3.1%) and affected both fixed-rate (3.6%) and variable-rate (2.8%) mortgage loans. The ratio of non-performing loans in September 2022 remained stable compared to the previous quarter (gross ratio of 2.6%, net ratio of 1.2%).

Ultimately, growth is expected to slow down sharply in 2023, with a recovery starting in 2024, coinciding with the easing of inflationary pressures and uncertainty relating to the Russia-Ukraine conflict. The economic activity would also benefit from the effects of the fiscal policy measures and the measures outlined in the National Recovery and Resilience Plan (NRRP).

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2022

As better specified in the Paragraph "Mission and Presentation of the Sub-Fund", indirect measures are carried out by means of subscription, jointly with one or more co-investors, of units or shares of UCIs with assets of at least 100 million euro, with investments by the FNRI of a minimum amount of 30 million euro, within the limit of 49% of the amount of the UCI's assets.

During 2022, the Board of Directors of CDP resolved on the first four measures of the FNRI through the indirect channel for a total maximum commitment of 400 million euro (100 million euro per measure). Of these, two measures have been completed for a total subscribed commitment equal to 98 million euro (49 million euro per measure). Based on this commitment an overall amount of 0.5 million euro was paid at 31 December 2022 for the two completed measures.

With reference to the operations of the FNRI through the indirect channel, UCIs may only invest in companies that have submitted, before the investment of the UCIs, a restructuring plan certified by an independent expert that shows the sustainability of the debt and a positive "pre-money" fair value of the company, calculated according to the criteria set out in Article 9 of the Implementing Decree for unlisted companies, before the new financing. Pursuant to Article 26, paragraph 4, of the Implementing Decree, the certification of the restructuring plan referred to in Article 24, paragraph 3, of the Implementing Decree must be carried out by independent experts with adequate experience and professional qualification, accredited by CDP on the basis of certain requirements. Accredited Experts carry who carry out these activities under predetermined technical and economic conditions as established in the Regulation of the Patrimonio Rilancio.

Regarding this aspect, with reference to the operations of the FNRI through the indirect channel, ten Independent Experts were accredited at 31 December 2022.

OUTLOOK OF OPERATIONS

At 31 December 2022, with regard to the indirect measures, a total of 24 expressions of interest had been received from UCI Managers, including the measures already approved. As a consequence, preliminary discussions have been initiated with those parties to assess possible measures from the Sub-Fund.

In the first few months of 2023, the assessment and granting of measures is continuing, accompanied by the start of the management and monitoring of implemented measures, which includes the activities involving the submission of information (periodic and ad hoc) by the UCI Managers and collection, verification, reporting and management by CDP.

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2022, total assets amounted to 1,071,734 thousand euro, recording an increase of 937,847 thousand euro compared to the previous year. This increase is mainly due to the reallocation of the resources of the initial allocation, approved by the Board of Directors of CDP on 22 June 2022, which led to the transfer of government securities for a value of around 972 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund.

The balance sheet assets are mainly composed of: (i) financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 852,102 thousand euro; (ii) investments in units of UCIs for 86 thousand euro; (iii) deposits and other assets for 120 thousand euro; and (iv) cash and cash equivalents deposited in central treasury account no. 25083 for 219,427 thousand euro.

Equity amounted to 1,069,884 thousand euro, up by 936,265 thousand euro compared to the previous year. This increase is mainly due to the effects of the aforementioned resolution of the Board of Directors of CDP, which approved the increase in the nominal value of the Equity Instruments initially issued for an amount equal to 971,942 thousand euro, that is, the value of the transferred government securities, through cancellation and subsequent re-issuance of the Equity Instruments. This increase is partially offset by an increase in the negative valuation reserves of 46,158 thousand euro.

The balance sheet liabilities are composed of payables to CDP and suppliers, totalling 1,850 thousand euro.

Net income for the year amounted to 10,480 thousand euro, mainly due to (i) interest income on financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 12,020 thousand euro and (ii) interest income accrued on Central Treasury account no. 25083 for 1,449 thousand euro.

These positive income components are partially offset by (i) net negative adjustments due to credit risk, relating to financial assets measured at fair value through other comprehensive income and the central treasury account for a total of 888 thousand euro, recognised in accordance with IFRS 9, by calculating the expected loss for the 12 months following the reporting date; (ii) administrative expenses for 1,607 thousand euro; (iii) interest and commission expense for 41 thousand euro; and (iv) negative fair value changes relating to the units of UCIs subscribed, measured at fair value through profit or loss, equal to 452 thousand euro.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro)

Assets	31/12/2022	31/12/2021	Notes
Financial assets measured at fair value through profit or loss	**85,632**		**II.1.1**
Units in collective investment undertakings	85,632		
Financial assets measured at fair value through other comprehensive income	**852,101,569**	**125,268,521**	**II.1.2**
Government securities	852,101,569	125,268,521	
Financial assets measured at amortised cost	**100,264**	**99,999**	**II.1.3**
Deposits	100,264	99,999	
Other assets	**20,000**	**9,610**	**II.1.4**
Cash and cash equivalents	**219,426,856**	**8,509,284**	**II.1.5**
TOTAL ASSETS	**1,071,734,321**	**133,887,414**	

(euro)

Liabilities and Equity	31/12/2022	31/12/2021	Notes
Equity	**1,069,884,000**	**133,619,402**	**II.2.1**
Equity instruments	1,106,941,560	134,999,619	
Valuation reserves	(47,263,375)	(1,105,633)	
Retained earnings or loss	(274,584)		
Net income (loss) (+/-)	10,480,399	(274,584)	
Other liabilities	**1,850,321**	**268,012**	**II.2.2**
TOTAL LIABILITIES AND EQUITY	**1,071,734,321**	**133,887,414**	

INCOME STATEMENT

(euro)

