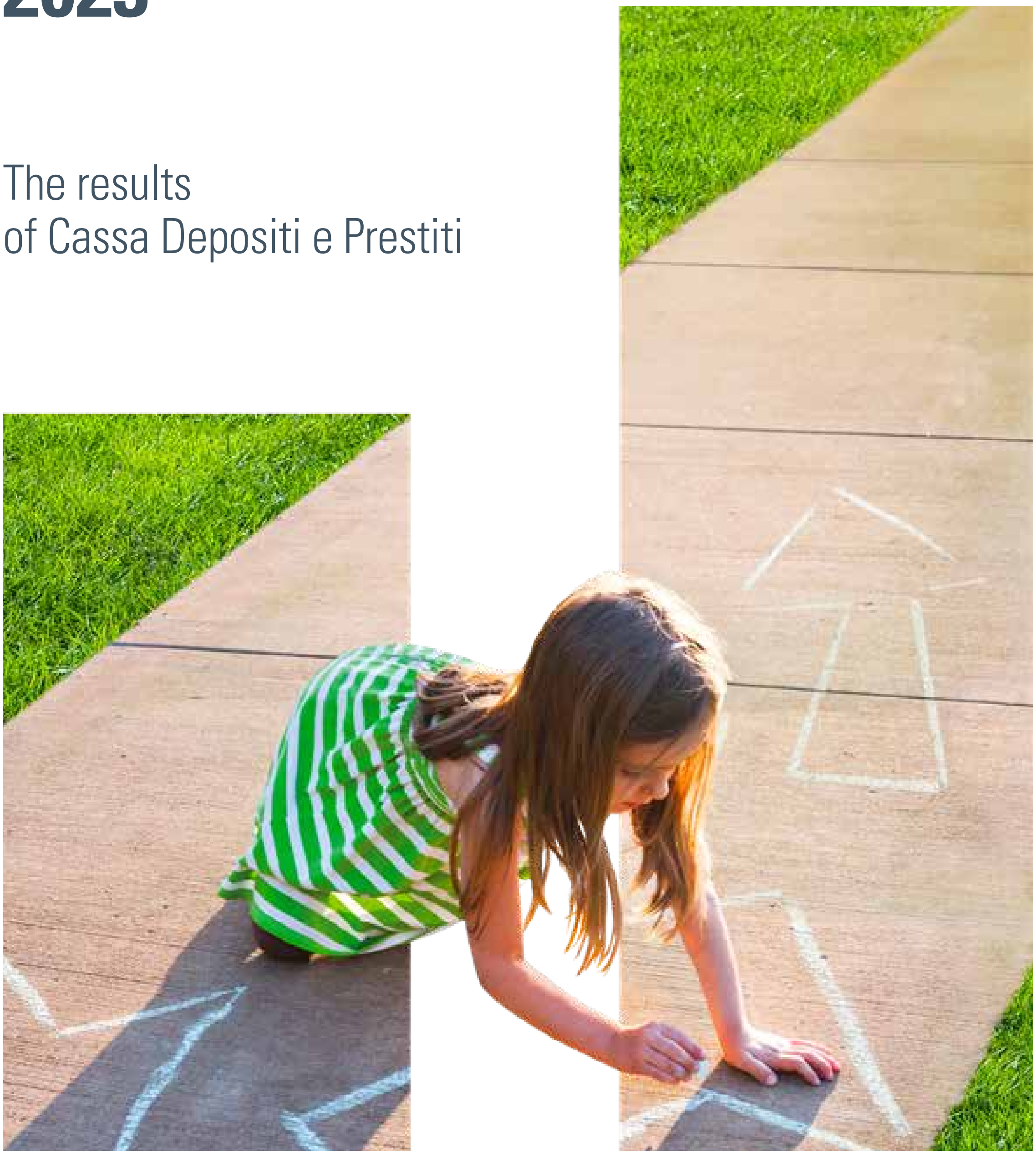
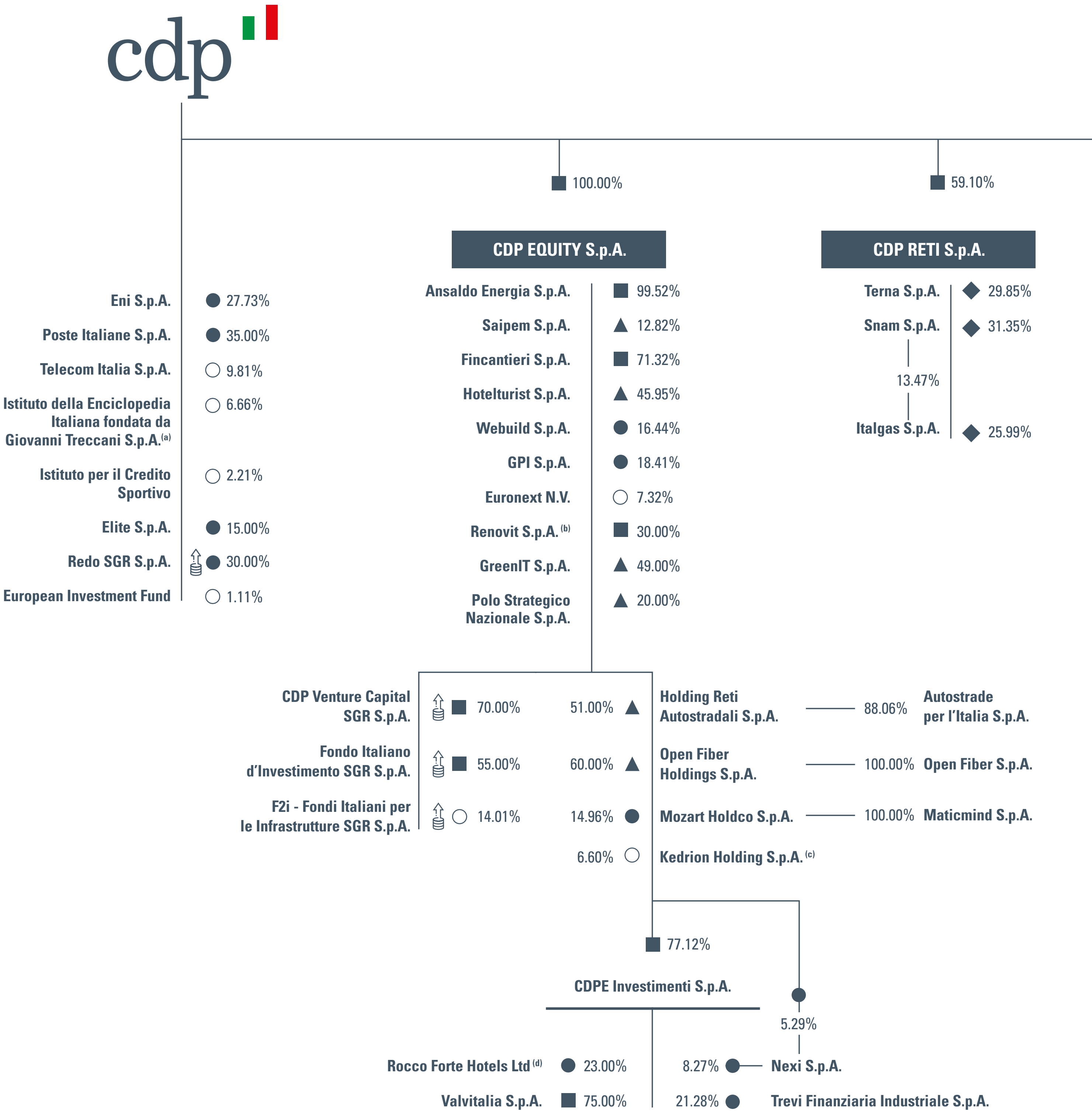
ANNUAL REPORT **2023**

The results
of Cassa Depositi e Prestiti



GROUP STRUCTURE

at 31 December 2023

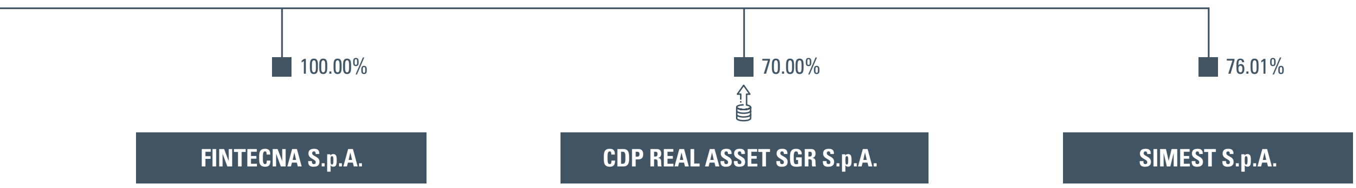


TYPE OF CONTROL / INFLUENCE

- Control
- De facto control
- Significant influence
- Joint control
- Financial assets measured at fair value through other comprehensive income

FUND MANAGEMENT RELATIONSHIP

(a) Snam holds a further 1.26%.
(b) Snam holds 60.05% of the company.
(c) Kedrion Holding S.p.A. holds 100% of the share capital of Kedrion S.p.A., which is the parent company of the paneuropean group created in 2022 after the acquisition of Bio Products Laboratory Limited.
(d) Company held for sale at 31.12.2023 and dismissed on January 2024.



COMPANIES IN LIQUIDATION:

Companies held by CDP S.p.A.

- **Europrogetti & Finanza S.r.l.** 31.80%
- **ITsART S.p.A.** 51.00%

Companies held by Fintecna S.p.A.

- **CDP Immobiliare S.r.l.** 100.00%

Companies held by CDP Immobiliare S.r.l.

- **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%

GROUP STRUCTURE

at 31 December 2023

INVESTMENT FUNDS

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

82.19%	FoF VenturItaly (a)
82.24%	Fondo Acceleratori (a)
66.67%	Fondo Boost Innovation (a)
33.33%	Fondo Corporate Partners I - Comparto EnergyTech (a)(b)
66.67%	Fondo Corporate Partners I - Comparto IndustryTech (a)
50.00%	Fondo Corporate Partners I - Comparto InfraTech (a)(c)
66.67%	Fondo Corporate Partners I - Comparto ServiceTech (a)
50.00%	Fondo di Fondi Internazionale (a)(d)
100.00%	Fondo Evoluzione (a)
50.00%	Fondo Large Ventures (a)
92.06%	Fondo Technology Transfer - Comparto diretto (a)
100.00%	Fondo Technology Transfer - Comparto indiretto (a)

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

20.83%	FoF Fondo Italiano di Investimento
100.00%	FoF Impact Investing (a)
62.50%	FoF Private Debt
73.35%	FoF Private Debt Italia (a)
quote A 60.42% quote C 50.13%	FoF Private Equity Italia
76.69%	FoF Venture Capital
17.78%	Fondo Italiano Agri & Food - FIAF (a)
quote A 66.28% quote B 38.24%	Fondo Italiano Consolidamento e Crescita
46.15%	Fondo Italiano Consolidamento e Crescita II - FICC II (a)
20.83%	Fondo Italiano di Investimento FII Venture
quote A 65.15% quote B 39.47%	Fondo Italiano Tecnologia e Crescita
49.00%	Fondo Italiano Tecnologia e Crescita II - FITEC II (a)

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

3.62%	Fondo Immobiliare di Lombardia - Comparto Uno (formerly Abitare Sociale 1)

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

6.40%	F2i - Fondo per le Infrastrutture Sostenibili (a)
quote A 8.05% quote C 0.02%	F2i - Secondo Fondo Italiano per le Infrastrutture
quote A 4.17%	F2i - Terzo Fondo per le Infrastrutture

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

100.00%	FNAS - Fondo Nazionale Abitare Sociale
97.78%	Fondo di Fondi Infrastrutture (a)
49.32%	Fondo Investimento per l'Abitare (FIA)
100.00%	Fondo Investimento per la Valorizzazione Extra
100.00%	Fondo Investimento per la Valorizzazione Plus
76.96%	Fondo Nazionale del Turismo - Comparto A
100.00%	Fondo Sviluppo Comparto A

Other funds

36.90%	360 PoliMI TT Fund (e)(f)
22.03%	Anima Alternative 2
16.16%	Anthilia BIT III
15.96%	Eureka Fund! I - Technology Transfer (e)(f)
8.45%	Fondo Africinvest IV
19.65%	Fondo AREF II
11.77%	Fondo Atlante
4.33%	Fondo EGO
33.33%	Fondo ENEF II
33.33%	Fondo Magellano
10.93%	Fondo MCIV
9.10%	Fondo October SME IV
19.72%	Fondo October SME V
21.42%	Fondo Opes (g)
14.58%	Fondo PPP Italia
quote A 41.96% quote B 0.21%	Fondo QuattroR
9.52%	Fondo Regio
12.56%	Fondo SEED
quote A 35.81% quote B 0.25%	FSI I
21.87%	HI CrescItalia PMI
12.90%	Italian Recovery Fund
25.14%	Muzinich Diversified Enterprises (h)
31.35%	Muzinich Diversified Enterprises Credit II SCSp
17.55%	Oltre II SICAF EuVeca S.p.A. (g)
12.92%	Oltre III Italia (g)
48.01%	Progress Tech Transfer SLP-RAIF (e)(f)
18.49%	Sofinnova Telethon SCA (e)(f)
24.92%	Tenax Sustainable Credit Fund
9.75%	Ver Capital Credit Partners SMEs VII
49.50%	Vertis Venture 3 Technology Transfer (e)(f)

INVESTMENT VEHICLES

14.08%	2020 European Fund for Energy, Climate change and Infrastructure SICAV - FIS S.A. (Fondo Marguerite)
9.01%	Connecting Europe Broadband Fund SICAV RAIF
50.00%	EAF S.C.A. SICAR - Caravella (Fondo Caravella)
15.26%	Fondo Marguerite III SCSp (a)
quote A 38.92% quote B 1.20%	Inframed Infrastructure S.A.S. à capital variable (Fondo Inframed)
9.60%	Marguerite II SCSp (Fondo Marguerite II)

NOTES

(a) Underwritten by CDP Equity S.p.A.
(b) The Group owns an additional 44.45% through other subsidiaries.
(c) The Group owns an additional 16.67% through other subsidiaries.
(d) The Group owns an additional 50% through other subsidiaries.
(e) Fund launched under the ITAtech investment platform; managed and co-investment agreement signed by CDP and EIF, focused on technology transfer funds.
(f) Figures at 30.09.2023.
(g) Fund launched under the Social Impact Italia investment platform; managed and co-investment agreement signed by CDP and EIF, focused on social impact investments.
(h) Previously Springrowth - Fondo di credito diversificato.

Company with fund relationship management.

ANNUAL REPORT **2023**

(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.

CONTENTS

LETTER TO SHAREHOLDERS AND STAKEHOLDERS

In 2023, the Cassa Depositi e Prestiti Group pursued its mission to support Italy's innovation and growth, catalysing public and private resources towards investments increasingly focused on the goals of the United Nations 2030 Agenda.

The past year has been characterised by a consolidation in activities at international level, benefitting the country's competitiveness. Thanks to a growing collaboration with European Union institutions, CDP ranked first among National Promotional Institutions for resources obtained from the InvestEU programme. For the first time in its history, CDP also opened offices outside the European Union, starting from Belgrade, Cairo and Rabat, with the aim of consolidating its capacity to operate in emerging areas that are strategic for our economy.

During 2023, we committed 20 billion euro to 12,200 companies, 1,660 public entities and infrastructure projects, which resulted in 360,000 jobs created or maintained and 1.4% of GDP volume generated. These resources have attracted additional funding from third parties, making it possible to activate a total of 54 billion euro in investments, with a 2.7 times leverage effect.

Postal savings were confirmed as our main type of funding, amounting to 285 billion euro, in addition to bond issues based on ESG criteria. These figures are accompanied by CDP's best-ever income performance, with a net profit of over 3 billion euro.

With the objective of accelerating the country's sustainable development, we have expanded the range of products aimed at businesses and local authorities. Examples include loans to companies with reward mechanisms for achieving environmental and social targets; subsidised-rate loans for public administrations investing in water and energy efficiency measures, local transport and waste treatment, and advisory services with technical assistance for public entities to facilitate the implementation of the National Recovery and Resilience Plan (NRRP).

The Chief Executive Officer and General Manager Dario Scannapieco and the Chairman Giovanni Gorno Tempini

In the area of infrastructure, a fund of funds has been created focused on renewable energy and the circular economy. In real estate, new urban regeneration and social housing initiatives have been promoted for families and students.

In the field of international cooperation for development, the Italian Climate Fund became operational, with CDP as the manager. With resources of 4.4 billion euro over a five-year period, the Fund will finance climate change mitigation and adaptation projects, above all in Africa and the Middle East.

As for strategic investments, we have maintained a stable shareholder role overseeing some of the country's key assets and continued work to consolidate the private equity market in favour of main industrial sectors.

We have confirmed our support for the venture capital ecosystem as a priority. We have promoted the digital transformation and new forms of collaboration among large companies, universities, research centres and local institutions. With these goals, the National Technology Transfer Hubs, created to enhance the excellence of Italian scientific research, and the National Accelerator Network, which provides start-ups with a network of operators, partners and investors to promote their development, have been consolidated.

Our commitment to intervention with a considerable economic, social and environmental benefit was also recognised by ESG rating agencies such as Morningstar Sustainalytics, which ranked us first worldwide in the "ESG Risk Rating" for the banking sector.

This result acknowledges the approach taken with the 2022-2024 Strategic Plan with respect to four global macro-trends: climate change and protection of the ecosystem, inclusive and sustainable growth, the digital transition and innovation, and rethinking value chains.

The desire to have a positive impact through their actions is a standout feature of all CDP people. 2023 was the first year of the company's "Protagonisti d'impatto" volunteering programme, with colleagues of the Group donating 3,000 hours, including paid leave and their free time, to solidarity activities carried out together with leading companies in the non-profit sector. In addition, Fondazione CDP was involved in various initiatives, including numerous projects to support young people in difficulty and the more vulnerable, allocating funds to scientific research and promoting cultural heritage.

Our most heartfelt thanks go to our people: their dedication and passion have never wavered. To increasingly value their talent and uniqueness, and ensure that everyone can express their potential, work on personal and professional development plans and an increasingly open and plural work environment continues, also recognised by the gender equality certification awarded during the year.

The results achieved are also thanks to a strong partnership with shareholders, with the Ministry of Economy and Finance and Banking Foundations, which support us in our mission to bring about the growth of local areas and communities. This solid relationship was even more significant in 2023, twenty years after the transformation of Cassa Depositi e Prestiti into a joint-stock company and the Foundations acquiring an interest.