Items	2022	2021	Notes
Income	**13,016,499**	**144,731**	**III.1**
Interest income and similar income	13,468,391	144,731	III.1.1
– *of which: Interest income calculated using the effective interests rate method*	*13,468,391*	*144,731*	
Net profit (loss) on financial assets measured at fair value through profit or loss	(451,892)		III.1.2
Costs	**(2,536,100)**	**(419,315)**	**III.2**
Interests expense	(447)	(455)	III.2.1
Commission expense	(40,800)	(27,200)	III.2.2
Administrative expenses	(1,606,561)	(264,421)	III.2.3
Net adjustments/recoveries for credit risk	(888,292)	(127,239)	III.2.4
NET INCOME (LOSS) FOR THE YEAR	**10,480,399**	**(274,584)**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2022	2021
Net income (loss)	10,480,399	(274,584)
Financial assets measured at fair value through other comprehensive income	(46,157,742)	(1,105,633)
COMPREHENSIVE INCOME	**(35,677,343)**	**(1,380,217)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

(euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the period: Cancellation of equity instruments	Changes for the period: Issue of new equity instruments	Changes for the period: Comprehensive income at 31/12/2022	Equity at 31/12/2022
Equity instruments	134,999,619		134,999,619			(134,999,619)	1,106,941,560		1,106,941,560
Retained earnings or loss				(274,584)					(274,584)
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(1,105,633)		(1,105,633)					(46,157,742)	(47,263,375)
Net income (loss)	(274,584)		(274,584)	274,584				10,480,399	10,480,399
EQUITY	**133,619,402**		**133,619,402**			**(134,999,619)**	**1,106,941,560**	**(35,677,343)**	**1,069,884,000**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

(euro)	Balance at 09/06/2021	Changes for the period: Changes in reserves	Changes for the period: Issue of new equity instruments	Changes for the period: Purchase of own equity instruments	Changes for the period: Comprehensive income at 31/12/2021	Equity at 31/12/2021
Equity instruments	134,999,619					134,999,619
Valuation reserves:						
Financial assets measured at fair value through other comprehensive income					(1,105,633)	(1,105,633)
Net income (loss)					(274,584)	(274,584)
EQUITY	**134,999,619**				**(1,380,217)**	**133,619,402**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(euro)	2022	2021
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**7,413,677**	**561,293**
- net income (loss) for the year (+/-)	10,480,399	(274,584)
- gains (losses) on financial assets measured at fair value through profit or loss (-/+)	451,892	
- net impairment adjustments (+/-)	832,217	124,977
- adjustments for uncollected/paid interests	(5,933,332)	446,479
- other adjustments	1,582,501	264,421
2. Cash generated/(used) by financial assets	**203,503,895**	**7,944,400**
- Financial assets measured at fair value through profit or loss	(537,524)	
- financial assets measured at fair value through other comprehensive income	204,052,000	8,054,010
- financial assets measured at amortised cost		(100,000)
- other assets	(10,581)	(9,610)
3. Cash generated/(used) by financial liabilities		**3,591**
- other liabilities		3,591
Cash generated/(used) by operating activities (1. + 2. + 3.)	**210,917,572**	**8,509,284**
CASH GENERATED/(USED) DURING THE YEAR	**210,917,572**	**8,509,284**

Reconciliation

(euro) Items (*)	2022	2021
Cash and cash equivalents at beginning of the year	8,509,284	
Total cash generated/(used) during the year	210,917,572	8,509,284
Cash and cash equivalents at end of the year	**219,426,856**	**8,509,284**

(*) The cash and cash equivalents reported in the statement of cash flows comprise the balance of current account no. 25083 held with the Central State Treasury and recognised under "Cash and cash equivalents".

NOTES TO THE REPORT

I. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

I.1 GENERAL INFORMATION

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Pursuant to Article 27, paragraph 6, of the Relaunch Decree, this annual report of the Patrimonio Rilancio - "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) (below the "report") has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission and in force at 31 December 2022, taking into account also the minimum reporting requirements established by the Italian Civil Code, where compatible with the standards adopted.

The international accounting standards include the IFRS issued by the IASB, the IAS still in force issued by the IASC and the interpretations issued by the IFRS Interpretation Committee (IFRS IC), including those previously issued by the International Financial Reporting Interpretations Committee (IFRIC) and, even earlier, by the Standing Interpretations Committee (SIC).

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The annual report includes the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows (prepared according to the "Indirect Method"), and the notes to the report.

The report clearly presents, and gives a true and fair view of, the financial performance and results of operations for the year. The report corresponds with the Sub-Fund's accounting records and fully reflects the transactions conducted during the financial year. As detailed below, the notes to the report provide all information required by the IAS/IFRS, as well as any supplemental information deemed necessary in order to give a true and fair view of the Sub-Fund's financial performance and standing.

The balance sheet, the income statement, the other financial statements and the tables in the notes to the report are expressed in units of euro, unless otherwise specified. In the income statement, revenues are indicated without a sign, while costs are shown in brackets.

Tables with zero amounts in the reporting year and in the comparative year were omitted.

The balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows do not contain items having a zero amount in the reporting year and in the comparative year.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:
- the Framework for the Preparation and Presentation of Financial Statements, issued by the International Accounting Standards Board (IASB) in 2001;
- Implementation Guidance, Basis for Conclusions, IFRIC interpretations, and any other documentation prepared by the IASB or IFRIC to supplement the IFRS issued;

- Interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC).

Where the information required by the IFRS is deemed to be inadequate in presenting the financial standing in a true and fair manner, the Notes to the Report also provide supplemental information for that purpose.

The report has been duly prepared on an accrual basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

An assessment was also made of the Sub-Fund's ability to continue to operate as a going concern, as required by IAS 1 Revised.

No offsetting of assets and liabilities, revenues and expenses were performed, except where expressly required or allowed by an accounting standard or a related interpretation.

Comparative information is disclosed in respect of the previous financial period. This information, referring for both the balance sheet income statement data at the reporting date of the previous financial year, is provided in the documents comprising the statement, including the Notes to the Report.

USE OF ESTIMATES

The application of International Financial Reporting Standards in preparing the report requires accounting estimates to be made that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the items in the report and future earnings results.

The underlying assumptions of the estimates take into account all the information available at the date of preparation of the report, as well as hypothesis considered reasonable. Because of their nature, it cannot therefore be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios the Sub-Fund will operate in. The results that will be achieved in the future may therefore differ from the estimates made for the purposes of preparing the report and it may therefore be necessary to make adjustments that cannot be foreseen or estimated to date with respect to the carrying value of the assets and liabilities recognised in the report. In this respect, it should be noted that adjustments to the estimates may be necessary as a result of changes in the circumstances on which the estimates were based, as a result of new information or increased experience.