In a constantly evolving economic and social context, the CDP Group, aware of its role and responsibilities, will continue to make its resources and skills available to accompany Italy in shaping an increasingly sustainable and inclusive growth.

Giovanni Gorno Tempini
Chairman

Dario Scannapieco
Chief Executive Officer and General Manager

2023 MAIN INDICATORS

CDP S.p.A.

TOTAL ASSETS	POSTAL FUNDING (*)
396.3 bn euro	**284.6** bn euro

RESOURCES DEPLOYED	SHAREHOLDERS' EQUITY
19.6 bn euro	**27.9** bn euro

LOANS (*)	DEBT SECURITIES (*)
124.0 bn euro	**72.0** bn euro

NET INCOME	EMPLOYEES
3.1 bn euro	**1,382**

(*) Reclassified figures. Re. § 4.2.1.

CDP Group

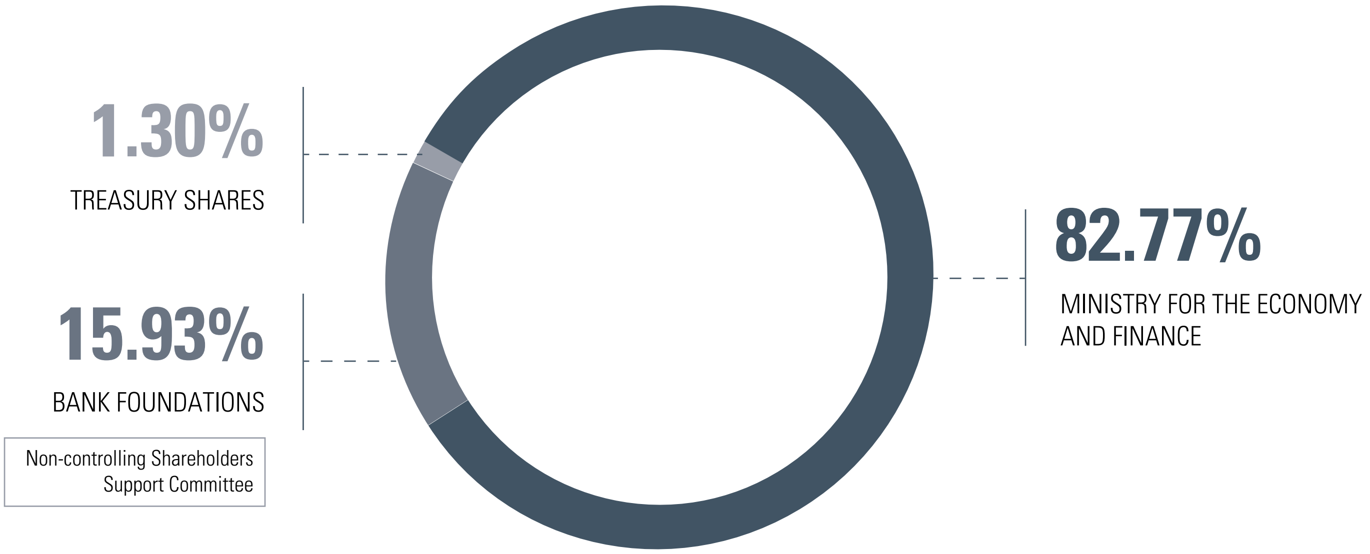
TOTAL ASSETS	FUNDING
475.0 bn euro	**402.7** bn euro

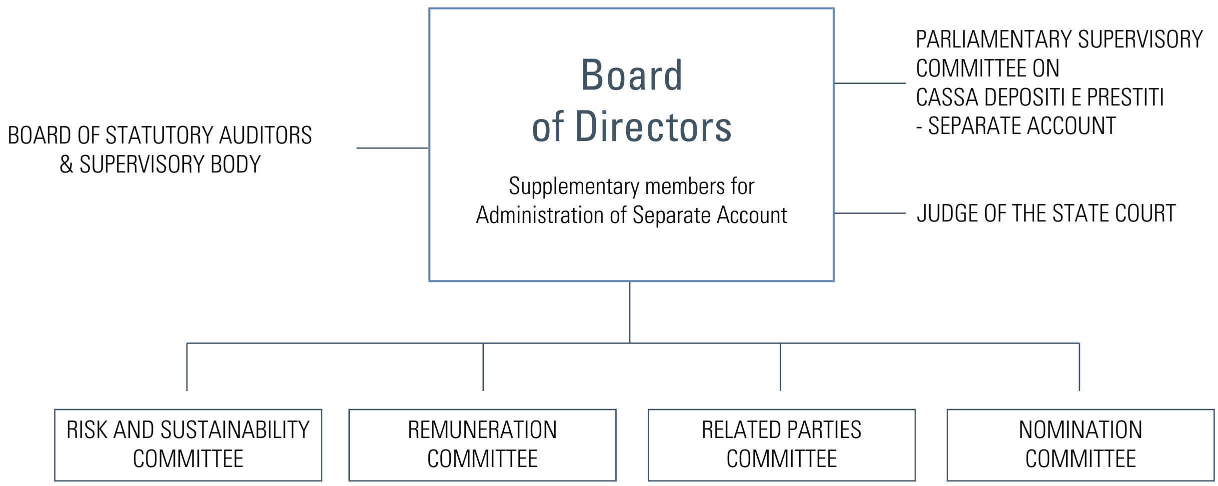
RESOURCES DEPLOYED	CONSOLIDATED NET EQUITY
20.1 bn euro	**41.8** bn euro

EQUITY INVESTMENTS	GROUP EQUITY
26.6 bn euro	**25.7** bn euro

CONSOLIDATED NET INCOME	EMPLOYEES
5.0 bn euro	over **40,000**

COMPANY BODIES, OFFICERS AND GOVERNANCE





CORPORATE BODIES AT 31 DECEMBER 2023

BOARD OF DIRECTORS

Chairman
Giovanni Gorno Tempini

CEO and General Manager
Dario Scannapieco

Directors
Livia Amidani Aliberti
Francesco Di Ciommo[(1)]
Anna Girello Garbi
Fabiana Massa
Giorgio Righetti[(2)]
Alessandra Ruzzu
Giorgio Toschi

BOARD OF STATUTORY AUDITORS[(3)]

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[(4)]

Chairman
Sestino Giacomoni[(5)]

Members
Gian Pietro Dal Moro
Raffaele Trano
Alberto Bagnai
Roberta Ferrero
Vincenzo Presutto
Cristiano Zuliani
Luca Cestaro (Administrative Court)
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[(6)]
Cristina Colaiacovo
Giovanni Fosti[(7)]
Giuseppe Toffoli
Maria Teresa Cucco (Secretary)

SUPPLEMENTARY MEMBERS FOR ADMINISTRATION OF SEPARATE ACCOUNT

(Art. 5.8, Decree Law 269/2003 and art. 7, para 1, letters c), d) and f) of Law 13 May 1983, no. 197)

Director General of the Treasury[(8)]
State Accountant General[(9)]
Paolo Calvano
Antonio Decaro
Michele de Pascale

JUDGE OF THE ITALIAN COURT OF AUDIT[(10)]

(Art. 5, para 17, Decree Law 269/2003)

Holder
Luigi Caso[(11)]

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

MANAGER IN CHARGE WITH PREPARING THE COMPANY'S FINANCIAL REPORTS

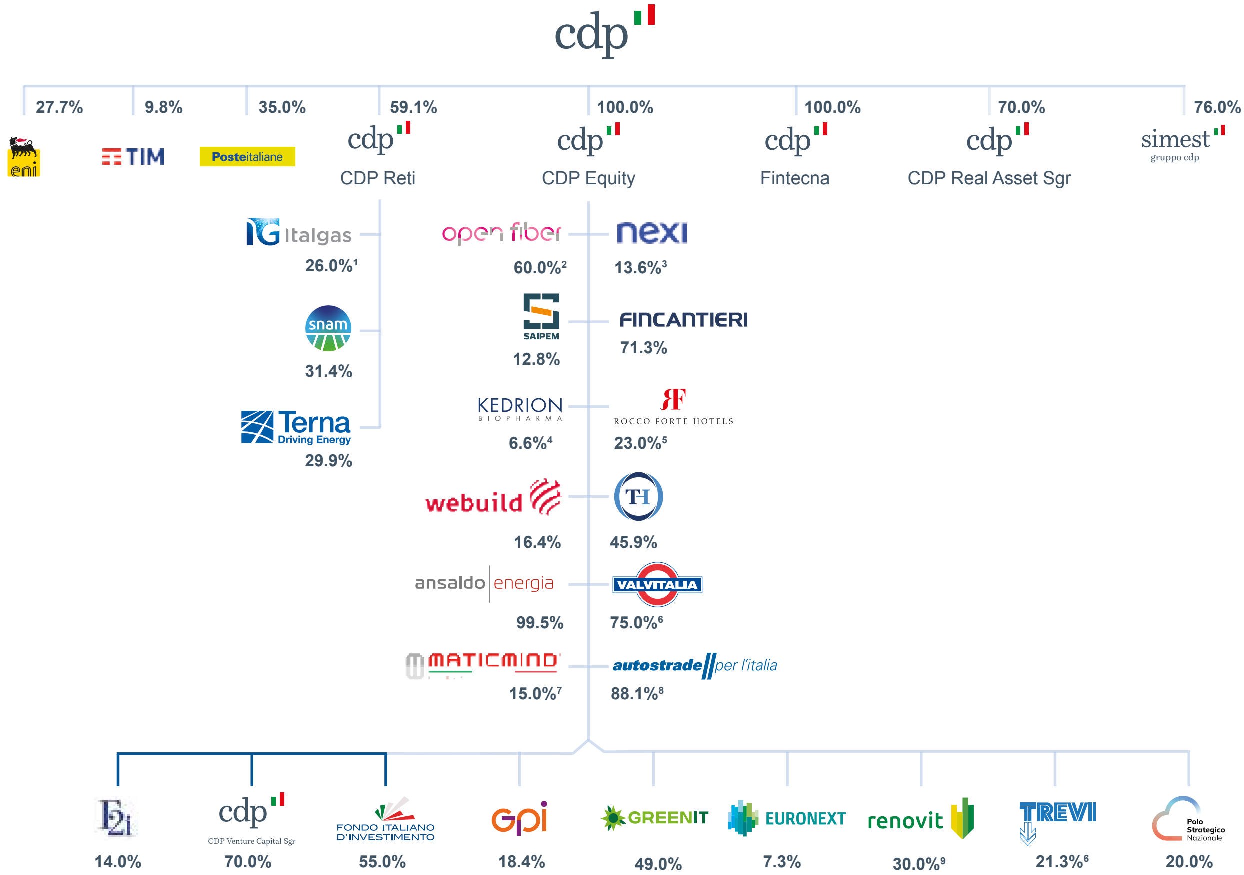
Fabio Massoli

(1) Appointed on office on 21 April 2023 in substitution of Fabrizia Lapecorella, ceased from office on 3 April 2023.
(2) Appointed on office on 15 February 2023 in substitution of Matteo Melley, ceased from office on 1 December 2023.
(3) 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.
(4) *In prorogatio*, until the appointment will be made by the XIX[th] legislature.
(5) Resigned on 16 January 2023.
(6) Resigned from office on 25 May 2023.
(7) Resigned from office on 9 May 2023.
(8) Riccardo Barbieri Hermitte appointed on office on 23 January, in substitution of Alessandro Rivera.
(9) Pier Paolo Italia, delegate of the State Accountant General.
(10) Attends meetings of the Board of Directors and the Board of Statutory Auditors.
(11) Appointed by the Court of Audit on the 25-26 July 2023 meetings, from the deliberation date and until 31 December 2027.

1 REPORT ON OPERATIONS

1. *CDP Group*
2. *Market context*
3. *CDP's 2022-2024 Strategic Plan*
4. *CDP Group's activities*
5. *Corporate Governance*
6. *Relations of the Parent Company with the MEF*
7. *Information on the consolidated non-financial statement of the CDP Group*

1. CDP GROUP[1]



CDP GROUP INVESTMENTS AT 31.12.2023 (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 CDP Equity by 5.3% and through CDPE Investimenti by 8.3% (of which CDP Equity is the 77.1% shareholder).
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, held for sale at 31.12.2023, and dismissed in January 2024.
6. Participation held through CDPE Investimenti.
7. CDP Equity holds a 15% stake in SPV Mozart HoldCo, which holds 100% of Maticmind's share capital, through the company Mozart Bidco.
8. Participation held through Holding Reti Autostradali, held by CDP Equity at 51%.
9. Snam holds 60.05% of the company.

#43 enterprises funds
#10 infrastructures and facilities funds
#7 real estate funds
#7 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;

[1] This representation, not exhaustive, includes financial assets measured at fair value through other comprehensive income (equity securities).

- 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 Cooperation & Development Finance 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.

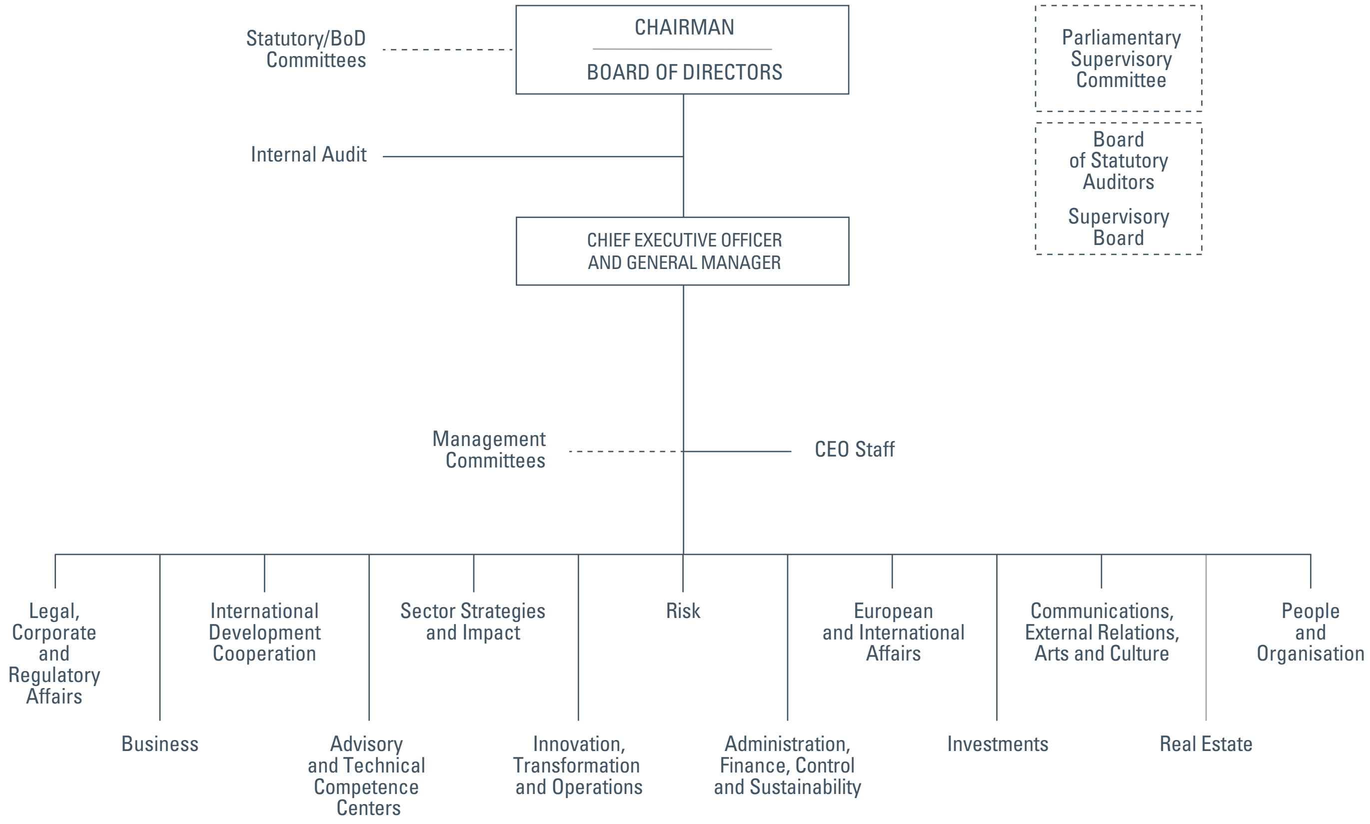
CDP is also subject to oversight by a Parliamentary Supervisory Committee and the Court of Auditors.

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;
- International Cooperation & Development Finance;
- Advisory and Technical Competence Centres Department;
- Sector Strategy and Impact;
- Innovation, Transformation and Operations;
- Risk;
- Administration, Finance, Control and Sustainability Department;
- European and International Affairs;
- Investments;
- Communication, External Relations, Art and Culture Department;
- Real Estate;
- People and Organisation;
- CEO Staff.

The CDP organisational chart, as at 31 December 2023, is as follows:



As at 31 December 2023, CDP employed 1,382 people, including 121 senior managers, 755 middle managers, 496 office workers and 10 employees seconded from other organisations.

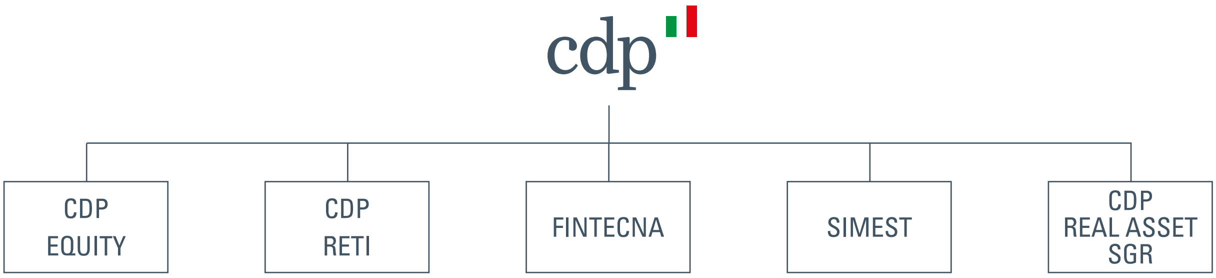
In 2023, CDP employees grew both in terms of number and quality, with 241 new hires against 81 people leaving the organisation.

Compared to last year, the average age of employees remained basically unchanged, around 41 years. Similarly, the percentage of employees with a high level of education (Bachelor's or Master's degree, Doctorate or other Post-Graduate qualification) also remained unchanged standing at 88%.

The companies subject to management and coordination together with the Parent Company employed 1,956 people at 31 December 2023, with an increase of 12%, or 202 people, compared to the figure at 31 December 2022[2].