The main areas in which subjective assessments are required are:
- the calculation of impairment losses on loans and other financial assets subject to impairment;
- the use of measurement techniques to determine the fair value of financial instruments not listed on an active market;
- the quantification of provisions for risks and charges.

The description of the accounting policies used provides details on the main assumptions and assessments used in preparing the report.

SECTION 3 - AUDIT OF THE REPORT

This report is subject to statutory audit in accordance with Article 27, paragraph 14 of Decree Law no. 34 of 19 May 2020.

The statutory audit is carried out by the Independent Auditors of CDP S.p.A., namely Deloitte & Touche S.p.A. ("Deloitte"). The engagement for the statutory audit of CDP S.p.A.'s accounts was awarded to Deloitte for the 2020-2028 period by the Shareholders' Meeting in ordinary session of 19 March 2019.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date of this report and its approval by the Board of Directors of CDP S.p.A. on 30 March 2023, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2022.

It should be noted that in January 2023, the Board of Directors of CDP S.p.A. approved another operation through the indirect channel (subscription of units of investment funds) for a maximum total commitment of 100 million euro.

At the date of approving this statement, these funds have not yet made the first closing.

The current market context, due to the ongoing effects deriving from the Covid-19 pandemic as well as the evolution of the Russian-Ukrainian conflict, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

There are no direct exposures to the risks arising from the conflict, in light of the fact that the investment funds, whose shares have been subscribed by the Sub-Fund, have not yet made any investment transactions.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2022 AND IN FORCE SINCE 2022

As required by IAS 8 - "Accounting policies, changes in accounting estimates and errors", details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2022, are provided below.

- Commission Regulation (EU) 2021/1080 of 28 June 2021, published in Official Journal L 234/90 of 2 July 2021, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET IN FORCE (DATE OF ENTRY INTO EFFECT FOR FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2023)

Listed below are the new standards and interpretations already issued and endorsed, but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2022:

- Commission Regulation (EU) 2021/2036 of 19 November 2021 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 17;
- Commission Regulation (EU) 2022/357 of 2 March 2022 amending Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 1 and 8;
- Commission Regulation (EU) 2022/1392 of 11 August 2022 amending Regulation (EC) no. 1126/2008 as regards International Accounting Standard 12;
- Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) no. 1126/2008 as regards International Financial Reporting Standard 17.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2022

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of this report:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020); Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-current Liabilities with Covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

In the current context, financial markets and the global real economy are strongly affected by the combined effect of the residual consequences of the pandemic, inflation, rising interest rates, slowing markets, geopolitical risks and general uncertainty about future developments.

In this context, characterised by uncertainty, high inflation and deterioration in the confidence of households and businesses, the trend in GDP lost momentum during the year, having been able to rely less and less on the expansionary impulse deriving from the easing of pandemic.

In the Eurozone, GDP has kept up a better pace than expected, returning to 2019 levels. Growth was supported by domestic demand and in particular by private consumption, the expansion of which benefited from the gradual recovery of the pandemic-affected activities. In the second half of the year, the grip of inflation and a weaker global environment led to a deterioration in the outlook of the area.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the National Enterprise Restructuring Fund (FNRI) is required to assess and reflect the impacts that this context and the related uncertainties may have on its budget and operations.

The evolving macroeconomic scenario has not generated risks other than those reported, as these types of events are considered within the risks already assessed and monitored.

In this regard, the most important areas concern (i) market risks due to the reduction in the fair value of the securities held in the portfolio as a result of negative trends in interest and inflation rates and (ii) credit risks due to a possible rise of debtors in financial distress, both on the loans and guarantees portfolio and on debt securities.

For further details regarding the determination of fair value and with reference to credit risk (with particular regard to the ECL calculation methodologies), please refer respectively to the specific sections, "I.3 Disclosures on Fair Value Measurement" and "IV. Information on risks".

Considering the transactions that have been carried out to date in the FNRI, the potential risk for the Sub-Fund depends on the possible impacts, for the beneficiary companies of the relevant measures, of the crisis generated by the conflict.

DISCLOSURE ON THE IMPACTS OF RUSSIA'S INVASION OF UKRAINE

With its recommendation of October 2022, the ESMA confirmed the validity of the requirements set out in its Public Statement of May 2022, "Implications of Russia's invasion of Ukraine on half-yearly financial reports", considering the recommendations contained therein also relevant for preparing the annual financial statements as at 31 December 2022, in order to ensure the right level of transparency in financial reporting.

For this reason, in preparing financial reporting, all the necessary information is provided to adequately reflect the current and, as far as possible, foreseeable impact of the conflict on the financial position, performance and cash flows, through detailed disclosure on the process of identifying the main risks and uncertainties to which companies are exposed[3].

[3] In this context, the companies are invited to also refer to the Warning Notice to supervised issuers on financial reporting and the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, published by CONSOB in May 2022.

Both qualitative and quantitative disclosure is therefore required on the information deemed relevant for representing in a clear, impartial and exhaustive manner the direct impacts deriving from the conflict, clarifying the assessments and assumptions made for the recognition, valuation and presentation of assets and liabilities, as well as their economic effects.

The gradual easing of the health and economic effects of the pandemic heralded 2022 as a year of transition and normalisation after the robust recovery of 2021. Rising inflation was perceived as transitory, linked to temporary imbalances resulting from the pandemic, which would be reabsorbed as the pandemic decrease. The outbreak of the conflict in Ukraine at the end of February affected these expectations.

Indeed, Russia's military intervention in Ukraine represented an unexpected shock that exacerbated an already slowing economic environment, marking the return of war to Europe's doorstep and triggering the most serious geopolitical crisis since the Cold War, with significant economic consequences.

Sweeping, coordinated sanctions have been imposed on Russia, Belarus, and the areas of the Ukrainian territory not under the Ukrainian government's control. Their aims include: i) eroding the industrial base, ii) preventing the wealth of the Russian elite from being hidden in safe havens in Europe, iii) targeting the oil sector and preventing Russia from upgrading its oil refineries, and iv) cutting off Russia's access to the world's most important financial markets.