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



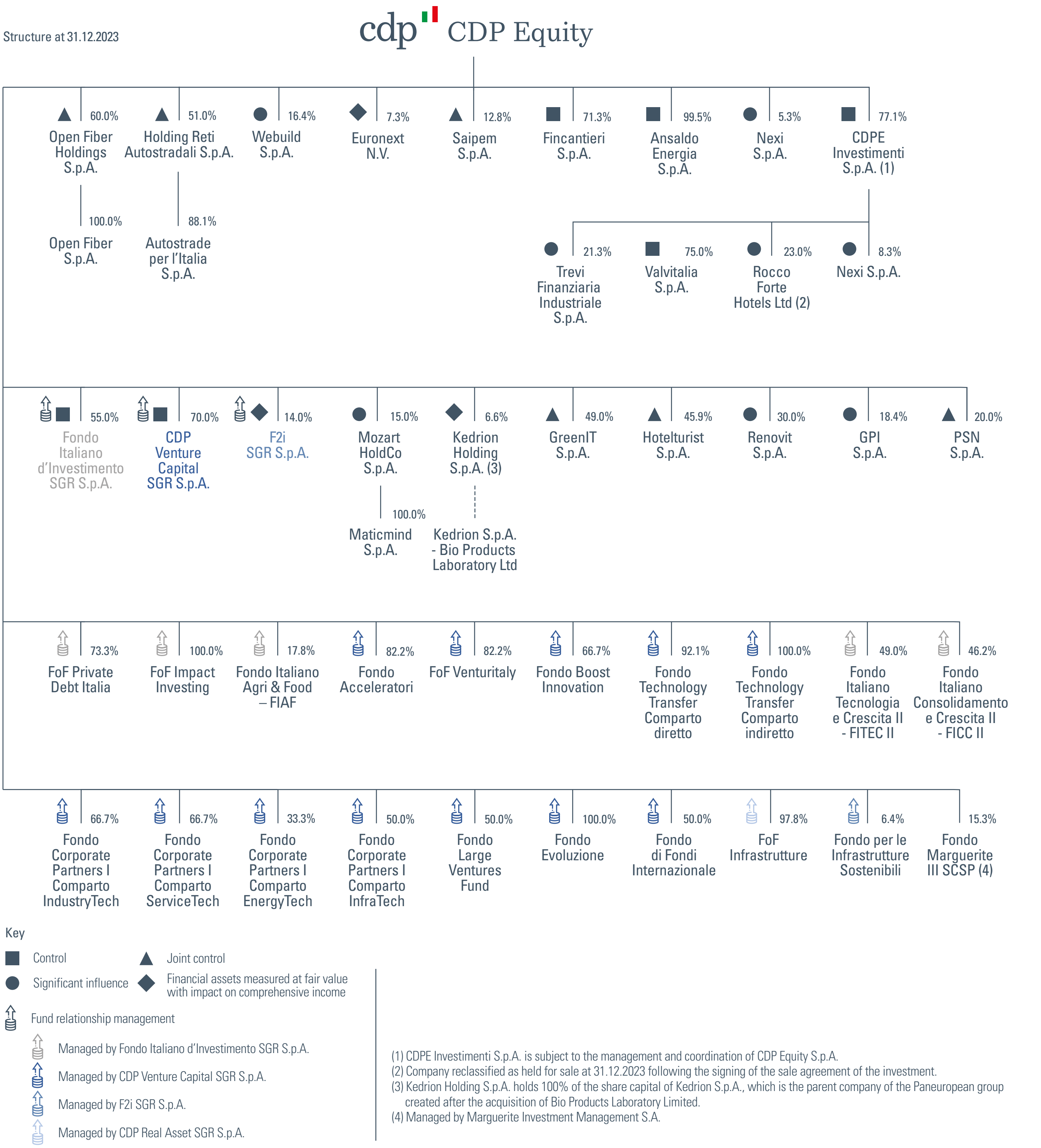
CDP EQUITY S.P.A.

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 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.

The following chart shows the corporate structure of CDP Equity and its portfolio of investments as at 31 December 2023:



(1) CDPE Investimenti S.p.A. is subject to the management and coordination of CDP Equity S.p.A.
(2) Company reclassified as held for sale at 31.12.2023 following the signing of the sale agreement of the investment.
(3) Kedrion Holding S.p.A. holds 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.

Including secondments, as at 31 December 2023, CDP Equity employed a total of 88 people. This represents an increase of nine resources compared to 31 December 2022.

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 MEF.

In 2023, in implementation of the Group's Real Estate Reorganisation Plan, Fintecna acquired the "Real Estate Services" business unit from CDP Immobiliare S.r.l., which was subsequently transferred to Fintecna by CDP following liquidation.

Currently Fintecna's activities are geared towards: (i) the management of liquidation procedures, (ii) the management of litigation, mainly arising from the incorporated companies, (iii) as a result of the implementation of the Real Estate Reorganisation Plan, the provision of real estate services to Group Companies, and (iv) other operations, including support initiatives for the communities affected by the earthquakes in central Italy in 2016.

As at 31 December 2023, Fintecna employed 167 resources, reflecting a notable rise of 74 employees from the preceding year-end, largely driven by the incorporation of CDP Immobiliare S.r.l.'s workforce.

CDP REAL ASSET SGR S.P.A.

CDP Real Asset 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 Real Asset 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. As at 31 December 2023, CDP Real Asset SGR managed the following funds:

- Fondo Investimenti per l'Abitare ("FIA"), focused on the realisation of private social housing initiatives, through investments in a network of local real estate funds;
- 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;
- Fondo Nazionale del Turismo - Sub-Fund A ("FNT - Sub-Fund A"), 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 Real Asset 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;
- Fondo Nazionale del Turismo – Sub-Fund B ("FNT – Sub-Fund B"), 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");
- Fondo Nazionale dell'Abitare Sociale ("FNAS"), dedicated to real estate investments to support housing and community services, with particular reference to student and senior housing initiatives, urban regeneration and redevelopment projects, and spaces to support innovation and education;
- 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;
- the Infrastructure FoF ("FoF IS"), launched in early 2023, seeks to bolster the growth of the Italian infrastructure sector by investing in specialised funds focusing on greenfield/revamping projects and characterised by their adherence to ESG principles and sustainability criteria, thus attracting institutional investments.

As at 31 December 2023, the company employed 88 people, reflecting an increase of 33 individuals compared to 31 December 2022, as a result of both the integration of personnel from CDP Immobiliare S.r.l. and the recruitment of new employees during the year.

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 2023, the company owned equity investments in Snam (31.35%), Terna (29.85%) and Italgas (25.99%)[3].

At 31 December 2023, CDP RETI employed 4 people (3 at 31 December 2022), plus 9 people under part-time secondment from the Parent Company (8 people under secondment at 31 December 2022). 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 SACE Group, on 21 March 2022 CDP acquired from SACE 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:
- Equity loans (transactions pursuant to Law 100/1990): 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;
- Public funds[4]: SIMEST manages the following public funds under the specific provisions of laws and agreements signed with the MAECI:
  - Fund 295/73 to support export finance initiatives and the international expansion of Italian business;
  - 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);
  - 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, in partnership with CDP Venture Capital SGR.

As at 31 December 2023, the company employed 227 people, 19 more than at 31 December 2022.

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[3] On 9 March 2023, 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 499,502 new ordinary shares of the company to the beneficiaries of the Plan (the so-called third cycle of the Plan) and launch the execution of the third tranche of the capital increase approved by the aforementioned Shareholders' Meeting, CDP RETI's equity investment in Italgas went from 26.01% to 25.99%;

[4] For all intents and purposes, the funds are recognised by the Italian State as off-balance sheet assets and are treated as segregated assets, distinct from the assets of SIMEST.

[5] SIMEST also manages (i) 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 and (ii) a share of resources from the Sustainable Growth Fund.

2. MARKET CONTEXT

2.1 MACROECONOMIC SCENARIO

At the beginning of 2023, the economic outlook for the year appeared to be weakening. High inflation in the previous year, tighter monetary policies and a more fragmented geopolitical context were the main reasons. The increase in prices, coupled with sluggish wage growth, and the gradual tightening of monetary and credit conditions raised concerns not only about global demand, but also about the stability of national banking systems, potentially exposed to an increase in insolvencies and liquidity problems.

However, apart from exceptional episodes - such as the regional bank failures in the USA or the bankruptcy of Credit Suisse in Switzerland as well as the troubles faced by the real estate giant Evergrande in China - the global economy has shown resilience in terms of both growth and financial stability. The outbreak of the conflict in the Middle East in October also had limited economic impacts, although the escalation in mid-December in the Red Sea and the potential regionalisation of the conflict pose a serious risk to the global scenario.

In 2023, global GDP growth stood at 3.1%[6], better than expected, albeit slightly slower than in 2022 (3.5%). Expansionary fiscal policies continued to support demand, mitigating the impact of tighter monetary conditions. This occurred without undermining the disinflation path in many economies, which accelerated in the second part of 2023 due to the progressive rebalancing of energy markets and the loosening of barriers along global value chains.

The US and China remained the main drivers of the global economy. US growth accelerated compared to 2022 (+2.5% from 1.9%), dispelling widespread fears of hard lending. Domestic demand has been robust despite the Fed's rate hikes, continuing to benefit from the savings accumulated during the pandemic, the strong fiscal impulse activated by the federal government and a healthy labour market with unemployment at a 50-year low. Also in China, the economic performance exceeded expectations, with GDP growing by 5.2%, higher than in 2022 (3.0%) and the government's target (5%), despite difficulties in the real estate sector, weak domestic demand and the effects of geopolitical tensions.

On the contrary, after a surprising economic performance in 2022, Eurozone GDP remained relatively stagnant in 2023, recording an average annual growth of 0.4%, carried over from 2022. Weak domestic demand led to a decumulation of stocks and the positive contribution of foreign demand to GDP growth has been linked more to the strong contraction in imports than to a robust performance in exports. On the supply side, services buoyancy offset contraction in industry and construction, resulting in different economic results across countries. Germany paid the highest bill, recording a decline in GDP in 2023 (-0.3%), against a brilliant performance in Spain (2.5%). France is in the middle, with a GDP that increased by 0.9%, mostly achieved in the first half of the year.

In 2023 Italy experienced a GDP growth of 0.9%[7], a slowdown from the previous year (4.0%) but better than expected at the beginning of the year. Domestic demand drove this dynamic, with significant contribution from both private consumption (1.2% y/y), benefiting from slowing inflation and strong employment and wages dynamics, and investments (4.7%), which continued to expand in both construction and machinery and equipment (especially, means of transport). Foreign demand also made a positive contribution (+0.3 pp), reflecting modest growth in exports (0.2%) and a drop in imports (-0.5%). However, the reduction in inventories prevented GDP from keeping pace with demand, as Italy was able to meet growing demand without having to produce more.

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[6] International Monetary Fund, World Economic Outlook, interim January 2024.
[7] ISTAT, *GDP and General Government net borrowing,* 1 March 2024.

In addition to GDP, also inflation was a positive surprise in Italy. The harmonised index of consumer prices (HICP) increased by 5.9% in 2023, down from 8.7% in 2022[8]. In December 2023, prices were only 0.5% higher than the same month of the previous year, with the significant fall in energy prices (-25% y/y) almost entirely offsetting increases in other categories, especially food products (+9.2%), penalised by the hot and dry climate and recreational-cultural services (6.5%) and transport (+4.5%), affected by strong demand, especially tourism, and increasing wages.

The gradual increase in wages arose from a robust labour market, that has continued to record numbers despite the weak dynamics of GDP, especially in services. In December 2023, there were 456,000 more employees than a year earlier, mainly permanent employees (+418,000)[9]. This occurred alongside a decrease in both the number of unemployed (-171,000) and inactive people aged 15 to 64 (-310,000). Both activity and employment rates reached their highest levels, while unemployment stood at 7.2% at the end of 2023, the lowest since December 2008. Nevertheless, the vacancy rate has remained at an all-time high and businesses continue to experience problems finding worker. Given the demographic effects on the labour market, this issue is expected to worsen.

Regarding public finances, in 2023 net borrowing stood at 7.3% of GDP[10], down from 8.6% reached in 2022 but higher than 5.3% projected in September by the Government in the NADEF[11]. The divergence from the NADEF estimate is mainly due to the underestimation of tax credits, which in 2023 were twice as high as expected and around 4% of GDP. At the end of 2023, the debt-to-GDP ratio was 137.2%, down 3.2 percentage points from 2022 and below the NADEF[12] estimate, having benefited from upward revisions in GDP dynamics for 2022 e 2023.

2.2 BANKING SECTOR AND FINANCIAL MARKETS

In 2023, bringing inflation back to target continued to be the main objective of monetary policy strategies. Most central banks followed the trajectory set in 2022, with over 75% of them ending 2023 with a reference rate higher than 12 months earlier. On the other hand, some institutes, including in China, Japan, and some countries in Eastern Europe and Latin America, adopted a more accommodating stance.

Both the US and the Eurozone experienced extended monetary policy tightening throughout much of 2023. The Federal Reserve raised the Fed Funds Rate to the 5.25%-5.50% range, 100 basis points increase from the end of 2022 and 525 b.p. since the beginning of tightening. The European Central Bank (ECB), after minor increases in 2022, decided a further 200 basis points hike in 2023, bringing the deposit rate to 4.0% (10 consecutive meetings with restrictive measures). In addition, the ECB also decided to conclude the renewals of securities purchased under the Asset Purchase Program[13] and encouraged the repayment of the TLTROs, contributing to the drainage of the liquidity introduced during the Quantitative Easing phase.

Despite ongoing monetary tightening and the persistence of uncertainty, 2023 proved to be a favourable year for financial markets. Stock prices rebounded due to the unexpected strength of the global economy, dispelling fears of a severe recession. Faster-than-expected disinflation also fuelled expectations of monetary policy easing in the first half of 2024. Among the main stock indices, the Nasdaq recorded the best performance (+43.4% compared to the end of 2022[14]), recovering losses from 2022 mainly thanks to the tech sector and developments in artificial intelligence. Likewise, in Europe stock markets have more than recovered losses suffered in 2022. After falling by 13% in 2022, the FTSE-MIB index in Milan rebounded significantly (+28%), driven by the banking sector's record profits. On the bond market front, 2023 saw two opposing trends. In the US, the 10-year Treasury closed at 3.86%, in line with the end of 2022, but down from the mid-October peak (almost 5%). Similarly, in Europe government bond yields initially grew in the first nine

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8 ISTAT, *Consumer prices,* data related to December 2023, 16 January 2024.
9 ISTAT, *Employment and unemployment,* December 2023, 31 January 2024.
10 See note 2.
11 MEF, *Update Note to Economic and Financial Document 2023.*
12 Tax credits related to construction are recorded in the fiscal year when the credit is earned for deficit calculation, and in the year when the credit is utilized (i.e., when there is a decrease in revenue) for debt calculation.
13 The ECB stopped fully reinvesting the APP portfolio at the beginning of July 2023.
14 Refinitiv Data.

months, driven by rising rates and seemingly persistent inflation, only to fall below early-year levels as inflation rapidly approached targets. In Italy, the 10-year BTP benchmark yield as of 29 December was 3.53%, 106 basis points lower than the start of the year and 131 compared to the maximum reached in October (on average for the year the yield was 4.15%).

Monetary policies continued to impact credit to households and businesses. In Italy, rates on new loans peaked in November, respectively 5.6% for companies and 4.5% for households (for house purchase)[15], curbing credit demand. In December, loans to the private sector[16] were 2.8% lower on an annual basis, with a more significant decrease for non-financial companies (-3.7%) than for households (-1.3%). Despite historical contractions, partly attributable to the repayment of the liquidity provided on an emergency basis in previous years and no longer required, the stability of the net bad debts of the banking sector[17] (16.6 billion euro[18], up by just 1.2 billion compared to the end of 2022) indicated overall good financial health for households and businesses.

Regarding the liabilities, higher prices and credit costs forced households and businesses to reduce their deposits as well as the low rates on deposits led to a flight toward more remunerative asset classes. Consequently, in December, deposits held by resident in national banks were 3.1% lower in annual terms. However, overall bank funding remained stable thanks to the increase in bond issuances (+19.3%), which restart to increase after years of reduction[19].

Household financial wealth grew moderately in 2023, +1.6% in September compared to the end of 2022[20], primarily due to rising wages, increased employment and the revaluation effect of financial assets. As interest rates rose, Italians displayed a renewed interest in bonds, particularly Government bonds, with an increase of 100 billion euro in portfolios compared to a decline in demand deposits of about 80 billion euro. Other components, like mutual funds, social security funds and insurance policies remained relatively stable. At the end of the year, financial wealth is expected to grow further, favoured by the lively stock markets dynamics in the fourth quarter.

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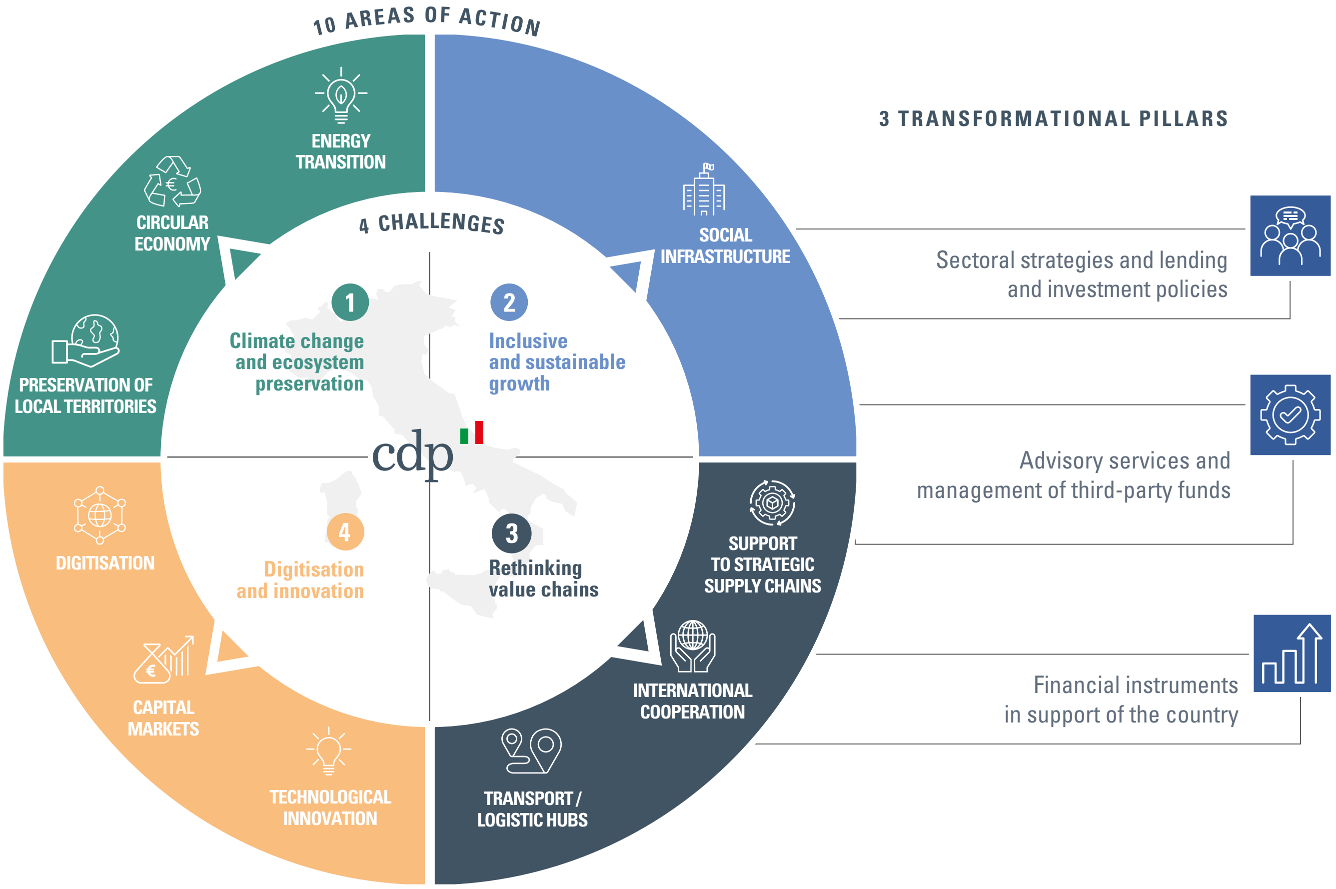
15 Bank of Italy data, *Banks and Money*, December 2023, 9 February 2024.
16 Net of loans to central counterparties and adjusted to take into account the effects of securitisations and other receivables transferred and derecognised from the banks' financial statements.
17 Net of write-downs and provisions already made by banks with their own resources.
18 This amount represents a small share of both loans (less than 1%) and capital and reserves (4.8%).
19 Despite the trends observed in 2023, deposits make up about 90% of the total funding.
20 Bank of Italy data, *Financial Account*, 3rd quarter 2023, 15 January 2024.

3. CDP'S 2022-2024 STRATEGIC PLAN

In November 2021, the Board of Directors of CDP approved the 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 eco-system, 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 strategies and 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, the Plan envisages the development of CDP lending and investment processes, integrating the current analysis with engineering, economic and sustainability expertise provided by the "competence centres", 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:** adopt a new portfolio management approach. 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 analysing the possible implications on CDP's operations, starting from the results achieved in the first twelve months. From the analyses conducted, the overall Plan strategic framework, its challenges and objectives, including the target of deployed resources and investments activated, have been 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

During 2023, in line with the 2022-2024 Strategic Plan, CDP Group's[21] activities were structured along three transformational pillars: (i) Sector analysis and impact assessment, (ii) Advisory and management of public funds, and (iii) Financial instruments available to businesses and Public Administrations as a Promotion and Development Institute.

4.1.1 SECTORAL ANALYSIS AND IMPACT ASSESSMENT

In 2023, CDP Group continued to define 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

In 2023, the Sector Strategy and Impact Department continued to define and consolidate the processes necessary for the strategic framework of business initiatives and the monitoring and impact assessment of the interventions implemented.

In particular, with respect to financing activities, the process of defining new processes was completed. In fact, all fringe operations are established in accordance with the area of intervention and in line with priorities defined in the Strategic Plan. In addition, for all relevant initiatives, a Strategic Coherence Report is organised to carry out a specific transaction assessment in relation to the additional and complementary role played by CDP vis-à-vis the market.

In particular, with respect to the integration of the new transaction valuation processes within CDP's operational model, we note:

- the definition of operational activities with respect to the Sectoral Strategic Guidelines on the entire direct financing portfolio, including those extended to Public Administrations as defined in the Strategic Plan;
- the collection and ongoing monitoring of key performance indicators on the expected values of all funding extended to the corporate sector and to Public Administrations;
- the amendment of all Agreements with financial intermediaries to value investments in indirectly financed counterparties;
- the integration of the strategic coherence of CDP's funded operations within the Sustainable Development Assessment 2.0 (SDA 2.0) indicator to streamline the overall evaluation process.

At the same time, the extension of these activities to other relevant CDP operations, such as the scope of investments, which are expected to be fully operational in the first months of 2024, is being defined.

From the point of view of monitoring and impact analysis, two operational tools have been defined: (i) a set of questionnaires to be completed by counterparties for transactions outside of the standard processes (indirect and funds) and (ii) a set of tools (including macro-regional input/output tables) for macroeconomic impact assessments. In addition, a dashboard was created to provide a graphic data representation as well as summaries of the results of the monitoring.

[21] Group means CDP S.p.A. together with CDP Equity, Fintecna and CDP Real Asset SGR.

During 2023, Management also cooperated with other CDP Departments. These include, in particular:

- European and Institutional Affairs, (i) driving the conceptual scoping and organisation of the "European Young Leaders" programme, (ii) supporting the criteria selection for identifying target countries for the opening of CDP's foreign offices (iii) supporting the approval of the ten-year strategic guidelines of the European Long-Term Investors Association (ELTI), (iv) supporting the mapping of CDP's PNRR activities in a number of regional areas, and (v) participating in two joint CDP-CEPS events through management interventions;
- Communication, External Relations and Sustainability, to draft the financial statement report, dealing with estimates of the overall impact of CDP's actions for 2022 as well as of the relevant chapter in the 2022 Integrated Financial Report;
- Advisory and Technical Competence Centres, to provide advice on some activities regarding the PNRR contributing to the realisation of strategic analyses and monitoring of initiatives included in the Plan;
- Debt Capital Markets, with which the CDP Sustainability Bond impact assessment report was prepared;
- Business, through the elaboration of analyses on CDP's commitment in different regional territories.

In addition, the management's press releases and reporting activities continued. In particular, the following have been prepared:

- Eight briefs on "Waste and territorial divides: what prospects for Italy?", "Ecological and digital transition: the point on critical raw materials", "Deglobalisation and the Mediterranean Sea: what role for Italy?", "Water availability and energy production: risks for the transition?", "Demographic dynamics and workforce: what challenges for Italy today and tomorrow?", "Where are Italians' savings going?", "Tourism recovery in Italy: what future after the summer?", "Testing decarbonisation in the Aviation sector";
- Green Bond impact assessment report issued by the Ministry of Economy and Finance (MEF);
- Strategic monitoring report on CDP's activities for the year 2022;
- Strategic Monitoring Report on CDP's activities for the first half of the year 2023;
- First 2023 Monitoring Report on CDP's activities regarding the PNRR, in which there is a section dedicated to the PNRR progress to date;
- Focus on the impact of CDP's activities in Tuscany between 2020 and 2022;
- Focus on CDP's role in supporting the Central Guarantee Fund;
- Impact Focus on the Fondo Turismo 3.

Finally, Management continued to support CDP's outreach activities, actively participating as a speaker at various events (e.g. the "CDP Roadshows" at the territorial offices, "Roadshow PA").

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, in 2023 CDP continued to focus on the Group's sustainability activities through (i) the development of the sustainability strategy, (ii) the definition of sustainability policies, and (iii) the strengthening of activities to assess investments in terms of their expected ex-ante impact, also looking, where relevant, at the technical and economic quality of the project supported.

In particular, the main initiatives during the year regarded:

- the approval by the Board of Directors of the first target for reducing the carbon footprint inherent in the portfolio of direct loans to the private sector. The emission intensity reduction target complements the ESG Plan approved in 2022, representing a further step to actively promote the green transition;
- the approval of six policies (bringing the total to eleven since the start of the Plan), consistent with the goal of identifying CDP as a policy-driven organisation and which enabled the relevant target part of the 2022-2024 ESG Plan to be met one year ahead of schedule. 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. In particular, the following were approved:

- the Transport Sector Policy, which identifies the guidelines, limitations and exclusions in CDP's lending and investment activities related to road transport, rail transport and fixed installations, sea and inland waterway transport and air transport, differentiating between the areas of (i) construction of infrastructure; (ii) construction of vehicles (excluding the production of components); and (iii) provision of transport services;
- the Stakeholder Grievance Mechanism Policy, which has the objective of defining and communicating the criteria for the treatment of any requests from civil society regarding the current or potential negative environmental and social impacts produced by projects financed by CDP within the framework of International Cooperation and Development Finance, thereby improving the impact of operations for which CDP financial support is requested, reducing the related risks and promoting the accountability of CDP's actions;
- the Responsible Procurement Policy, which is aimed to set out the guiding principles and operating procedures to continuously promote in its supply chain the best practices of environmental and social sustainability and good governance along the two lines of (i) compliance with the principle of "Do No Significant Harm" to the environment and (ii) protection of workers' rights and human rights, also taking into account that the Corporate Sustainability Reporting Directive (CSRD) emphasises the crucial role of the value chain of each company. At the same time, the CDP Supplier Code of Conduct was adopted, which describes the social, environmental and economic requirements and expectations with which suppliers are required to comply in order to continuously improve their performance;
- the Stakeholder Engagement Policy that aims to define and communicate the principles and criteria that CDP applies in its dialogue activities with its stakeholders, differentiating between (i) proactive engagement and (ii) reactive engagement. Engagement activities are designed to ensure a better mutual understanding of perspectives and expectations so they can be embedded in CDP's strategic and operational choices thus building stronger and more sustainable long term relations;
- the Agricultural and Food, Wood and Paper Industry Sector Policy, which aims to integrate ESG aspects into CDP's investment and financing activities in these sectors, with the objective of directing the use of economic and financial resources in priority areas in order to promote the protection of biodiversity, combat climate change, combat deforestation and, in general, reduce environmental impacts, including through the use of new technologies, as well as to protect people;
- the revision of the Sustainability Framework, which is the reference framework for the integration and management of sustainability within the CDP Group along the entire value chain.

Moreover, in accordance with the Strategic Plan, CDP has set up Competence Centres subject matter experts for priority subject areas that contribute to the ex-ante evaluation process of operations thorough the analysis of the technical quality and impacts of the projects financed. These activities are carried out in line with market practices' deadlines as well as in line with deadlines set by the financed initiative/counterpart.

In 2023, the Technical Competence Centres evaluated over 20 financing operations in regard to innovation and digitisation projects, urban regeneration initiatives and energy and environmental projects.

Lastly, in line with its objective of focusing on activities aimed at creating an ecosystem for sharing best practices on Group sustainability issues and promoting their importance at the corporate level, CDP also facilitated numerous ESG round table discussions both at international, European and national levels. Among the most important round tables is the "Platform on Sustainable Finance" of the European Commission's Directorate-General for Financial Stability, Financial Services and the Capital Markets Union (DG FISMA), in which CDP participates as an "Observer". CDP is the only National Promotional Institution to participate in this platform, which has 57 members and involves major European institutions such as the EIB.

4.1.2 ADVISORY SERVICES AND MANAGEMENT OF PUBLIC FUNDS

In 2023, CDP Group continued its consulting activities with the Public Administration for the implementation of investments and management of mandates on public funds.

ADVISORY

During 2023, CDP Group continued to support the Public Administration in the implementation of programmes and projects of strategic importance, offering advisory services particularly during the planning, design and implementation phases of public investments.

In line with the guidelines of the 2022-2024 Strategic Plan and within the regulatory framework defined in the CDP-MEF Framework Agreement signed on 27 December 2021, during 2023, CDP supported the General Government in the planning, definition, implementation and monitoring phases of the PNRR operations. The level of extended support encompassed both centralised activities towards the General Government, and direct activities towards the operating entities through technical-operational assistance which also involved Technical Competence Centres.

Specifically, during the year, CDP signed 17 Activity Plans to support Central Governments holding investments in the PNRR, all of which have been executed and are aimed at supporting the implementation of more than 90 PNRR's investment measures. Also as part of the PNRR, CDP signed two direct agreements under Article 10 of Decree Law 121/2021, one with the Department of Regional Affairs and Autonomies and the other with the Ministry for Enterprise and Made in Italy.

Advising promoters on projects of public interest and strategic relevance to support the implementation of public and social infrastructure investments, potentially eligible for the European InvestEU programme also continued during 2023. The scope of these activities is part of the Contribution Agreement signed in July 2022 between CDP (the first national promotional institution in Europe to become a Partner in the Advisory Hub of the InvestEU Programme) and the European Commission, which regulates the disbursement of an economic contribution by the Commission regarding the project costs incurred by CDP. Under this agreement, during the year, CDP supported the Public Administration with activities of (i) project advisory, offering technical, economic, financial and administrative support in all phases of the project life cycle and (ii) capacity building, to foster the process of strengthening the PA's internal competencies, through activities such as the preparation of manuals, guidelines, workshops and sharing best practices to also support the development of investment projects. In detail, in 2023, more than 80 projects were supported through advisory activities primarily in the areas of school construction, healthcare construction, public housing, port infrastructure, LPT, road infrastructure, and urban regeneration; further support was also extended to investments in the area of ecological transition, projects contributing to the circular economy, water sector, and renewable energy.

Finally, as part of the agreement between CDP, the Emilia-Romagna Region and the Regional Agency for Disbursements in Agriculture (AGREA), preparatory activities to provide technical-specialist assistance for the management of European Agricultural Fund for Rural Development (EAFRD) resources were launched towards the end of the year.

MANAGEMENT OF PUBLIC FUNDS

In line with the Strategic Plan 2022-2024, with a view to strengthening its partnership with the public administration, during 2023 the CDP Group continued its activity of managing public mandates from public funds.

In particular, the Public Administration Area carried out activities related to the management of the following mandates:

- from the Ministry for University and Research the mandates related to (i) the Student Housing Notice - PNRR[22] and (ii) the University Residence Fund[23] to create residential facilities for university students, in relation to which in total 673 million euro have been committed;

[22] Mission 4 — Component 1 — Reform 1.7 "Reform of student housing legislation and investment in student housing". The fund, which initially provided for financing through PNRR resources, was later supported by state resources under Law 338/2000.
[23] Law 338/2000 (Call I-V).

- from the Ministry for Culture the mandates related to (i) the Rural Architecture Enhancement Notice - PNRR[24] to protect and enhance the rural architecture and landscape, in relation to which about 33 million euro have been committed and (ii) the Culture Fund[25] to promote investments for the protection, preservation, restoration, enjoyment, enhancement and digitisation of the country's tangible and intangible cultural heritage;
- from the Ministry for Infrastructure and Transport the mandates related to (i) the Local Authorities Design Fund[26] to draft projects with the purposes of securing, upgrading and/or seismically improving public buildings and facilities, in relation to which about 55 million euro were committed and (ii) the Priority Works Design Fund[27] to draft projects feasibility of infrastructure and priority settlements for the country development, in relation to which about 29 million euro were committed;
- from the Ministry for the Environment and Energy Security, the Kyoto Fund mandate to finance energy efficiency interventions in school and health care buildings, as well as sports facilities, in relation to which approximately 13 million euro have been committed.

In addition, it should be noted that during the year CDP initiated discussions and analysis with some Italian regions to extend the mandate management operation to the European Structural Funds 2021-2027. In this regard, as anticipated in the "Advisory" section, the first agreement for the management of European structural funds was signed in December 2023 with the Emilia-Romagna Region and the Regional Agency for Disbursements in Agriculture (AGREA); in detail, the agreement aims to regulate the mandate provisions for the management and advisory services in relation to the European Agricultural Fund for Rural Development (EAFRD), one of the European structural and investment funds to finance rural development investments under the Common Agricultural Policy.

As part of the third-party resource management mandates of the "International Cooperation & Development Finance" department, activities continued significantly throughout the year. These related to (i) the launch of new public financing instruments and (ii) the management of resources from the Revolving Fund for International Cooperation & Development Finance (FRCS)

With reference to point (i) above, we report:

- the start of operations from the Italian Climate Fund, established at the Ministry for Environment and Energy Security, with a total endowment of 4.4 billion euro[28] and managed by CDP. Through the management of the Fund and in coordination with the relevant ministries, CDP contributes to the international climate commitments made by Italy through the support of climate mitigation and adaptation initiatives in cooperation with partner countries and by leveraging a plurality of investments (i.e. investment in funds, granting of financing in direct or indirect mode, issuance of guarantees) in order to promote initiatives with an international reach thus broadening its scope of intervention. In this regard, preparatory activities for the Fund launch, were completed during the year and initial investments were approved by the Fund's governance committees;
- the launch of the new "Sviluppo+" based on FRCS[29] resources, with investments capped at 70 million euro. The funding is aimed at the private sector and is designed to support the capital strengthening of companies investing in Italian Cooperation partner countries' enterprises. The resources will strengthen local businesses that are the backbone of local economies, promoting initiatives capable of stimulating honourable processes of sustainable growth and contributing to the creation of new employment, in compliance with local regulations and international labour conventions.

In addition, the traditional activity of managing the resources of the Revolving Fund for International Cooperation & Development Finance (FRCS) continued, with investments of more than 80 million euro granted to (i) Ethiopia, to support key sectors in the country (i.e., agribusiness, water, the coffee sector and urban development), (ii) Bolivia, to develop initiatives in the sustainable tourism sector, and (iii) Egypt, to foster the development of local micro, small and medium-sized enterprises.

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24 Mission 1 — Component 3 — Investment 2.2 "Protection and enhancement of architecture and the rural landscape".
25 Art. 184 DL 19/5/2020 converted with amendments by Law No. 77 dated 17 July 2020.
26 Article 1, paragraph 1079, of Law No. 205 of 27 December 2017.
27 Article 202, paragraph 1(a), of the Public Contracts Code set forth in Legislative Decree No. 50 of 18 April 2016.
28 Due to the refinancing of the Fund for 200 million euro for the year 2024 provided by art. 13 of law decree no. 181/2023, the overall endowment of the Fund is equal to 4.4 billion euro, of which: (i) 4.2 billion euro allocated to Interventions and (ii) 200 million euro allocated to the provision of non-repayable grants as well as for the Fund's operating costs and expenses.
29 See Article 27, paragraph 3 (a) of Law No. 125 of 2014.