The two heaviest sanctions are in the financial sector: the ban of some of Russia's most important banks from the SWIFT international payment system and the freezing of the Russian Central Bank's foreign currency reserves, held, for the most part, in China, France, Japan and Germany, while exposure to the USA is limited.

The sharp acceleration of commodity prices, already well above pre-pandemic levels, gave a strong boost to the overall trend in global prices.

At the outbreak of the conflict in Ukraine, the considerable energy dependence on Russia had raised fears of a significant deterioration in the national economic outlook, with possible downside risks due to the unavailability of gas. These risks have not materialised, thanks to the ability to diversify sources, the voluntary containment of gas consumption and the mild autumn temperatures.

Considering the transactions that have been carried out to date in the FNRI, the potential risk for the Sub-Fund depends on the possible impacts, for the beneficiary companies of the relevant measures, of the crisis generated by the conflict.

With regard to the potential impact of the evolution of the sanctions on the Sub-Fund's operations, based on the FNRI's current operations no risk profiles associated with the current restrictions have been identified, in the light of the sanctions introduced by both the EU and the US.

In view of the rapidly and constantly evolving framework, the indications emerging from the analysis may be modified by subsequent measures.

OTHER INFORMATION

The annual report is approved by the Board of Directors of CDP S.p.A. at the same time as the approval of the draft separate financial statements of CDP S.p.A., to which it constitutes an annex as required by Article 27, paragraph 6 of the Relaunch Decree. The annual report is subsequently approved by the general meeting of the holders of the equity instruments.

I.2 THE MAIN ITEMS OF THE ANNUAL REPORT

The annual report of the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund at 31 December 2022 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2022, as described in Section 5 – Other issues, I.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing this report.

1 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The item "Financial assets measured at fair value through profit or loss" includes:

- the assets represented by debt securities, equities, loans, units of UCIs included in an "Other/Trading" business model, and also derivatives not designated as hedging instruments;
- the assets represented by debt securities, equities, units of UCIs and loans, i.e. those assets other than those measured at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income. They are substantially represented by those financial assets whose contractual terms provide for periodic flows that are not represented by solely payments of principal and interests (thus characterised by the failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio measured at amortised cost or at fair value through other comprehensive income.

Specifically, the item of the Sub-Fund includes units of UCIs subscribed by the Sub-Fund with the aim of implementing initiatives geared to supporting the economy in the long term.

Financial assets measured at fair value through profit or loss are initially recognised at the settlement date for units of UCIs.

On inception, these assets are recognised at fair value, which generally equals the transaction price, net of transaction costs or income that are immediately recognised through profit or loss.

Subsequent measurement is at fair value, with recognition of the measurement results in the income statement. The fair value is determined based on the official prices as of the reporting date for the financial instruments listed on active markets. For financial instruments, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions.

Income from units of UCIs is included in the item "Dividends and similar revenues".

Financial assets measured at fair value through profit or loss are derecognised when the contractual rights to the cash flows from the assets expire or when the financial asset is sold, substantially transferring all risks and rewards connected with it or control over it. In cases where it is not possible to ascertain the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Finally, transferred assets are derecognised from the balance sheet if the contractual right to receive the cash flows of the same is maintained, but at the same time a contractual obligation is assumed to pay flows to a third party, without delay and only to the extent of those received.

2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

The item "Financial assets measured at fair value through other comprehensive income" includes financial assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Held to Collect and Sell" business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In particular, this item includes Italian government securities contributed by the Ministry of the Economy and Finance in exchange for equity instruments issued by the Sub-Fund.

The initial recognition for the debt securities is on the settlement date.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which corresponds to the transaction price, including any expenses and income attributable to the transaction.

Subsequent to the initial recognition, these financial instruments, which are traded in active markets, are measured at their fair value determined on the basis of official prices on the reporting date.

The profits and losses resulting from changes in fair value are recognised in the statement of comprehensive income and recorded in the item valuation reserves, in equity, until the financial asset is derecognised.

If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Interest is recognised in the income statement according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset. Interest is recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

These instruments are also subject to the calculation of adjustments through profit or loss to cover the expected impairment losses in accordance with IFRS 9. In particular, an expected loss over a period of up to 12 months following the reporting date is recognised for instruments classified in stage 1 (i.e. performing financial assets that do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (impaired financial assets). The above allocation does not include exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

For financial assets that are classified in stages 1 and 2, impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

For purchased or originated credit-impaired financial assets, the amortised cost and, consequently, interest income is calculated by considering expected losses over the residual maturity of the asset in the estimates of future cash flows. For these assets, the credit loss allowance is calculated as the cumulative change, from initial recognition, in the expected losses over the life of the asset.

Losses and recoveries arising from the impairment process are recognised under the income statement item “net adjustments for credit risk”.

No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights to the cash flows expire or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

3 - FINANCIAL ASSETS MEASURED AT AMORTISED COST

The item “Financial assets measured at amortised cost”, in accordance with IFRS 9, includes assets that meet both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (“Held to collect” business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, this item of the Sub-Fund comprises deposits with CDP, as collateral for repurchase agreement transactions, and mirrors those held by CDP as default funds with Cassa di Compensazione e Garanzia.

“Financial assets measured at amortised cost” are initially recognised on the settlement date.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the cash flow estimates.

Interest is recognised under revenues — item “Interest income” — when positive, and under expenses — item “Interest expense” — when negative.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance under IFRS 9 rules and the amount of such losses is recognised through profit or loss in the item “net adjustments for credit risk”.

Financial assets measured at amortised cost are derecognised when the contractual rights to the cash flows expire or in presence of a sale that transfers to a third party all the risks and rewards connected with ownership of the transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the balance sheet, even if legal title has been effectively transferred.

4 - CASH AND CASH EQUIVALENTS

This item includes cash and cash equivalents held with the Central State Treasury.

Cash and cash equivalents are recorded on the assets side of the balance sheet at nominal value adjusted by the expected credit loss allowance. The amount of such losses is recognised through profit or loss in the item "Net adjustments for credit risk".

The amount of the item is increased by the interest accrued on cash and cash equivalents, even if not yet settled, which are recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

5 - OTHER INFORMATION

INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised in the income statement, on a pro-rata basis over time for all instruments, based on the contractual interest rate or at the effective interest rate if the amortised cost method is applied.