4.1.3 FINANCIAL INSTRUMENTS AVAILABLE TO BUSINESSES AND PUBLIC ADMINISTRATIONS

During 2023, CDP Group continued its action in support of the country as the Promotional and Development Institution.

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 public investing activities across the country;
- **Infrastructure**: through the Infrastructures Area, CDP Group works to support the development of the country's infrastructure;
- **International Cooperation and Development Finance**: through the International Cooperation and Development Finance Department, the CDP Group promotes initiatives capable of generating positive impacts in the Cooperation Partner Countries;
- **Equity**: through the Investment Department, together with the companies CDP Equity, CDP Reti and CDP, 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, alongside CDP Real Asset SGR[30], 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.

Overall, in 2023, CDP Group deployed 20.1 billion euro, down from 2022, which included significant one-off transactions[31]. In the same period, CDP S.p.A. deployed 19.6 billion euro.

In the period 2022-2023, the resources deployed by the Group amount to 50.7 billion euro, equal to over two thirds (78%) of the target set in the Strategic Plan for the three-year period.

Resources deployed broken down by lines of action - CDP Group[32]

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Lending to enterprises and support for international expansion	11,561	15,304	(3,743)	-24,5%
Public Administration	2,902	5,496	(2,595)	-47,2%
Infrastructures	3,625	3,702	(77)	-2,1%
International Cooperation and Development Finance	785	599	186	31,0%
Equity	1,005	5,344	(4,340)	-81,2%
Real Estate	225	132	93	70,1%
Total	**20,102**	**30,578**	**(10,476)**	**-34,3%**

Taking into account the channelling of third-party funding, in 2023 the CDP Group unlocked around 53.8 billion euro of investments in the economy.

LENDING TO ENTERPRISES AND SUPPORT FOR INTERNATIONAL EXPANSION

Through the Enterprise and Financial Institutions Area, CDP Group aims to provide financial support to the backbone of its domestic production and businesses to help companies achieve international development, innovation and growth with the help of the banking system.

30 It should be noted that during 2023 CDP Immobiliare, in implementation of the Group's Real Estate Reorganisation Plan, was put under liquidation and subsequently contributed to Fintecna, which was appointed as liquidator.

31 The resources deployed in 2022 included, among others, 6.4 billion euro related to the counter-guarantee transaction in favour of the SME Fund, 4.2 billion euro related to the equity investment in Aspi, and 2.1 billion euro related to the refinancing operation of the Regions' mortgages contracted with the Ministry of Economy and Finance (MEF).

32 Resources deployed include the management of third-party funds. In addition, in line with CDP Group's Strategic Plan for 2022-2024, the figure does not include the resources deployed by SIMEST amounting to 8 billion euro.

In line with the 2022–2024 Strategic Plan, in 2023 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-Cap, 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 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 and providing, in specific cases, special reward mechanisms. The main initiatives taken include:

- the stipulation of transactions with positive sustainability impact, among which we highlight the following: (i) the granting of a loan for 200 million euro to a leading operator in the steel sector to support the construction of a new plant for the production of steel from secondary steel making (recycling), equipped with low environmental impact technical solutions, (ii) the granting of a loan for 60 million euro linked to the achievement of specific ESG objectives to reduce environmental impact, to a group of global leaders in the supply of pharmaceutical sector solutions to support investments in Italy for the construction of an innovative production plant, (iii) the subscription of 100 million euro of a sustainability linked bond issued by a leading manufacturing industry group;
- the granting, with a pool of banks, of a loan aimed at supporting the fashion supply chain consolidation process by uniting excellence across what is considered a strategic sector for the Italian economy;
- the granting of a loan for 26 million euro to a major player in the automotive sector, aimed at creating an infrastructure network for the rapid recharging of vehicles, via electric power, within the TEN-T network. The operation is part of the Connecting Europe Facility (CEF II) Programme;
- the subscription of new direct loans assisted by SACE guarantees ("Garanzia Green" and "Garanzia SupportItalia"), in order to support access to credit for Italian companies that, while showing prospects of long-term solidity, have been impacted by the current macroeconomic situation or are active in the development of green investment projects.

With reference to supporting exports and international expansion of Italian companies, the 2023 initiatives include:

- participation in a syndicated medium-long term loan for 34 million euro, mainly aimed at supporting the construction of a new production site in Canada. The funding structure is linked to the achievement of specific ESG performance targets, with reward mechanisms upon meeting them;
- the syndicated loan for 345 million euro to a leading operator in the wine sector, aimed at acquiring a majority stake in an American company;
- participation in a syndicated loan for 126 million euro to a leading recycled paperboard manufacturing group, to support the acquisition of a Swedish competitor company;
- the granting of loans to foreign counterparts, to support exports of goods and services of Italian companies to foreign markets and to support the related supply chains, which play a strategic role for the Italian economy and is associated with Made in Italy: a synonymous of excellence recognised worldwide.

Overall, with reference to these lines of actions, in 2023 over 50% of operations have been realised in support of new clients.

With reference to indirect support through banks and other financial intermediaries, with a focus on SMEs, the main initiatives in 2023 include:

- the strengthening of liquidity ceiling operations for the benefit of Mid-Caps and SMEs financial intermediaries, with the assignment of credits as collateral, for a total of 1,975 million euro, in particular thanks to the funding provided to the banking system through the Business Platform;
- operations to support private reconstruction in the areas affected by the 2016 earthquake, through the Plafond Sisma Centro Italia for about 1,364 million euro, a significant increase compared to 2022;
- the reactivation of operations on structured finance initiatives through the finalisation of eight "Covered Bond" transactions under the Guaranteed Bank Bonds Purchase Programme - RMBS for 648 million euro and the subscription of a portion of the senior tranche of an ABS security under the SME ABS Purchase Programme for 260 million euro;

- the start of fund raising for the SME Guarantee Fund through the participation of CDP Special Section and, in particular, the participation of 11 Special Subsections: four related to Confidi and seven to Professional and Private Pension Funds;
- the consolidation of bond underwriting and granting of secured loans to leading banks and financial intermediaries to support Italian SMEs and Mid-Caps, for 1,404 million euro;
- the continuation of the "Revolving Fund supporting enterprises and investment (FRI)", on which, in addition to the signing of 115 financing contracts for about 90.1 million euro, deliberative consultation activities continued, mainly to support supply chain contracts in cooperation with the Ministry of Agriculture and Food.

In total, resources of about six billion euro were deployed through these operations in 2023.

With reference to the development of alternative finance instruments, the main initiatives in 2023 include:

- the finalisation of seven closings relating to unsecured "market-based" Basket Bond programmes totalling 109 million euro for the benefit of 13 SME and Mid-Cap issuers, specifically (i) the third closing of the Basket Bond Sella programme to support the investment plans of companies originated by Banca Sella, (ii) the first and second closing of the Basket Bond ESG programme, aimed at supporting investment programmes mainly focused on projects with ESG objectives, (iii) the first second and third closing of the Basket Bond Equita programme, which supports the investment plans of SMEs and Mid-Caps originated by Equita SIM with a prevalent focus on the Tech and Cybertech sectors, (iv) the third closing of the Basket Bond Euronext Growth programme aimed at companies listed on the Euronext Growth Milan segment managed by Borsa Italiana;
- the finalisation of five closings related to regional secured Basket Bond programmes, totalling 77 million euro for the benefit of 31 SME and Mid-Cap issuers, specifically: (i) the seventh and eighth closing of the Basket Bond Puglia programme and (ii) the first, second and third closing of the Garanzia Campania Bond II programme;
- the structuring and finalisation of the first closing related to the new FCG secured Basket Bond programme for a total of 6 million euro in favour of three issuing companies. This programme benefits from the direct guarantee issued by the SME Guarantee Fund and supports the investment plans of companies located throughout the country;
- the signing of commitments totalling 135 million euro in four Debt Funds to support SMEs and Mid-Caps through the provision of medium to long-term financing. Specifically: 40 million euro in the Anima Alternative 2 Fund, (ii) 25 million euro in the October SME V Fund, (iii) 30 million euro in the SME Italia III Fund, (iv) 40 million euro in the Tenax Sustainable Credit Fund. It should be noted that in three out of the four Debt Funds, CDP is co-invested alongside EIF.

With reference to non-financial support to develop human capital and promote growth in the SME and Mid-Cap markets, the main initiatives in 2023 include:

- the launch of the first CDP-ELITE Lounge, a programme developed with ELITE[33] — a Euronext Group company — to support the growth of Italian small and medium-sized enterprises. Joining the initiative will allow companies to (i) develop new competencies through training and mentoring activities for top management, (ii) receive support in defining strategic priorities, (iii) access alternative and complementary finance instruments to traditional ones, (iv) expand relationships and business opportunities with other companies, advisors, investors, becoming part of the ELITE ecosystem. The first edition of the programme, launched in December 2023 with a duration of 24 months, attended by 18 companies, from 11 Italian regions and active in various sectors of excellence in the manufacturing and services field;
- the launch of the second edition of the Franco-Italian Accelerator, the training and business matching programme developed in partnership with Bpifrance, ELITE and Team France Export[34], to foster export and internationalisation processes between Italian and French SMEs and Mid-Caps, through organising training sessions and meetings to enhance business opportunities between Franco-Italian companies. The second edition of the programme, launched in September 2023 with a duration of 12 months, was attended by 29 companies, of which 15 were Italian;

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[33] ELITE is a Euronext Group company, which helps small and medium-sized enterprises to grow and access private and public capital markets. ELITE's mission is to support companies in long-term sustainable growth by accelerating the process of accessing capital, expertise and networking. To date, the ELITE ecosystem includes over 1,500 companies from 23 countries in continental Europe.

[34] Team France Export is the French government's public service that supports the internationalisation of French companies through the action of Business France, Bpifrance, CCI France Italie (French Chamber of Commerce in Italy).

- the development of the new Capital Structure Advisory service, a structured assistance model to support companies in the analysis of the sectoral ecosystem in which they operate as well as in the historical and forecast analysis of their business data with the aim of gaining insights into: (i) their competitive positioning and the dynamics underlying the definition of their economic, financial and capital planning and (ii) their needs in terms of strategic actions to be implemented to grow in the domestic and international market and the most suitable financial instruments to finance growth;
- a programme of meetings, between CDP and local businesses aimed at initiating and nurturing the listening to their needs, while at the same time keeping them abreast of current market challenges and offering supporting solutions created by CDC Group such as:
  - Business Roundtables: interactive meetings between companies operating in strategic sectors and their public and private stakeholders, to discuss experiences, listen to their needs, share potential strategic solutions and align CDP's offer to companies' needs;
  - Insight Lab: a new initiative of the "Officina Italia" programme, which included an online survey and focus groups on internationalisation, twin transition and human capital at CDP Territorial Offices;
  - Roadshows: events aimed at promoting awareness of CDP Group's mission and their instruments available to support local businesses and local authorities.

Shown below is the stock of loans of the Enterprises and Financial Institutions Area at 31 December 2023. The stock of outstanding debt amounted to 40.2 billion euro, increasing by 13.8% on the figure recorded at the end of 2022, mainly as a result of the disbursements made during the year, which more than offset redemptions. Overall, outstanding debt and commitments amounted to 52.5 billion euro, an increase of 8.2% compared to the end of 2022.

Enterprises and Financial Institutions - Stock of loans

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Enterprises	**5,853**	**5,422**	**430**	**7.9%**
Loans	4,899	4,379	520	11.9%
Securities	954	1,044	(90)	-8.6%
Alternative financing	**727**	**733**	**(6)**	**-0.9%**
Basket bond	434	387	47	12.1%
Tax credit	293	346	(53)	-15.4%
Financial Institutions	**20,968**	**17,389**	**3,579**	**20.6%**
Plafond to enterprises	3,345	2,483	862	34.7%
Residential Real Estate	473	525	(52)	-9.9%
Natural disasters	8,906	7,864	1,042	13.3%
Financial institutions loans/securities	7,613	5,871	1,742	29.7%
Other products	631	645	(15)	-2.3%
Export & International financing	**12,636**	**11,770**	**866**	**7.4%**
Loans	12,523	11,665	858	7.4%
Securities	113	105	8	7.8%
Total outstanding debt	**40,184**	**35,315**	**4,869**	**13.8%**
Commitments	12,276	13,161	(885)	-6.7%
TOTAL	**52,460**	**48,476**	**3,984**	**8.2%**

Public Administration

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

In line with the Strategic Plan 2022-2024, financial support activities for public entities and management of public mandates on behalf of the Public Administration continued throughout 2023.

With regard to its financial support activities, CDP has continued its lending operations to Local Authorities, autonomous regions and provinces and other public entities and public-law bodies through a series of initiatives.

In particular, regarding to local authorities, in addition to the direct funding of more than 1,200 entities for a total of 1.4 billion euro, it's worth highlighting:

- the support to the local authorities of the Emilia-Romagna Region affected by the May 2023 floods, postponing the repayment of the amortisation instalments of the loans due in 2023, without incurring additional interest[35];
- to support local authorities affected by the earthquakes that occurred in the regions of Emilia-Romagna, Lombardy and Veneto in May 2012 and in central Italy in 2016-2017, by postponing the repayment of the amortisation instalments of the loans maturing in 2023, without incurring additional interest[36];
- the renegotiation of loans granted to municipalities, provinces and metropolitan cities aimed at financially supporting the entities and allowing the release of useful resources to cope with the current emergency economic situation following the significant increase in energy and raw material costs. In particular, about 30,000 loans were renegotiated, for a total outstanding debt of about 7.3 billion euro, relating to about 800 local authorities that benefited from savings of about 320 million euro in the period 2023-2024.
- the start of preparatory activities, to introduce, in municipalities with a resident population of up to 100,000 inhabitants and provinces/metropolitan cities with a resident population of up to 1,000,000 inhabitants, treasury services provided in partnership with Poste Italiane, with the aim of further strengthening CDP's commitment to this operation, which to date has been extended to about 800 entities with a population of up to 15,000 inhabitants.

In support of other agencies and public bodies, loans totalling 568 million euro were granted, showing a significant increase of 67% over the previous year's volumes. Of particular interest, are initiatives in the following sectors: (i) healthcare, in favour of the Istituto Ortopedico Rizzoli in Bologna, the Azienda Unità Sanitaria Locale di Piacenza and the Azienda Ospedaliera di Bologna, (ii) transport, in favour of Strutture Trasporto Alto Adige, (iii) water, in favour of the Consorzio dei Comuni del bacino Imbrifero Montano della Dora Baltea and (iv) universities.

Regarding to Regions, it should be mentioned the continuation of financial support for the realisation of investments in the health and transport sectors, as well as urban regeneration and hydrogeological risk mitigation.

In addition, during 2023 the collaboration with the European Investment Bank (EIB Group) continued with the aim of maximising the use of European resources and stimulating public and private investments, with a focus on achieving ESG objectives, through:

- the signing of a 50 million euro funding agreement for the granting by CDP of a loan to the Port Authority of the Central-Northern Tyrrhenian Sea to expand the outer breakwater, the dredging of new basins and the expansion of rail access to the Civitavecchia port and the start of construction of the new commercial port of Fiumicino;
- the operational launch of the EIB's Green Investment Loan product tailored to local authorities, public entities and public law bodies and aimed at supporting green investments to promote sustainable mobility, improve buildings' energy efficiency, protect the environment against future climate changes, and restructure and improve facility management in the water sector. The Green Investment Loan, for a total of 200 million euro, of which 28 million euro were committed in 2023 through seven financing operations, is leveraged by a specific funding agreement with the EIB Group for 100 million euro.

Finally, worth noting are the co-financing initiatives in support of projects within the National Recovery and Resilience Plan (PNRR) or the Complementary National Plan (PNC)[37] scope, thanks to which more than 230 public entities were supported.

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35 The operation follows a similar initiative by the Ministry of Economy and Finance, pursuant to Decree-Law No. 61 of 1 June 2023

36 The operation follows a similar initiative of the Ministry of Economy and Finance under Article 1, paragraphs 767 and 745, of Law No. 197 of 29 December 2022.

37 Complementary National Plan.

With reference to the management of public mandates, CDP continued to support central and regional governments in the management of the various phases of calls for tenders governing the allocation of public funds, including those within the PNRR scope, committing over 800 million euro in respect of six funds managed by CDP, as described in more detail in section 4.1.2.

Shown below is the stock of loans of the Public Administration Area at 31 December 2023. Outstanding debt amounted to 73.6 billion euro, down 2.3% compared to the end of 2022. Overall, outstanding debt and commitments amounted to 78.4 billion euro, a decrease of 3.3% compared to the end of 2022.

Public Administration - Stock of loans

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Local authorities	24,777	24,705	72	0.3%
Regions and autonomous provinces	25,274	25,663	(389)	-1.5%
Other public entities and public - law bodies	1,573	1,655	(83)	-5.0%
Government	21,962	23,305	(1,343)	-5.8%
Total outstanding debt	**73,586**	**75,328**	**(1,742)**	**-2.3%**
Commitments	4,773	5,691	(919)	-16.1%
TOTAL	**78,359**	**81,019**	**(2,660)**	**-3.3%**

Infrastructures

Through the Infrastructures Area, CDP Group supports the country's infrastructure development by granting financial resources to operators in the sector, in accordance with the value additivity and complementarity principles of markets.

In line with the Strategic Plan 2022-2024, during the financial year 2023 infrastructure support continued, particularly for the benefit of the motorway, rail and energy sectors through project finance & structured loan operations, corporate loans, issuance of bonds and contractual guarantees.

With reference to project finance and structured loan operations, the following should be noted: (i) CDP's participation, alongside EIB and SACE, in two transactions in the motorway sector: the first transaction, for 750 million euro, of which CDP's share is 375 million euro, is for a construction project to expand a motorway artery, strategic to link continental and eastern Europe, operated by a North-East concessionaire company; the second transaction, for 475 million euro, of which CDP's share is 240 million euro, is for the construction of a transit tunnel parallel to a strategic tunnel on the border between Italy and France, as well as further investments in motorway sections operated by a North-West concessionaire; (ii) the granting of a loan of 500 million euro, with SACE, to support the takeover of the management of a number of motorway sections in the North-West by a new concessionaire, with a proposed planned investment of almost 1 billion euro, (iii) CDP's participation, with SACE, in a Green Loan for 197 million euro, of which CDP funded 45 million euro to finance the investment plan of a company operating mainly in the public lighting and energy efficiency sector (iv) the provision, as part of a sustainability linked financing transaction for 135 million euro of which 40 million euro for investments focused on the sustainability and innovation of a major airport infrastructure in southern Italy, and (v) CDP's participation of 35 million euro in a 215 million euro loan transaction for the development and construction of a new combined-cycle thermoelectric unit benefiting from the capacity market.