Interest is recognised under revenues — item "Interest income" — when positive, and under expenses — item "Interest expense" — when negative.

COMMISSION INCOME AND EXPENSES

Commission income for revenues from services provided and commission expense for the costs of services received are recognised, based on the existence of contractual agreements, on an accrual basis, i.e. in the year when the services are provided. Any commissions considered in the amortised cost, for the calculation of the effective interest rate, are classified as interest.

PREPAYMENTS AND ACCRUALS

The prepayments and accruals that include costs or revenues for the year accruing on assets and liabilities, are recognised in the report as an adjustment to the assets and liabilities to which they relate.

OTHER ASSETS AND OTHER LIABILITIES

Other assets and other liabilities comprise the items that cannot be allocated to the other balance sheet items. Specifically, for the Sub-Fund they consist of amounts on deposit with the operator Cassa Depositi e Prestiti S.p.A. and amounts payable to be settled for the reimbursements of costs incurred by the manager and trade payables.

TAXES

As provided for in Article 27 paragraph 13 of the Relaunch Decree, the income and value of production of the Sub-Fund are exempt from tax. The Sub-Fund is not subject to withholding tax or taxes that substitute income taxes on income received in any capacity.

I.3 DISCLOSURES ON FAIR VALUE MEASUREMENT

This section contains the disclosures on fair value measurement in accordance with the requirements of IFRS 13.

Fair value is the price that would be received at the measurement date to sell an asset or paid to transfer a liability in an orderly transaction between independent market counterparties that have a reasonable degree of knowledge of market conditions and the relevant facts related to the item being traded, and are fully operational (without the urgent need to liquidate or significantly reduce a position). The international accounting standards have established three levels of classification for a financial instrument (known as the "fair value hierarchy"), according to the observability and significance of the inputs used in its measurement.

For financial instruments listed on active markets, fair value corresponds to the market price at the measurement date, or as close to it as possible (Level 1). An instrument is considered to be traded on an active market if prices are readily and regularly available on regulated markets, organised trading facilities, pricing services, etc. and if those prices can reasonably be considered to be representative of actual and regular market transactions executed close to the valuation date. When there are no quoted prices on an active market, the fair value is determined using models and measurement techniques, with classification in Level 2 of the hierarchy if the inputs used are quoted prices available on active markets or inputs based on observable market data, such as interest rates or yield curves. If the inputs require adjustments made on the basis of parameters that cannot be observed in the market and are impacted by the modelling choices needed to make them, for example through the use of statistical or expert-based techniques, the fair value is classified in Level 3 of the hierarchy.

Specifically, with regard to the items measured at fair value on a recurring basis, in the annual report of the Fondo Nazionale Ristrutturazioni Imprese (FNRI - National Enterprise Restructuring Fund) Sub-Fund at 31 December 2022 the measurements of securities issued by the Italian government and listed on active markets, transferred by the Ministry of the Economy and Finance into the Patrimonio Rilancio at the time of its establishment and/or subsequent reallocation from other Sub-Funds, are included in Level 1. The measurements of units in unlisted funds, whose measurements are carried out on the basis of non-market parameters, are classified in Level 3. There are no measurements of instruments classified in Level 2 of the fair value hierarchy.

I.3.1 HIERARCHY OF FAIR VALUE

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(euro)	31/12/2022			31/12/2021		
Assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss			**85,632**			
Units in collective investment undertakings			85,632			
2. Financial assets measured at fair value through other comprehensive income	**852,101,569**			**125,268,521**		
Government securities	852,101,569			125,268,521		
TOTAL ASSETS	**852,101,569**		**85,632**	**125,268,521**		

Change for the year in financial assets measured at fair value (Level 3)

(euro)	Financial assets measured at fair value through profit or loss: Total	of which: Units in collective investment undertakings
1. Opening balance		
2. Increases	**537,524**	**537,524**
2.1 Purchases	537,524	537,524
2.2 Profits taken to:		
2.2.1 Income statement		
2.2.2 Equity	*X*	*X*
2.3 Transfers from other levels		
2.4 Other increases		
3. Decreases	**451,892**	**451,892**
3.1 Sales		
3.2 Repayments		
3.3 Losses taken to:	451,892	451,892
3.3.1 Income statement	*451,892*	*451,892*
3.3.2 Equity	*X*	*X*
3.4 Transfers to other levels		
3.5 Other decreases		
4. CLOSING BALANCE	**85,632**	**85,632**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(euro) Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2022 Book value	31/12/2022 Level 1	31/12/2022 Level 2	31/12/2022 Level 3	31/12/2021 Book value	31/12/2021 Level 1	31/12/2021 Level 2	31/12/2021 Level 3
Financial assets measured at amortised cost	**100,264**			**100,264**	**99,999**			**99,999**
Deposits for GMRA	100,264			100,264	99,999			99,999
Cash and cash equivalents	**219,426,856**			**219,426,856**	**8,509,284**			**8,509,284**
Central Treasury current account n. 25083	219,426,856			219,426,856	8,509,284			8,509,284
TOTAL ASSETS	**219,527,120**			**219,527,120**	**8,609,283**			**8,609,283**

II. INFORMATION ON THE BALANCE SHEET

II.1 ASSETS

II.1.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Units of UCIs: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			
2. Increases			**537,524**
2.1 Subscriptions			537,524
2.2 Profits taken to income statement			
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases			
3. Decreases			**451,892**
3.1 Sales			
3.2 Repayments			
3.3 Losses taken to income statement			451,892
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE			**85,632**

The increases in the item are attributable to the start of the operations of the Sub-Fund on the indirect channel through 2 measures in funds for a maximum commitment of 200 million euro (100 million euro per measure). Of these, measures have been completed for a total subscribed commitment equal to 98 million euro (49 million euro per measure). Based on this commitment, 537,524 euro were paid at 31 December 2022.

The decreases relate to negative changes in fair value with an impact on the income statement of 451,892 euro. At 31 December 2022, no investments had been made by the fund managers; therefore, the value of the units at 31 December 2022 recorded a decrease mainly due to the management expenses incurred by the UCIs.