With regard to corporate loan investments, CDP granted loans to support the investment plans of companies operating in the production, transportation and distribution of electricity and gas, and local public transport sectors. In particular, it should be noted: (i) the granting of two "project-specific" loans, the first for 300 million euro, to support investments for the construction of a new methane pipeline that will increase gas transportation capacity in Italy, and the second, for 150 million euro, to build a thermal treatment plant for special non hazardous waste in Lombardy, (ii) the granting of two loans of 100 million euro each to two companies active in the production of energy for investments related to the development of new renewable capacity from wind and photovoltaic sources, (iii) the granting of a 50 million euro loan to support an investment plan, which benefited from a non-repayable grant under the European programme "Connecting Europe Facility - Transport Alternative Fuels Infrastructure Facility", aimed at the creation of a recharging network for electric vehicles, and (iv) the granting of a 100 million euro loan to support an energy efficiency plan benefiting 700 some public buildings and/or buildings used for social purposes in a major city in northern Italy.

With reference to investments realised through bond issues, it is reported the participation in a public issue aimed at supporting the investment plan of a leading operator in the railway sector.

With regard to contractual guarantees investments, CDP issued, on behalf of a construction consortia owned by leading Italian contractors, about 1.1 billion euro in advance guarantees to a leading railway operator in connection with contracts for the construction of high-speed/high-capacity railway lines, mainly included in the National Recovery and Resilience Plan. In this context, we should also mention the implementation of a "risk sharing" strategy through the signing of a risk-sharing agreement with the EIB, relating to contracts for the design and construction of the Palermo-Catania railway line, which enabled the activation of EIB counter-guarantees for an amount of 259 million euro against guarantees issued by CDP for 518 million euro.

Shown below is the stock of loans of the Infrastructures Area at 31 December 2023. Outstanding debt amounted to 9.6 billion euro, a reduction of 2.1% compared to the same figure at the end of 2022. Overall, outstanding debt and commitments amounted to 15.0 billion euro, a reduction of 0.2% compared to the end of 2022.

Infrastructures - Stock of loans

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Loans	5,681	5,900	(219)	-3.7%
Securities	3,912	3,899	13	0.3%
Total outstanding debt	**9,593**	**9,799**	**(207)**	**-2.1%**
Commitments	5,401	5,227	174	3.3%
TOTAL	**14,994**	**15,027**	**(33)**	**-0.2%**

INTERNATIONAL COOPERATION AND DEVELOPMENT FINANCE

Through its International Cooperation and Development Finance Department, the CDP Group supports initiatives with a positive impact in partner Countries, aiming at promoting their long-term sustainable economic and social growth, through a variety of financial instruments in favour of public and private counterparts and through the use of its own and third-party resources.

During the year, CDP strengthened its support in the area of cooperation, partially thanks to the consolidation of the new Department "International Cooperation and Development Finance", which resulted in a significant increase in the volume of resources committed compared with the previous year (up by 31%) and the further development of technical assistance activities.

Among the main drivers that contributed to the achievement of these results during the year, worth mentioning is the consolidation of relations with the institutions and an ever-increasing alignment with the foreign policy objectives of the Italian Cooperation system, which included an increased commitment to investments in Africa and a focus on three issues of strategic importance in this area (green-digital transition and climate adaptation; food security and basic infrastructures; SME innovation and private sector development).

Specifically, in line with the 2022–2024 Strategic Plan, CDP provided its support through (i) the promotion of initiatives using its own resources; (ii) the development of Technical Assistance (TA) activities; (iii) the strengthening of partnerships and agreements with major national, European and international institutions; and (iv) the expansion and reinforcement of the management of third-party resources, in accordance with the objectives established under the international agreements to which Italy has subscribed to.

The promotion of initiatives drawing on own funding included:

- support for sustainable development projects in Africa, in the areas of food security and the agri-business supply chain, financial inclusion of local SMEs, renewable energy and energy efficiency, through the provision of financing to the multilateral financial institutions Trade and Development Bank (TDB), African Export-Import Bank (Afreximbank), Africa Finance Corporation (AFC) and the development bank Banque Ouest Africaine de Développement (BOAD);
- support for projects related to the green and climate change sectors in Latin American countries through the signing of an agreement with the multilateral financial institution Corporación Andina de Fomento (CAF);
- support for the financial inclusion of SMEs (i) in Serbia, including using European resources under the EU Western Balkans Investment Framework (WBIF) programme, and (ii) in Vietnam, with specific reference to the green sectors, through the provision of financing to local financial institutions;
- financial support for investment plans of Italian companies, functional to growth in emerging markets and with positive environmental and social impacts on local communities, through the provision of direct financing;
- supporting the development of the private sector in North Africa and supporting sustainable growth in emerging markets through investments in funds such as Mediterrania Capital IV and Amundi Planet II (SEED Fund). In addition, financial support for companies operating in Africa and the Western Balkans continued, through the new investments made by equity funds to which CDP contributed in previous years (i.e. AfricInvest IV, AREF II and ENEF II).

With regard to the development of technical assistance activities, during the year CDP mainly continued to implement agreements signed with the European Commission, within the framework of the External Investment Plan (EIP), and related to programmes promoted in partnership with other financial institutions, including:

- Archipelagos - One Platform for Africa (ONE4A), aimed at promoting capital market access for African SMEs with high growth potential. In particular, in 2023, a digital platform was officially launched to bring young African entrepreneurs and SMEs closer to the capital market, using collaboration with local stock exchanges to have access to training and create new collaboration networks;
- InclusiFI, aimed at supporting access to credit for micro companies and SMEs to promote sustainable financial inclusion in Sub-Saharan Africa and the European neighbourhood. In particular, during the year, new initiatives to private financial institutions were initiated such as the structuring of loans benefiting from the European resources made available by the programme through guarantees;
- PASPED ("Projet de contraste à la migration illégale à travers l'appui au Secteur Privé et à la création d'emplois au Sénégal"), in collaboration with the Dakar office of the Italian Agency for Development Cooperation, aimed at facilitating access to credit for local micro, small and medium-sized enterprises and supporting youth entrepreneurship in Senegal. In particular, during the year, the activities of the European blending project were concluded, where CDP played the role of technical-financial advisor to the Senegalese Fund for Priority Investments (FONGIP) in order to improve its risk system and strengthen its key role in the Senegalese economy.

As part of the strengthening of partnerships with key national, European and international institutions, we highlight:

- the approval within the Western Balkans Investment Framework (WBIF) of the "Sustainable Access to Finance for Entrepreneurship" (SAFE) initiative, designed to support the financial inclusion of enterprises operating in the Western Balkans area in conjunction with Banca Etica, which was followed by the start of negotiations on the contribution agreement under which resources will be transferred from the European Commission to CDP for the implementation of this initiative. In addition, negotiations continued on the "Green Finance for Inclusion" (GF4I) initiative, with European grants to promote financial and sustainable inclusion in the Western Balkans. In this regard, a first tranche was used in the context of the above-mentioned financing in Serbia;
- the continuation of negotiations on the three initiatives[38] approved under the European Fund for Sustainable Development plus (EFSD+) programme, aimed at supporting high-impact investments in the fields of renewable energy, sustainable agriculture and financial inclusion;

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

- the signing of new agreements to enhance CDP's commitment to sustainable development through participation in the annual conference of the United Nations Convention on Climate Change (COP28) held in Dubai. These agreements include: (i) CDP's membership in the Blue Mediterranean Partnership, a multilateral initiative for blue economy projects in the Mediterranean Sea; (ii) a partnership with the African Development Bank (AfDB), as part of the Global Green Bond Initiative (GGBI) to develop green bond markets in emerging countries; and (iii) participation in the Just Energy Transition Investment Platform (JETIP) in North Macedonia to support an equitable energy transition in the country;
- the signing of Memorandum of Understanding (MoU) with the Ministries of Finance of Serbia and Angola and the Kuwait Fund for Arab Economic Development, to promote the internationalisation of Italian companies in key sectors of the partner countries (i.e. renewable energy, sustainable infrastructure, agriculture and sustainable manufacturing);
- the signing of a Co-financing Framework Agreement within the framework of Joint European Financiers for International Cooperation (JEFIC), to strengthen synergistic action between the main European public development institutions (i.e. AECID, AFD, BGK and KfW);
- participation and support in the organisation of the fourth edition of the Finance in Common Summit, held in Cartagena (Colombia). 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;

Finally, also in line with the objectives set forth in the international agreements to which Italy is a party, during the year CDP strengthened its role as an Italian institution for development cooperation through the expansion and strengthening of its activities in the management of third-party resources. In this context, we would like to point out:

- the start of management operations of the Italian Climate Fund, set up by the Ministry of the Environment and Energy Security and with a total endowment of 4.4 billion euro[39], with the deliberation of the first interventions by the fund's governance committees;
- the launch of a new product "Sviluppo+"[40] which inaugurated a new line of support to the private sector to promote initiatives in the cooperation partner countries by leveraging the resources of the Revolving Fund for International Cooperation & Development Finance (FRCS), within which the traditional financing operations of Sovereign Entities also continued.

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 Department at 31 December 2023. The stock of outstanding debt amounted to 852 million euro, increasing by 65.7% on the figure recorded at the end of 2022, mainly as a result of the disbursements made during the year. The total stock of residual debt and commitments amounted to 1.1 billion euro, marking an increase by 62.4% on the figure recorded at the end of 2022.

International Cooperation and Development Finance - Stock of loans

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Loans	852	514	338	65.7%
Total outstanding debt	**852**	**514**	**338**	**65.7%**
Commitments	235	155	80	51.6%
TOTAL	**1,087**	**669**	**418**	**62.4%**

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 looking to exit from investments once the set objectives have been achieved, in order to support new initiatives with the capital released.

39 Due to the refinancing of the Fund for 200 million euro for the year 2024 provided by art. 13 of law decree no. 181/2023, the overall endowment of the Fund is equal to 4.4 billion euro, of which: (i) 4.2 billion euro allocated to Interventions and (ii) 200 million euro allocated to the provision of non-repayable grants as well as for the Fund's operating costs and expenses.

40 See Article 27, paragraph 3, letter a) of Law no. 125 of 2014.

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.

As of 31 December 2023, the CDP Group's equity portfolio consisted of:

- Group companies, functional to acquire and hold equity investments (CDP Equity, and CDP Reti) and in carrying out the role of "National Promotional Institution" (SIMEST and Fintecna);
- Listed and unlisted companies that manage key infrastructures and assets or operating 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.[41], Saipem S.p.A., Snam S.p.A., Terna S.p.A., Nexi S.p.A., Euronext N.V., Autostrade per l'Italia S.p.A.[42]);
- 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) as well as alternative finance;
  - in the infrastructure sector, to support the creation of new infrastructures and manage existing infrastructures (both through the launch of the infrastructure operations of CDP Real Asset SGR and through European initiatives in partnership with the EIF and with other National Promotional Institutions);
  - in support of International Cooperation & Development Finance;
  - to support the NPL credit market.

Equity investments and funds - portfolio composition

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
A. Group companies	**14,846**	**14,978**	**(132)**	**-0.9%**
B. Other equity investments	**18,730**	**18,608**	**121**	**0.7%**
Listed companies	18,654	18,537	117	0.6%
Unlisted companies	75	71	4	6.0%
C. Investment funds and investment vehicles	**2,175**	**1,993**	**182**	**9.1%**
TOTAL	**35,751**	**35,579**	**172**	**0.5%**

In 2023, 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:

- financing the existing investment portfolio, through additional investments in Ansaldo Energia S.p.A., in the Valvitalia Group and in Trevi Finanziaria Industriale S.p.A. (in support of financial and capital strengthening manoeuvres), in Open Fiber Holdings S.p.A. (in support of the investment plan for the development of the ultra-broadband network infrastructure, in line with the objectives of the National Recovery and Resilience Plan, the European Digital Agenda and the Italian Strategy for ultra-broadband), in GreenIT S.p.A. (to support the company's development plan, in line with the objective of supporting Italy's energy transition as outlined in the 2030 Integrated National Energy and Climate Plan) and in PSN S.p.A. (in support of the overall plan to accelerate the country's digital transformation thus guaranteeing the security and reliability of data and providing innovative services to citizens and businesses);

[41] Interest held through Open Fiber Holdings S.p.A., an investment vehicle controlled by CDP Equity (60% interest), jointly with Fibre Networks Holdings S.àr.l. (40% interest), belonging to the Macquarie Group.

[42] 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%).

- signing the binding agreements to fully divest the equity investment held in Rocco Forte Hotels Limited, in the context of the broader transaction involving the entry into the company's capital of the Saudi Arabian sovereign wealth fund Public Investment Fund[43];
- the subscription of FoF Infrastrutture, the new Fund of Funds managed by CDP Real Asset SGR, to support infrastructure development in Italy through selective investment in specialised funds with a greenfield/revamping component and characterised by ESG and sustainability features, thereby fostering the attraction of institutional investors. During the year, the first 30 million euro investment was committed in the Sustainable Securities Fund (a fund managed by Alternative Capital Partners SGR) to support energy transition in Italy through small and medium-sized infrastructure projects, mainly greenfield, with a focus on energy efficiency, circular economy and renewables;
- the subscription, also in the infrastructure sector, of commitments in the Marguerite III Fund (in addition to the capital already committed after having obtained the InvestEU guarantee by the European Commission), with the aim of supporting the Italian infrastructure market and fostering the development of projects with environmental and social objectives (energy and digital transition, circular economy and renewable energies);
- the subscription of commitments in the Large Ventures Fund (in addition to the capital already committed) and in the International Fund of Funds, in order to create a sustainable national venture capital ecosystem and to attract both national and international third-party resources for the progressive development of new segments;
- the subscription, in the private equity market segment, of commitments in the Fondo Italiano Tecnologia e Crescita II ("FITEC II") and the Fondo Italiano Consolidamento e Crescita II ("FICC II"), with the aim of supporting market growth and specialisation through SME investments in strategic supply chains;
- support to funds in the alternative financing and International Cooperation & Development Finance field, for which reference is made to the relevant paragraphs (i.e. Corporate Finance and Support for Internationalisation and International Cooperation and Development Finance.

Moreover, the investment activity of the equity funds in which the CDP Group has invested over time also continued in 2023, mainly in support of the private equity, private debt, venture capital and infrastructure markets as well as in International Cooperation & Development Finance.

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 2023 is broken down as follows:
- direct equity investments in companies either functional to the Group's mission (mainly CDP Real Asset SGR) or in entities that manage real estate assets in line with the objectives of the CDP Group;
- indirect investments, through investment funds, in support of projects for urban redevelopment, social housing and renovation of tourist facilities (mainly managed by CDP Real Asset SGR), thus facilitating the involvement of third-party institutional investors, with the aim of increasing support for the economy through the so-called "multiplier effect".

Equity investments and funds - Real Estate portfolio composition

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
A. Group companies	**1**	**526**	**(525)**	**-99.7%**
B. Other equity investments	**4**	**4**		
C. Investment funds and investment vehicles	**1,980**	**1,571**	**408**	**26.0%**
TOTAL	**1,985**	**2,101**	**(116) (*)**	**-5.5%**

(*) The decrease in value recognised on Group companies is mainly attributable to the distribution by CDP Immobiliare of the units subscribed in the funds, with a consequent increase in the value of the specific cluster, and the transfer of CDP Immobiliare in Fintecna

43 The transaction was completed on 17 January 2024

During 2023, the main initiatives of the CDP Group in the real estate sector included:

- the completion of the main activities of the Reorganisation Plan of the Real Estate department,in line with the guidelines of the 2022–2024 Strategic Plan, with the aim of strengthening its role in the sector through the allocation of the real estate portfolio and activities by competence centre (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); In particular, during the year (i) certain assets were transferred from CDP Immobiliare S.r.l. to Fondo Sviluppo and FIV Plus (managed by CDP Real Asset SGR) and the shares thus subscribed in the Funds were distributed to CDP S.p.A., (ii) CDP Immobiliare S.r.l. sold to Fintecna, the "Real Estate Services" business unit, (iii) CDP subscribed shares of the Fondo Sviluppo, (iv) CDP Immobiliare S.r.l. was liquidated, with the appointment of Fintecna as liquidator and finally (v) the equity investment in CDP Immobiliare S.r.l. in liquidazione was transferred from CDP to Fintecna;
- the definition and approval of the consultancy and co-investment agreement with the European Investment Fund that will enable a total of 300 million euro to be allocated to real estate redevelopment that will have a direct impact in terms of urban regeneration and social inclusion;
- the subscription by FNAS of the iGeneration fund, a national platform that aims to create around 1,800 beds in innovative university accommodation throughout Italy.

Investing activities continued over the year, with around 225 million euro of investments, alongside the marketing and sale of assets. Among the others we report:

- activity in support of the hospitality industry through the investments and work of the FT1 and FT2 funds, aimed at the growth and consolidation of operators, through the acquisition of new assets both in the city hotel segment (3 hotels in Lombardy, 2 in Lazio and 1 in Trentino-Alto Adige) and beach resorts (2 hotels in Sardinia) and the continuation of investments in the existing portfolio;
- investment in larger assets, with complex planning processes, which also have considerable social impact, including the former Poligrafico dello Stato, the Torri dell'Eur in the EUR area of Rome, and the former Manifattura Tabacchi in Florence for which respective redevelopment works continued;
- redevelopment work through the FIV fund, including the start of the process to market the former Guido Reni, for its sale;
- the continuation of the FIA fund's investing activities in support of social housing, with the provision of over 650 new social housing units and beds.

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; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Cash and other treasury investments	154,109	167,266	(13,156)	-7.9%
Debt securities [44]	71,980	66,140	5,840	8.8%
TOTAL	**226,089**	**233,406**	**(7,316)**	**-3.1%**

The aggregate of cash and cash equivalents and other treasury investments amounted to 154 billion euro at 31 December 2023, down (-7.9%) on the year-end figure for 2022. The decrease is mainly due to the reduction in 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 145.4 billion euro at the end of 2023, decreasing on the figure of 155.3 billion recorded at the end of 2022. The reduction compared to the previous year is mainly attributable to (i) the financing of CDP's business operations, (ii) the continued reduction in the stock of short-term lending and funding, implemented in response to the new interest rates scenario and (iii) the increase in the investment securities Held to Collect ("HTC") portfolio in order to support future earnings, while maintaining a type of asset that can be easily liquidated and used as collateral for repurchase transactions.

[44] The stock of OBG and ABS/RMBS securities was reclassified for operational purposes from the item "Debt securities" to "Loans".