II.1.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Government securities	853,058,762				(957,193)				852,101,569			
TOTAL 31/12/2022	**853,058,762**				**(957,193)**				**852,101,569**			
Total 31/12/2021	**125,393,497**				**(124,976)**				**125,268,521**			

This item, equal to 852,101,569 euro, consists of the Italian government securities contributed by the Ministry of the Economy and Finance at the time of the establishment of the Sub-Fund, and of the subsequent reallocation from other Sub-Funds, to allow it to operate.

Government securities: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance	**125,268,521**		
2. Increases	**983,961,545**		
2.1 Contributions			
2.2 Profits taken to:	12,019,604		
2.2.1 Income statement	*12,019,604*		
2.2.2 Equity			
2.3 Transfers from other levels			
2.3.1 Transfers from level 1	*X*		
2.3.2 Transfers from level 2		*X*	
2.3.3 Transfers from level 3			*X*
2.4 Other increases	971,941,941		
3. Decreases	**257,128,497**		
3.1 Sales			
3.2 Repayments	210,138,538		
3.3 Losses taken to:	46,989,959		
3.3.1 Income statement	*832,217*		
3.3.2 Equity	*46,157,742*		
3.4 Transfers to other levels			
3.4.1 Transfers to level 1	*X*		
3.4.2 Transfers to level 2		*X*	
3.4.3 Transfers to level 3			*X*
3.5 Other decreases			
4. CLOSING BALANCE	**852,101,569**		

The increases in the item, equal to 983,961,545 euro, are due to: (i) profits recognised in the income statement relating to accrued interest income of 12,019,604 euro; and (ii) other increases due to the reallocation of the resources of the initial allocation, approved by the Board of Directors of CDP on 22 June 2022, which led to the transfer of government securities for a value of around 972 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund.

The decreasing components relate to: (i) redemptions amounting to 210,138,538 euro, (ii) impairment losses in accordance with IFRS 9, recognised in the income statement and amounting to 832,217 euro (iii) and negative fair value changes with a balancing entry in equity, amounting to 46,157,742 euro.

II.1.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: breakdown

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Deposits for GMRA	100,265				(1)				100,264			
TOTAL 31/12/2022	**100,265**				**(1)**				**100,264**			
Total 31/12/2021	**100,000**				**(1)**				**99,999**			

The item refers entirely to Default Fund deposits with CDP.

II.1.4 OTHER ASSETS

The balance of this item, equal to 20,000 euro, relates to financial resources deposited in the account managed by CDP. In accordance with Article 101.4 of the Patrimonio Rilancio Regulation, these resources are set up as a buffer to cover unforeseen or urgent payments or to accommodate unexpected collections for which CDP S.p.A. is unable to make withdrawals from or payments into central treasury accounts due to cut-off times beyond which it is not possible to operate on central treasury accounts.

II.1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents: breakdown

(euro)	Gross value				Accumulated impairment				Net value			
Instruments/Values	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Central Treasury current account no. 25083	219,485,193					(58,337)			219,426,856			
TOTAL 31/12/2022	**219,485,193**					(58,337)			**219,426,856**			
Total 31/12/2021	**8,511,546**					(2,262)			**8,509,284**			

The balance of the item refers to the Sub-Fund's cash and cash equivalents held in Central State Treasury account no. 25083 and the related interest income accrued at 31 December 2022. The increase, equal to 210,917,572 euro, is mainly due to the redemption of a government security that reached maturity in 2022.

In compliance with Article 35, paragraph 1, of the Implementing Decree, the liquid assets of the Special-purpose assets fund are credited to interest-bearing account no. 25083, opened with the Central State Treasury in the name of Cassa Depositi e Prestiti S.p.A. - Patrimonio Rilancio.

On the account balance, the Ministry of the Economy and Finance pays interest on a half-yearly basis at a rate equal to the greater of (i) the simple arithmetic average of the gross rates of return, recorded at issuance, on six-month ordinary bonds (BOT) issued in the same half-year period and (ii) zero. At 31 December 2022, interest equal to 1,448,521 euro was accrued.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2022	31/12/2021
Equity instruments	1,106,941,560	134,999,619
Valuation reserves:		
Financial assets measured at fair value through other comprehensive income	(47,263,375)	(1,105,633)
Retained earnings or loss	(274,584)	
Net income (loss) (+/-)	10,480,399	(274,584)
TOTAL	**1,069,884,000**	**133,619,402**

The equity of the Sub-Fund is mainly composed of the equity instruments issued in favour of the Ministry of the Economy and Finance.

The item "valuation reserves", negative by 47,263,375 euro, refers to the negative change in the fair value of the Italian government securities held in the Sub-Fund's portfolio, which are measured at fair value through other comprehensive income (FVOCI).

At 31 December 2022 the Sub-Fund showed a net income for the year of 10,480,399 euro.

Equity instruments: changes for the year

(euro)	
Participative Financial instruments as at 01/01/2022	**134,999,619**
Increases	**1,106,941,560**
New issues	1,106,941,560
Decreases	**134,999,619**
Other changes	134,999,619
PARTICIPATIVE FINANCIAL INSTRUMENTS AS AT 31/12/2022	**1,106,941,560**

On 22 June 2022, the Board of Directors of CDP approved the adjustment of the nominal value of the Equity Instruments initially issued (through cancellation and subsequent re-issuance of the same), for an amount equal to the value of the government securities, subject to transfer upon the rescheduling of the initial resource allocation plan.

II.2.2 LIABILITIES

Other liabilities: breakdown

(euro) Type of operations/Values	31/12/2022	31/12/2021
a) Payables due to suppliers	157,993	11,473
b) Payables due from CDP	1,688,928	252,948
c) Other liabilities	3,400	3,591
TOTAL	**1,850,321**	**268,012**

At 31 December 2022 the item "Other liabilities" amounted to 1,850,321 euro and consisted of:

- payables to suppliers for 157,993 euro;
- commission and interest expense on default fund deposits with CDP not yet settled at 31 December 2022, in the amount of 3,400 euro;

- payables to CDP in the amount of 1,688,928 euro for costs incurred by CDP S.p.A. to manage the Sub-Fund in accordance with Article 32 of the Implementing Decree of the Ministry of the Economy and Finance that came into force on 25 March 2021. It should be noted that in January 2023, CDP was reimbursed 455,445 euro.