The securities portfolio at 31 December 2023 amounted to 72 billion euro, marking an increase (+8.8%) compared to the figure at the end of 2022, due to the growth in the HTC portfolio. This trend is attributable to purchases made during the year in consideration of the aforementioned portfolio strategy. With regard to securities classified under the Held to Collect and Sell ("HTCS") portfolio, activities on positions in European government securities and corporate securities also continued, with a view to diversifying the portfolio and optimising returns. Overall, the portfolio continued to be mainly composed 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 approximately 6% of the total financial assets of Italian households at the end of the third quarter of 2023.

At 31 December 2023, CDP postal funding totalled 284,624 million euro, up on the figure at the end of 2022 (+1.3%). Specifically, the stock of postal savings bonds, measured at amortised cost, was 192,867 million euro (+1.4% compared to the end of 2022), while the stock of passbook savings accounts was 91,757 million euro (+1.0% compared to the end of 2022).

CDP stock of postal savings

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Postal savings bonds	192,867	190,164	2,704	1.4%
Passbook accounts	91,757	90,854	903	1.0%
TOTAL	**284,624**	**281,018**	**3,607**	**1.3%**

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

(millions of euro)	31/12/2022	Net funding	Interest	Withholding tax	Transaction costs	Premiums accrued on postal bonds	31/12/2023
Postal savings bonds	190,164	(232)	4,445	(975)	(522)	(12)	192,867
Passbook accounts	90,854	712	225	(34)			91,757
TOTAL	**281,018**	**480**	**4,670**	**(1,009)**	**(522)**	**(12)**	**284,624**

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 4 Anni Plus and Buoni Risparmio Sostenibile and the prepayment 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).

During 2023, numerous initiatives were introduced for Postal Savings products to keep the appeal of Savings Bonds and Passbooks high, also in terms of interest rates, in a year characterised by government bond yields at the highest levels since 2013.

Commercial action focused in particular on Passbooks, with the launch of six editions of the Supersmart Premium Offer (or "OSS Premium"), dedicated to new liquidity, which raised a total of almost 8 billion euro. The last edition of OSS Premium 540 days at 4%, launched in November, was particularly successful, raising 1.6 billion euro in less than two months.

In July, OSS Rinnova was introduced for passbooks, with a return of 3%, dedicated to the reinvestment of expired OSS Premium. Finally, in November, the Supersmart Pensione Offer was launched at 3.50%, allowing individuals who already have their state pension paid into their Smart passbook to set aside their savings at a premium return.

With reference to Postal Savings Bonds, during the year four yield reviews took place (including three increases), in line with the dynamics of market rates, to ensure competitive rates for customers and support for the Post Office network's commercial activity.

From January to May and from October to December, the Rinnova Postal Savings Bond was also made available, dedicated to the reinvestment of maturing Postal Savings Bonds, which raised 5.9 billion euro during the year.

The introduction of the 4 Anni Plus Postal Savings Bond, launched in October, was highly successful, with 49% of the mix placed in the last quarter of the year, for a total placement of 7.0 billion euro.

Finally, in November, in line with the objectives of the 2022-2024 Strategic Plan, the new Soluzione Futuro Postal Savings Bond was launched, dedicated to subscribers aged between 40 and 55 who wish to supplement their pension income. The new product capitalizes interest until the subscriber reaches the age of 65, at which time cover from European inflation is also provided, and, subsequently, until the subscriber reaches the age of 80, a fixed monthly income with a minimum amount already known at the time of subscription is provided.

During the year, the process to simplify and improve the Post Office experience (with particular focus on the access and recognition stage, which now has new digital features) and the commercial engagement of the digital channel continued, bringing online subscriptions to 15% of the total for Passbooks dedicated to minors and to over 40% of the total for Supersmart Offers.

During 2023, numerous Postal Savings communication campaigns were launched both through the main media (e.g. digital, the press, radio) and at Post Offices. 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.

Also thanks to the above actions, the 2023 financial year ended with CDP net funding of +480 million euro, an improvement compared to the previous year (+4.4 billion euro).

In detail, net funding from CDP postal savings bonds came to -232 million euro, showing a drop from the +4,494 million euro raised in 2022: the strong growth in subscriptions, for a total 46,190 million euro (compared to 42,965 million euro in 2022) was followed by an even stronger growth in redemptions, which basically equalled sales, coming to 46,422 million euro (38,472 million euro in the previous year). Subscriptions focused chiefly on 3 Anni Plus Bonds (8,939 million euro), 3x2 Bonds (7,904 million euro), the afore-mentioned 4 Anni Plus Bonds (6,981 million euro) and Rinnova Bonds (5,922 million euro), as well as Ordinari Bonds (5,652 million euro).

Net funding of Passbooks instead amounted to +712 million euro, a significant increase compared to the negative result of the previous year, which had also been impacted by the lower number of pension inflows, due to the usual methods of paying pensions resumed, after the extraordinary measures taken following the pandemic. The good result of the year, as already mentioned, is mainly due to the numerous editions of Supersmart Premium Offers and the other Supersmart Offers available to savers.

Postal savings bonds and passbook savings accounts - CDP net funding

(millions of euro)	Subscriptions/ Deposits	Redemptions/ Withdrawals	Net funding in 2023	Net funding in 2022	Change (+/-)
Postal savings bonds	46,190	(46,422)	(232)	4,494	(4,726)
Passbook accounts	115,589	(114,876)	712	(8,427)	9,140
TOTAL	**161,779**	**(161,299)**	**480**	**(3,934)**	**4,414**

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

Finally, with reference to bonds pertaining to the MEF, redemptions totalled 7,700 million euro in 2023, up from 7,193 million euro in 2022. In 2023, total net funding (CDP + MEF) from Postal Savings Bonds and Passbook Savings Accounts came to -7,220 million euro, improving by over 3.9 billion euro compared to 2022.

Total net postal savings funding (CDP + MEF)

(millions of euro)	Net funding in 2023	Net funding in 2022	Change (+/-)
Postal savings bonds	(7,932)	(2,699)	(5,233)
of which:			
– *pertaining to CDP*	*(232)*	*4,494*	*(4,726)*
– *pertaining to the MEF*	*(7,700)*	*(7,193)*	*(507)*
Passbook accounts	**712**	**(8,427)**	**9,140**
CDP net funding	480	(3,934)	4,414
MEF net funding	(7,700)	(7,193)	(507)
TOTAL	**(7,220)**	**(11,126)**	**3,907**

NON-POSTAL FUNDING

In 2023, CDP continued its activity on capital markets and in other institutional funding channels, with the aim of ensuring the diversification of funding sources and supporting business lending.

Stock of funding from banks

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
ECB refinancing	2,242	5,092	(2,850)	-56.0%
Repurchase agreements and deposits	44,702	54,393	(9,691)	-17.8%
EIB/CEB credit facilities	5,137	5,308	(171)	-3.2%
TOTAL	**52,081**	**64,793**	**(12,712)**	**-19.6%**

With regard to funding from banks, the rise in interest rates continued in 2023 as a consequence of the restrictive monetary policy adopted by the ECB to counteract the significant growth in inflation. In this respect, the ECB raised the rate on the main refinancing operations from 2.50% to 4.50% and the rate on the deposit facility from 2.00% to 4.00%. In December 2023, CDP repaid in part the TLTRO-III operation in advance, by 2,850 million euro, with the aim to optimize short-term liquidity. Therefore, the stock of TLTRO-III operations decreased from 5.1 billion euro at the end of 2022 to 2.2 billion euro at 31 December 2023.

Money market funding, composed of deposits and repurchase agreements, amounted to 44.7 billion euro at 31 December 2023, down by 9.7 billion euro compared to the end of 2022, in line with the above strategy of reducing stocks of short-term investments and funding. In this context, CDP continued to consolidate its Repo funding in the medium to long-term in 2023, through new operations for a total of 3.5 billion euro.

CDP also raised new subsidised funding over the year, through the signing of five new funding agreements with the European Investment Bank (EIB) and one with the Council of Europe Development Bank (CEB), for a combined total of 1,237 million euro. In particular, during the first half of the year, CDP signed two new funding lines for the financing of the Central Italy Earthquake Fund, for a total of 600 million euro, of which 350 million euro with the CEB and 250 million euro with the EIB, and another loan agreement with the EIB, for 50 million euro for the financing of an investment plan at the ports of Civitavecchia and Fiumicino. Whereas in the second half of the year were subscribed with the EIB, (i) a loan agreement for 92 million euro for the implementation of an investment plan for the modernization and adaptation of the A32 Motorway, (ii) a funding facility of 400 million euro to support SMEs and Mid-Caps, and (iii) a funding facility of 95 million euro for the construction of the new headquarters of the Milan State University Campus.

In 2023, CDP drew down a total of approximately 641 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 2023, the stock of credit facilities granted by the EIB and the CEB amounted to 5.1 billion euro, of which 4.8 billion euro relating to the EIB funding and approximately 0.4 billion euro relating to the CEB funding.

Stock of funding from customers (excluding postal funding)

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Money market deposit with the Treasury (ex OPTES) and FATIS deposits (liabilities)	2,246	2,249	(3)	-0.1%
Deposits of Group companies	1,320	1,958	(638)	-32.6%
Amounts to be disbursed	3,808	3,832	(24)	-0.6%
TOTAL	**7,374**	**8,039**	**(666)**	**-8.3%**

With regard to customer deposits, the balance of Money Market deposits with the Treasury (treasury management operations on behalf of the MEF, formerly OPTES) and FATIS at 31 December 2023 amounted to 2.2 billion euro, substantially in line with the figure at the end of 2022.

With regard to companies subject to management and coordination, cash pooling with the Parent Company's centralised treasury continued in 2023, involving irregular deposit arrangements between CDP and its subsidiaries. Centralised liquidity stock came to 1.3 billion euro at 31 December 2023, down from the figure at the end of 2022 (-638 million euro), in view of the overall decrease in cash and cash equivalents of subsidiaries.

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 2023 were approximately 3.8 billion euro, essentially in line with the figure at the end of 2022.

Stock of bond funding

(millions of euro, %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
EMTN/DIP Programme	10,050	11,437	(1,388)	-12.1%
Retail bonds	3,434	1,470	1,964	133.7%
"Stand alone" issues guaranteed by the State	3,000	3,000		0.0%
Yankee Bond	900		900	n/s
Commercial paper	848	1,350	(502)	-37.2%
TOTAL	**18,232**	**17,257**	**975**	**5.6%**

With reference to medium/long-term funding, in 2023 new bond issues were completed under the "Debt Issuance Programme" (DIP), totalling 1,325 million euro. These include the public issue of CDP's first Green Bond, for a nominal amount of 500 million euro, intended to support initiatives with positive environmental impacts, including investments in the renewable energy, energy efficiency and sustainable mobility sectors. Through this operation, CDP has further expanded ESG funding offered to the market.

At the end of 2023, CDP completed a new bond issue dedicated to retail customers, with a duration of six years. The bond, issued for 2 billion euro to meet requests for over 3.5 billion euro received from about 100,000 investors, has enabled new funding for Separate Management.

In addition, during 2023 CDP undertook its first bond issue denominated in US dollars, reserved for institutional investors residing both in the United States of America and outside ("Yankee Bond"), for a total nominal amount of 1 billion dollars. The issue allowed CDP to continue with its strategy of diversifying its funding sources.

With reference to short-term funding, in line with the aim of optimising the mix of funding and investments, at 31 December 2023 the stock of funding ("Multi-Currency Commercial Paper Programme") totalled 848 million euro, down on the figure at the end of 2022 (-502 million euro).

4.2 INCOME STATEMENT AND BALANCE SHEET RESULTS

4.2.1 CDP S.P.A.

In a complex macro-economic context, affected by the impacts of the conflicts taking place, an inflation at the highest levels for years and a profound change in the money market and interest rates, CDP maintained a solid financial position and performance.

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; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Net interest income	**2,798**	**1,693**	**1,104**	**65.2%**
Dividends	1,960	1,602	358	22.4%
Other net revenues (costs)	74	219	(145)	-66.1%
Gross income	**4,832**	**3,514**	**1,318**	**37.5%**
Write-downs	(523)	(140)	(383)	273.9%
Staff costs and other administrative expenses	(254)	(231)	(23)	10.1%
Amortisation and other operating expenses and income	(20)	(23)	3	-13.1%
Operating income	**4,035**	**3,121**	**914**	**29.3%**
Provisions for risks and charges	12		12	n/s
Income taxes	(973)	(630)	(343)	54.3%
NET INCOME	**3,074**	**2,490**	**584**	**23.4%**

Net interest income came to 2,798 million euro, up on 2022 (+1,104 million euro), due to the improvement in the spread between interest-bearing assets and liabilities, also thanks to the alignment of the return on liquidity with changed market conditions and the asset-liability management actions undertaken in order to mitigate the impact of the rate curve's rising and flattening.

Dividends amounted to 1,960 million euro, increasing compared to 2022 (+358 million euro), mainly due to the greater contribution from group companies.

"Other net revenues", equal to 74 million euro, decreased compared to 2022 (-145 million euro), chiefly due to the impact of the trend in rates on profits (losses) on trading and hedging activities.

The cost of risk totalled -523 million euro, a deterioration on the figure for 2022 (-383 million euro). The figure for 2023 is attributable to the combined effect of (i) net recoveries on the loan portfolio of +65 million euro, which include the reversal of a significant credit exposure, (ii) changes in the fair value of investment funds for +94 million euro and (iii) impairment of equity investments for -682 million euro, mainly due to the write-down recognised on the investment held in CDP Equity.

Staff costs and administrative expenses rose to 254 million euro from 231 million euro in 2022, 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 973 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

Reclassified balance sheet

The reclassified balance sheet of CDP at 31 December 2023 is presented below.

Assets

Assets in CDP's reclassified balance sheet at 31 December 2023 included the following items:

Reclassified balance sheet - Assets45

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Cash and cash equivalents	154,109	167,266	(13,156)	-7.9%
Loans	123,957	120,756	3,201	2.7%
Debt securities	71,980	66,140	5,840	8.8%
Equity investments and funds	37,735	37,680	55	0.1%
Assets held for trading and hedging derivatives	2,443	4,699	(2,256)	-48.0%
Property, plant and equipment and intangible assets	435	431	4	0.9%
Accrued income, prepaid expenses and other non-interest-bearing assets	4,692	2,269	2,423	106.8%
Other assets	930	1,449	(520)	-35.9%
TOTAL ASSETS	**396,282**	**400,690**	**(4,408)**	**-1.1%**

Total assets amounted to 396 billion euro, down by 1% compared to the end of 2022.

Cash and cash equivalents and other short-term investments came to 154 billion euro, down on the previous year (-8%), due to the lending and equity activity and for the AML activities activated in response to the new interest-rate scenario.

Loans, which amounted to 124 billion euro, increased by 3% with respect to the balance at the end of 2022, mainly due to direct and indirect loans to businesses.

Debt securities amounted to 72 billion euro, up on the figure at the end of 2022 (+9%) as a result of purchases of government bonds during the year.

The stock of equity investments and funds, equal to 38 billion euro, is substantially in line with 2022 (+0.1%), mainly due to the draws and positive changes in fair value of investment funds, net of the write-down recognized on CDP Equity.

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. At 31 December 2023, this item came to 2.4 billion euro, down on the figure at the end of 2022 (-2.3 billion euro), due to the trend in rates and asset-liability management strategies adopted.

[45] The items Receivables, Debt Securities, Accrued income, prepaid expenses and other non-interest-bearing assets were reclassified in operational terms compared to the figures at 31.12.2022.

The balance of Property, plant and equipment and intangible assets amounted to 435 million euro, of which 358 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 4.7 billion euro, up on the figure at the end of 2022, equal to 2.3 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 0.9 billion euro, down on the figure of 1.4 billion euro recorded at the end of 2022.

Liabilities

At 31 December 2023, the liabilities in CDP's reclassified balance sheet were as follows:

Reclassified balance sheet - Liabilities and equity

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Funding	362,311	371,107	(8,796)	-2.4%
of which:				
– *postal funding*	*284,624*	*281,018*	*3,607*	*1.3%*
– *funding from banks*	*52,081*	*64,793*	*(12,712)*	*-19.6%*
– *funding from customers*	*7,374*	*8,039*	*(666)*	*-8.3%*
– *bond funding*	*18,232*	*17,257*	*975*	*5.6%*
Liabilities held for trading and hedging derivatives	1,980	1,492	488	32.7%
Accrued expenses, deferred income and other non-interest-bearing liabilities	1,499	230	1,269	551.7%
Other liabilities	1,343	1,017	326	32.0%
Provisions for contingencies, taxes and staff severance pay	1,260	1,095	164	15.0%
Equity	27,889	25,749	2,140	8.3%
TOTAL LIABILITIES AND EQUITY	**396,282**	**400,690**	**(4,408)**	**-1.1%**

Total funding at 31 December 2023 amounted to 362 billion euro, down 2% from the figure recorded at the end of 2022.

Postal funding was equal to 285 billion euro, up on 2022 (+1%) mainly due to interest accrued in the period for savers.

Funding from banks, equal to 52 billion euro, decreased compared to the end of the previous year (-20%), mainly due to the decline in short-term funding on the money market as a result of the aforementioned ALM strategies given the new rate scenario and partial early repayment of the TLTRO-III operation.

Funding from customers came to 7 billion euro, down compared to 2022 (-8%).

Bond funding, accounting for 18 billion euro, increased compared to 2022 (+6%) due to the new bond issues in the year, including the first Green Bond issued by CDP, for 500 million euro, CDP's first issue in US dollars (Yankee Bond), which raised 1 billion dollars, and the new retail issue of 2 billion euro.

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 2023, equal to 2 billion euro, increased compared to the end of 2022 (+0.5 billion euro).

The balance of "Accrued liabilities, deferred income and other non-interest bearing liabilities" came to 1.5 billion euro, up on the figure at the end of 2022, equal to 0.2 billion euro.

With regard to other significant items, there was (i) an increase in the balance of "Other liabilities", equal to 1.3 billion euro at 31 December 2023 (+0.3 billion compared to the end of 2022), and (ii) an increase in the balance of "Provisions for contingencies, taxes and staff severance pay", equal to 1.3 billion euro (+0.2 billion euro at the end of 2022)..

Lastly, equity, amounting to 28 billion euro, was up on the end of 2022 (+8%) mainly due to profit realised in the year, only partially offset by distributed dividends.