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2022, no commitments to disburse funds or financial guarantees had been issued.

OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

The table below shows the commitments to disburse funds that are not subject to the impairment rules under IFRS 9. Specifically, the item refers to the operations of the Sub-Fund on the indirect channel, through 2 investments in units of UCIs, for a maximum commitment of 200,000,000 euro (100,000,000 euro for each one).

Based on this commitment, 98,000,000 euro was subscribed and 537,524 euro was paid.

(euro)	31/12/2022	31/12/2021
Commitments to disburse funds		
Units in collective investment undertakings	97,462,476	
TOTAL	**97,462,476**	

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows owned securities deposited with third parties, at their nominal value.

Specifically, the securities in question are managed by CDP S.p.A. and deposited with Euronext Securities Milan.

(euro)	31/12/2022	31/12/2021
Securities deposited with third-parties		
Units in collective investment undertakings	537,524	
Government securities	966,564,000	122,625,000
TOTAL	**967,101,524**	**122,625,000**

III. INFORMATION ON THE INCOME STATEMENT

III.1 REVENUES

III.1.1 INTEREST INCOME AND SIMILAR INCOME

Interest income and similar income: breakdown

(euro)

Items/Values	2022	2021
1. Financial assets measured at fair value through other comprehensive income	**12,019,605**	**144,731**
Interests on Government securities	12,019,605	144,731
2. Financial assets measured at amortised cost	**265**	
Interests Deposits (assets) on GMRA	265	
3. Cash and cash equivalents	**1,448,521**	
Interests on Central Treasury current account	1,448,521	
TOTAL	**13,468,391**	**144,731**

The item, amounting to 13,468,391 euro, consists of:

- interest income on debt securities, specifically on government securities contributed by the MEF for 12,019,605 euro;
- interest income accrued on Default Fund deposits with CDP for 265 euro;
- interest income accrued on Central Treasury Account no. 25083 for 1,448,521 euro.

The increase in interest on government securities (+11,874,874 euro) is mainly due to the effect of the reallocation of the resources of the initial allocation, completed on 23 June 2022, which led to the transfer of government securities for a value of 972 million euro from the "Fondo Nazionale Supporto Temporaneo" (Temporary National Support Fund) Sub-Fund to the "Fondo Nazionale Ristrutturazioni Imprese" (National Enterprise Restructuring Fund) Sub-Fund.

III.1.2 NET PROFIT (LOSS) ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(euro)

Type of operation/P&L items	Profit	Loss	2022	2021
Net profit (loss) on on-balance-sheet financial assets measured at fair value through profit or loss				
Units in collective investment undertakings		(451,892)	(451,892)	
Total		**(451,892)**	**(451,892)**	

The balance of the item, negative for 451,892 euro, includes the result arising from the fair value measurement of the units of UCIs, recorded among financial assets measured at fair value through profit or loss.

III.2 COSTS

III.2.1 INTEREST EXPENSE

Interest expense: breakdown

(euro)

Items/Values	2022	2021
Financial assets	(447)	(455)
TOTAL	**(447)**	**(455)**

This item, amounting to 447 euro, consists of interest expense on financial assets which, due to negative remuneration, resulted in a component with the opposite sign.

Specifically, the interest relates to default funds deposited with CDP.

III.2.2 COMMISSION EXPENSE

This item, amounting to 40,800 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro)

Type of expenses/Values	2022	2021
Professional services	(170,581)	(11,473)
Operating costs charged from CDP	(1,435,980)	(252,948)
TOTAL	**(1,606,561)**	**(264,421)**

This item includes expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund in the amount of 1,435,980 euro and costs for other professional services in the amount of 170,581 euro.

AUDIT FEES

The audit fees for 2022 are shown below. Note that no non-audit services were provided in 2022.

(euro)

Type of services	Deloitte & Touche S.p.A.
Auditing	12,587
TOTAL	**12,587**

III.2.4 NET ADJUSTMENTS FOR CREDIT RISK

	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
(euro) Operations/ P&L items	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2022	2021
Financial assets measured at fair value through other comprehensive income	**(832,217)**										**(832,217)**	**(124,976)**
Government securities	(832,217)										(832,217)	(124,976)
Financial assets measured at amortised cost												**(1)**
Other assets measured at amortised cost												(1)
Cash and cash equivalents	**(56,075)**										**(56,075)**	**(2,262)**
Central Treasury current account no. 25083	(56,075)										(56,075)	(2,262)
TOTAL	**(888,292)**										**(888,292)**	**(127,239)**

This item, negative for approximately 888,292 euro, represents the net balance between adjustments and recoveries for credit risk on cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

IV. INFORMATION ON RISKS

1. GENERAL ASPECTS

To ensure an efficient risk management system, the Sub-Fund has set up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate, monitor, prevent or mitigate, and communicate to the appropriate reporting structures all the risks - assumed or that can be assumed.

The risk management system takes into account the specific characteristics of the activity carried out by CDP and is implemented in compliance with the regulatory requirements.

The guidelines for risk management envisage the separation of roles and responsibilities in the assumption and control of risks, and the organisational independence of risk control from the operational management of risks.

The types of risks to which the Sub-Fund is exposed can be classified as investment risks, liquidity risks, market risks, operational risks and reputational risks.

2. INVESTMENT AND CREDIT RISK

Investment risk, which relates to the possibility of negative or lower than expected performance of the investments made, including lasting losses in value, mainly arises from the investment in the instruments provided for by the Regulation of the Sub-Fund and, secondarily, from related activities, particularly treasury management.

At 31 December 2022, the Sub-Fund includes the units of two alternative investment funds, which however have not yet carried out investment transactions and for which there remain commitments to subscribe for further units, in addition to government bonds – recognised at Fair Value with recognition in equity - transferred at the time of establishing the Sub-Fund and/or reallocated subsequently from other Sub-Funds.

In accordance with IFRS 9, for instruments not measured at fair value through profit or loss (*i.e., instruments recognised at FVOCI and at amortised cost*), expected credit losses at the reporting date are recognised by determining the basic components of the credit risk: Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). These financial assets are allocated to three distinct "stages" (Stage Allocation):

- **stage 1**: this stage refers to financial assets for which no significant credit impairment was recognised in comparison with the date of initial recognition. These assets are measured based on the expected loss over a time horizon of up to one year;
- **stage 2**: this stage involves the financial assets whose credit quality has improved significantly in terms of credit risk since initial recognition. These financial assets are measured based on their expected credit loss, calculated over a time horizon corresponding to the residual life of the financial asset;
- **stage 3**: this stage involves non-performing financial assets: having suffered a significant increase in their credit risk since initial recognition, they are measured accordingly based on the expected credit loss over the residual life of the financial asset.

The calculation of the expected loss over the time horizon that is consistent with the staging of each instrument is based on the discounting of the expected cash flows according to the probability of default corresponding to the creditworthiness at the reporting date and to the LGD. In general, the above allocation (i.e., stage 1, stage 2 and stage 3) does not include any exposures that are impaired from origination or purchase, which are instead recognised separately as purchased or originated credit-impaired (POCI) financial assets from the date of initial recognition until derecognition.

Any non-performing assets are recognised in the financial statements on the basis of discounting expected cash flows over the asset's entire lifetime, calculated using the original effective interest rate of the specific loan.

The amount of the adjustments is equal to the difference between the carrying value of the asset and the discounted value of the expected future cash flows. The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure.

3. LIQUIDITY RISK

Liquidity risk is the risk that the Sub-Fund will be unable to meet its commitments due to difficulties in financing itself or in divesting assets, or that it will be unable to monetise assets held in the market without significantly adverse conditions affecting their market price.

With regard to liquidity risk, due to the composition of its balance sheet, and in order to reduce the non-core risks, the Sub-Fund intends to also use repurchase agreements carried out under typical market conditions to manage its liquidity.

At 31 December 2022, there are no repurchase agreements; due to their characteristics, the government securities issued do not pose significant liquidity risks. "Core" investments in funds, which feature more limited liquidity, were managed according to the guidelines indicated above.

4. MARKET RISK

In terms of market risk, the Sub-Fund holds Italian government securities with a maturity compatible with its investment horizon and is therefore exposed to the risk of price fluctuations. With regard to the units of funds held, in view of the fact that no investments have yet been made by the respective managers, at 31 December 2022 the sub-fund is substantially not exposed to the risk of fluctuations in the NAV of the aforementioned funds. There were no exposures to foreign currencies at 31 December 2022.

5. OPERATIONAL RISKS

Operational risks potentially affecting the Sub-Fund include the possible economic effects of events of an operational nature, including those related to legal proceedings, if they do not come under the responsibility of CDP as the manager of the Sub-Fund.

V. TRANSACTIONS WITH RELATED PARTIES

This paragraph provides information about the relationship with:

- CDP S.p.A.;
- the MEF, holder of the equity instruments.

Transactions with related parties, notably those with the Ministry of the Economy and Finance and CDP S.p.A., arise as a result of legislative provisions. In any event, it should be noted that no atypical or unusual transactions were carried out with related parties whose size could have an impact on the assets and liabilities or performance of the Sub-Fund. All transactions with related parties were carried out on an arm's length basis and form part of the Sub-Fund's ordinary operations.

The table below shows the main existing related-party relationships at 31 December 2022.

	(euro) Items	Ministry for the Economy and Finance	CDP	Total transaction with related parties
Assets	Financial assets measured at fair value through other comprehensive income	852,101,569		**852,101,569**
	Financial assets measured at amortised cost		100,264	**100,264**
	Other assets		20,000	**20,000**
	Cash and cash equivalents	219,426,856		**219,426,856**
Liabilities	Other liabilities		1,692,328	**1,692,328**
Income statement	Interests income and similar income	13,468,126	265	**13,468,391**
	Interests expense and similar charges		(447)	**(447)**
	Commission expense		(40,800)	**(40,800)**
	Administrative expenses		(1,435,980)	**(1,435,980)**
	Net adjustment for credit risk	(888,292)		**(888,292)**

The transactions conducted with the Ministry of Economy and Finance were related to cash and cash equivalents held on a treasury account, and government securities recognised as financial assets measured at fair value through other comprehensive income. Specifically:

- "financial assets measured at fair value through other comprehensive income", for 852,101,569 euro;
- "cash and cash equivalents", for 219,426,856 euro;
- "Interest income and similar income", for 13,468,126 euro;
- "net adjustments for credit risk", for 888,292 euro

Transactions with CDP are carried out for the purposes of the administrative management of the Sub-Fund, as more fully described in the preceding sections of the explanatory notes.

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 27, PARAGRAPH 3, OF THE LAW-DECREE N. 34 OF MAY 19, 2020, CONVERTED WITH LAW N. 77 OF JULY 17, 2020

To the Investor of the
Patrimonio Rilancio - Fondo Nazionale Ristrutturazioni Imprese

Opinion

We have audited the separate annual report of Patrimonio Rilancio - Fondo Nazionale Ristrutturazioni Imprese (the "Sub-fund"), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report.

In our opinion, the accompanying separate annual report give a true and fair view of the financial position of the Sub-fund as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Separate Annual Report section of our report. We are independent of the Sub-fund and Cassa Depositi e Prestiti S.p.A. 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.

Responsibilities of the Directors of Cassa Depositi e Prestiti S.p.A. for the Separate Annual Report

The Directors of Cassa Depositi e Prestiti S.p.A. are responsible for the preparation of separate annual report that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate annual report that are free from material misstatement, whether due to fraud or error.

In preparing the separate annual report, the Directors of Cassa Depositi e Prestiti S.p.A. are responsible for assessing the Sub-fund'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 Sub-fund or for the termination of the operations or have no realistic alternative to such choices.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Responsibilities for the Separate Annual Report

Our objectives are to obtain reasonable assurance about whether the separate annual report 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 separate annual report.

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 separate annual report, 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 internal control of the Sub-fund and Cassa Depositi e Prestiti S.p.A..

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Cassa Depositi e Prestiti S.p.A..

- Conclude on the appropriateness of Cassa Depositi e Prestiti S.p.A. 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 Sub-fund'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 separate annual report 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 Sub-fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate annual report, including the disclosures, and whether the separate annual report represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance of Cassa Depositi e Prestiti S.p.A., 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.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 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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