4.2.1.3 ALTERNATIVE PERFORMANCE MEASURES[46]

Main indicators (reclassified figures)

(%)	31/12/2023	31/12/2022
STRUCTURE RATIOS (%)		
Funding/Total liabilities	91%	93%
Equity/Total liabilities	7%	6%
Postal Savings/Total funding	79%	76%
PERFORMANCE RATIOS (%)		
Spread on interest-bearing assets and liabilities	0.9%	0.5%
Cost/income ratio (1)	6%	7%
Net income/Opening equity (ROE)	12%	10%
RISK RATIOS (%)		
Coverage of bad loans (2)	45%	46%
Net non-performing loans/Net loans to customers and banks (3). (4)	0.05%	0.12%
Net adjustments to loans/Net exposure (3). (4)	n.a.	0.02%

(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 Foundation.
(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

With reference to equity to fixed assets ratios on the liabilities side, the percentage of equity to total liabilities and the percentage of postal funding to total funding increased over 2022, coming to 7% and 79% respectively at the end of 2023.

With regard to performance ratios, please note (i) the spread between interest-bearing assets and liabilities increasing compared to 2022, (ii) a still very low cost/income ratio (6%), and (iii) a return on equity (ROE) up by 12%.

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

46 For further details on how the indicators are calculated, see Annex 2.2.

4.2.1.4 MANAGEMENT IMPACTS OF THE REFERENCE CONTEXT AND OUTLOOK OF OPERATIONS

2023 was characterized by a combination of factors related to the worsening of geopolitical tensions, connected with the continuing war in Ukraine and accentuated by events in the Middle East, which are still impacting the global outlook, the tightening of monetary policy conditions to offset continuing inflation pressures, the general deterioration of the economic climate and uncertainties over future developments, as described in more detail in the section "Market context - Macroeconomic scenario". Despite the uncertain context, CDP's financial position and performance remained particularly solid, as described above.

In 2024, CDP will continue to implement the 2022-2024 Strategic Plan based on three major transformational pillars, that will have a broad-ranging impact on the Group's activity: sectoral analysis and impact assessment, advisory activities and the management of national and European public funds, and financial instruments available to companies and public administrations in its capacity as a Promotion and Development Institute.

The continuation of the conflict and the great uncertainty surrounding its duration, 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. Therefore, although CDP's direct exposure to counterparties affected by the impacts of ongoing conflicts is very limited, these dynamics are constantly monitored.

4.2.2 GROUP COMPANIES

The accounting situation of the companies of the CDP Group as at 31 December 2023 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.

In reviewing the main economic and financial dynamics described below, it should be noted that the data relating to the comparison period were restated, as explained in detail in Section 5 – "Other aspects" of the consolidated financial statements, to take into account the effects of the introduction, as from 1 January 2023, of IFRS 17 "Insurance contracts", which led to a change in the financial results of the Poste Italiane group.

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.

For details of the changes in the scope of consolidation in 2023, see the detailed description provided in Section 3 – Scope of Consolidation 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; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Net interest income	**2,267**	**1,417**	**850**	**60.0%**
Gains (losses) on equity investments	1,616	4,440	(2,824)	-63.6%
Net commission income (expense)	191	130	61	46.9%
Other net revenues (costs)	(57)	128	(185)	n/s
Gross income	**4,017**	**6,115**	**(2,098)**	**-34.3%**
Net recoveries (impairment)	32	36	(4)	-11.1%
Administrative expenses	(13,443)	(12,629)	(814)	6.4%
Other net operating income (costs)	19,326	17,813	1,513	8.5%
Operating income	**9,932**	**11,335**	**(1,403)**	**-12.4%**
Net provisions for risks and charges	(229)	(3)	(226)	n/s
Net adjustments to PPE and intangible assets	(3,154)	(3,179)	25	-0.8%
Goodwill impairment	(46)	(48)	2	-4.2%
Other	136	20	116	n/s
Income taxes	(1,612)	(1,297)	(315)	24.3%
Net income (loss) for the year	**5,027**	**6,828**	**(1,801)**	**-26.4%**
Net income (loss) for the year pertaining to non-controlling interests	1,720	1,385	335	24.2%
NET INCOME (LOSS) FOR THE YEAR PERTAINING TO THE PARENT COMPANY	**3,307**	**5,443**	**(2,136)**	**-39.2%**

The net income pertaining to the Parent Company for the year ended 31 December 2023 was equal to 3,307 million euro, a decrease compared to 2022, mainly due to the negative effect of the contribution from companies accounted for using the equity method, only partially offset by the significant increase in net interest income.

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Interest and commission expense on payables to customers	(6,484)	(5,515)	(969)	17.6%
Interest expense on payables to banks	(1,611)	(337)	(1,274)	n/s
Interest expense on securities issued	(833)	(605)	(228)	37.7%
Interest income on debt securities	2,146	1,525	621	40.7%
Interest income on financing	8,578	6,526	2,052	31.4%
Interest on hedging derivatives	614	(297)	911	n/s
Other net interest	(143)	120	(263)	n/s
NET INTEREST INCOME	**2,267**	**1,417**	**850**	**60.0%**

Net interest income came to 2,267 million euro, an increase compared to the previous year mainly due to the improvement in the spread between interest-bearing assets and liabilities of the Parent Company, also thanks to the alignment of the return on liquidity to changed market conditions and the asset-liability management actions deployed.

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 1,616 million euro, compared to the 4,440 million euro reported in 2022. This value mainly reflects the result of the measurement with the equity method of the following investee companies:

- Eni +1,269 million euro (+3,890 million euro in 2022);

- Poste Italiane +587 million euro (+479 million euro in 2022);
- SAIPEM +23 million euro (-27 million euro in 2022);
- Webuild +7 million euro (+18 million euro in 2022);
- Nexi -715 million euro; this result includes 712 million euro recognised as a result of the impairment test conducted on the equity investment;
- Holding Reti Autostradali, which holds control of Autostrade per l'Italia, +95 million euro (+284 million euro in 2022, the year when the company joined the scope of consolidation of the CDP Group);
- Open Fiber Holdings, which controls Open Fiber, -164 million euro (-88 million euro in 2022).

Net commission income amounted to 191 million euro, up by 61 million euro on the previous year.

Other net revenues/costs were down by approximately 185 million euro due to the combined effect of:
- the lower contribution of around 150 million euro related to Terna and mainly concerning trading activities;
- the lower contribution of the Parent Company for approximately 75 million euro relating to the result of hedging activities and the sale of securities at FVTOCI;
- the positive contribution of the Parent Company arising from greater gains on disposal realised on the securities portfolio at amortised cost and from the valuation of financial assets at fair value.

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Net gain (loss) on trading activities	(121)	65	(186)	n/s
Net gain (loss) on hedging activities	(29)	84	(113)	n/s
Gains (losses) on disposal or repurchase of financial assets and liabilities	25	52	(27)	-51.9%
Net gain (loss) on financial assets and liabilities carried at fair value	68	(73)	141	n/s
OTHER NET REVENUES (COSTS)	**(57)**	**128**	**(185)**	**n/s**

The sum of the various components making up gross income shows a positive figure of 4,017 million euro, compared to 6,115 million euro in 2022.

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Gross income	**4,017**	**6,115**	**(2,098)**	**-34.3%**
Net recoveries (impairment)	32	36	(4)	-11.1%
Administrative expenses	(13,443)	(12,629)	(814)	6.4%
Other net operating income (costs)	19,326	17,813	1,513	8.5%
Operating income before adjustments to PPE and intangible assets	**9,932**	**11,335**	**(1,403)**	**-12.4%**
Net adjustments to PPE, intangible assets	(3,154)	(3,179)	25	-0.8%
OPERATING INCOME AFTER ADJUSTMENTS TO PPE AND INTANGIBLE ASSETS	**6,778**	**8,156**	**(1,378)**	**-16.9%**

Administrative expenses increased to 13,443 million euro. This was mainly due to the combined effect of the following variations:
- the increase in costs referred to companies of the Snam group (563 million euro), also due to business combinations taking place during the year, the Italgas group (188 million euro) and the Terna group (116 million euro);
- the decrease in administrative expenses recorded by the Ansaldo Energia group (109 million euro) and the Fincantieri group (66 million euro);
- the Valvitalia group joining the scope, whose contribution to administrative expenses is equal to 72 million euro.

"Other net operating income (costs)" of 19,326 million euro mainly include the revenues from the core business of the Snam, Italgas, Terna, Fincantieri and Ansaldo Energia groups and from other industrial companies. The increase is mainly due to the higher volume of net revenues generated by the Snam group (+754 million euro), Italgas group (+331 million euro), Terna group (+191 million) and Fincantieri group (+155 million euro), and to the Valvitalia group joining the scope (70 million euro). Ansaldo Energia's contribution instead decreased (133 million euro).

Impairment of property, plant and equipment and intangible assets is in line with the comparison period and mainly refers to the Snam, Terna, Fincantieri, Italgas and Ansaldo Energia groups. The item, in 2022, included the effect of the impairment of intangible assets of the Ansaldo Energia group to their recoverable amount.

Impairment of goodwill mainly refers to the write-down made by Snam of the Biomethane Waste CGU, as well as the write-down of goodwill recognised by Melt1.

The item "Other", with a positive balance of 136 million euro, mainly refers to the capital gain from the sale of the subsidiary Florence One.

4.2.2.2 RECLASSIFIED CONSOLIDATED BALANCE SHEET

Consolidated assets

The asset side of the reclassified consolidated balance sheet at 31 December 2023 is presented below, in comparison with the figures as at 31 December 2022:

Reclassified consolidated assets

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Assets				
Cash and cash equivalents and other treasury investments	156,691	168,940	(12,249)	-7.3%
Loans	122,386	120,589	1,797	1.5%
Debt securities, equity securities and units in collective investment undertakings	88,566	80,762	7,804	9.7%
Equity investments	26,617	26,736	(119)	-0.4%
Trading and hedging derivatives	2,609	4,951	(2,342)	-47.3%
Property, plant and equipment and intangible assets	58,886	55,915	2,971	5.3%
Other assets	19,225	19,834	(609)	-3.1%
TOTAL ASSETS	**474,980**	**477,727**	**(2,747)**	**-0.6%**

Group assets totalled 475 billion euro, down by around 0.6% (approximately 2.7 billion euro) compared to the figure recorded at the end of the previous financial year.

The dynamics in financial assets represented by Cash and cash equivalents, Loans and Securities were primarily attributable to the performance of the Parent Company's portfolios and connected new rates scenario.

Securities, including debt securities, equity securities and units in collective investment undertakings (the latter purchased as an investment) increased in value, mainly due to the changes in financial assets classified under the HTC portfolio (purchase of government securities by the Parent Company).

The item "Equity investments", amounting to 26.6 billion euro, recorded a decrease of 0.1 billion euro, mainly attributable to the following equity investments:

- Eni recorded an increase deriving from net income for the year pertaining to the Group, equal to 1,269 million euro, offset by the change in valuation reserves, mainly from the valuation, for -461 million euro. Added to these effects is the impact of the reversal of the dividend for -852 million euro;
- Poste Italiane recorded an increase of +587 million euro (including the effect of consolidation entries) deriving from net income for the year, as well as the overall positive effects of the change in valuation reserves, the reversal of the dividend and other changes, totalling +205 million euro;

- Saipem recorded an increase deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to 23 million euro, as well as the effects of the change in valuation reserves and other changes totalling +19 million euro;
- Holding Reti Autostradali, the parent of Autostrade per l'Italia, recorded a decrease due to the overall negative impacts of the change in valuation reserves, the reversal of the dividend and other changes for a total value of -339 million euro, and the repayment of capital equal to 290 million, partially offset by net income for the year of +95 million euro;
- Open Fiber Holdings, the parent of Open Fiber, recorded a decrease arising from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to -164 million euro, as well as the overall negative effects of the change in valuation reserves, other changes and the increase in capital for a total of -50 million euro;
- Nexi recorded a decrease of -11 million euro deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) and an impairment loss of -712 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 +8 million euro;
- Snam acquired joint control in SeaCorridor (410 million euro).

Assets held for trading and hedging derivatives decreased by 2,342 million euro compared to the previous year. This item includes the positive fair value of hedging derivatives, including operational hedges that do not qualify as hedges for accounting purposes.

Property, plant and equipment and intangible assets totalled 59 billion euro, an increase of 3 billion euro over the previous year. The item mainly includes investments made by the Snam group (23.6 billion euro), Terna group (19.6 billion euro), and Italgas group (9.9 billion euro) in their businesses, regulated or otherwise.

The item "Other assets", equal to 19.2 billion euro, decreased by 0.6 billion euro compared to the previous year. The item mainly includes the contribution of Fincantieri (4.8 billion euro), Snam (8.6 billion euro), CDP (-1.1 billion euro, of which -2 billion euro referring to the fair value change of financial assets in hedged portfolios), Terna (2.8 billion euro), Italgas (1.8 billion euro) and Ansaldo Energia (1.3 billion euro).

Consolidated liabilities

The liability side of the reclassified consolidated balance sheet at 31 December 2023 is presented below, in comparison with the figures as at 31 December 2022:

Reclassified consolidated liabilities

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Liabilities and equity				
Funding	402,720	406,266	(3,546)	-0.9%
of which:				
– *postal funding*	*284,624*	*281,018*	*3,606*	*1.3%*
– *funding from banks*	*68,228*	*78,092*	*(9,864)*	*-12.6%*
– *funding from customers*	*9,823*	*8,300*	*1,523*	*18.3%*
– *bond funding*	*40,045*	*38,856*	*1,189*	*3.1%*
Liabilities held for trading and hedging derivatives	2,260	1,699	561	33.0%
Other liabilities	22,279	24,612	(2,333)	-9.5%
Provisions for contingencies, taxes and staff severance pay	5,934	5,784	150	2.6%
Total equity	41,787	39,366	2,421	6.1%
TOTAL LIABILITIES AND EQUITY	**474,980**	**477,727**	**(2,747)**	**-0.6%**

The CDP Group's total funding stood at 402.7 billion euro at 31 December 2023, a drop of 3.5 billion euro compared to 2022.

Postal funding refers exclusively to the Parent Company and therefore reference is made to the relevant section for comments.

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Due to central banks	**2,470**	**5,099**	**(2,629)**	**-51.6%**
Due to banks	**65,758**	**72,993**	**(7,235)**	**-9.9%**
Current accounts and demand deposits	12	12		0.0%
Fixed-term deposits	266	219	47	21.5%
Repurchase agreements	42,718	50,986	(8,268)	-16.2%
Other loans	19,384	18,405	979	5.3%
Other payables	3,378	3,371	7	0.2%
FUNDING FROM BANKS	**68,228**	**78,092**	**(9,864)**	**-12.6%**

The following components contributed to funding levels:

- bank funding, down by 9.9 billion euro compared to 31 December 2022, mainly due to the reduction in short-term funding on the money market by the Parent Company, adopted for ALM purposes, in view of the new rates scenario;
- funding from customers, which increased mainly due to 1.6 billion euro relating to Snam's greater use of this type of funding;
- bond funding, up by 1.2 billion euro, was mainly affected by bond maturities, benefitting, conversely, from CDP's placements, including the first Green Bond, for 500 million euro and the first issue in US dollars (Yankee Bond), which raised 1 billion dollars.

"Other liabilities", which totalled approximately 22.3 billion euro, include not only the other liabilities of the Parent Company, but also balances of trade payables (7.7 billion euro), and balances of payables for advances on contract work in progress (2.5 billion euro), mainly regarding the Group's industrial companies.

Provisions for contingencies, taxes and staff severance pay stood at approximately 6 billion euro at 31 December 2023, essentially unchanged compared to the prior year.

Equity at 31 December 2023 came to about 41.8 billion euro, up by 2.4 billion euro on the previous year, and reflects:

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

(millions of euro; %)	31/12/2023	31/12/2022	Change (+/-)	(%) change
Group's equity	25,693	23,398	2,295	9.8%
Non-controlling interests	16,094	15,968	126	0.8%
TOTAL EQUITY	**41,787**	**39,366**	**2,421**	**6.1%**

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	**2,814**	**20**	**(21)**	**2,813**	**(546)**	**2,267**
Dividends	1,960		1,113	64	13	77
Gains (losses) on equity investments			(9)	(9)	1,548	1,539
Net commission income (expense)	148	47	10	205	(14)	191
Other net revenues (costs)	10	(2)	(25)	(17)	(40)	(57)
Gross income	**4,932**	**65**	**1,068**	**3,056**	**961**	**4,017**
Net recoveries (impairment)	49	(6)		43	(11)	32
Administrative expenses	(278)	(41)	(97)	(416)	(13,027)	(13,443)
Other net operating income (costs)	42		62	104	19,222	19,326
Operating income	**4,745**	**18**	**1,033**	**2,787**	**7,145**	**9,932**
Net provisions for risks and charges	12	(2)	(14)	(4)	(225)	(229)
Net adjustment to property, plant and equipment and intangible assets	(36)	(4)	(63)	(103)	(3,051)	(3,154)
Goodwill impairment					(46)	(46)
Other			1	1	135	136
Income (loss) for the year before tax	**4,721**	**12**	**957**	**2,681**	**3,958**	**6,639**
Income taxes						(1,612)
INCOME (LOSS) FOR THE YEAR						**5,027**

(*) 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	272,212	465	870	273,547	5,530	279,077
Equity investments			27	27	26,590	26,617
Debt and equity securities and units in collective investment undertakings	86,774	5	1,173	87,952	614	88,566
Property, plant and equipment/technical investments	344	11	1,597	1,952	43,166	45,118
Other assets (including Inventories)	405	23	133	561	18,416	18,977
Funding	361,695	151	1,758	363,604	39,116	402,720
– *of which: bonds*	*17,740*		*352*	*18,092*	*21,953*	*40,045*

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 2.7 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 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	**3,074**	**24,815**	**27,889**
Balance from financial statements of fully consolidated companies	2,263	34,692	36,955
Consolidation adjustments:			
Carrying amount of directly consolidated equity investments		(25,905)	(25,905)
Differences of purchase price allocation	(267)	5,411	5,144
Dividends from fully consolidated companies	(1,590)	1,590	
Measurement of equity investments accounted for with the equity method	1,859	11,231	13,090
Dividends of companies measured with the equity method	(1,483)	(14,486)	(15,969)
Elimination of intercompany transactions	7	(227)	(220)
Reversal of measurements in the separate financial statements	1,778	2,223	4,001
Value adjustments	(721)	(222)	(943)
Deferred tax assets and liabilities	75	(1,647)	(1,572)
Other adjustments	32	(715)	(683)
Non-controlling interests	(1,720)	(14,374)	(16,094)
GROUP'S FINANCIAL DATA	**3,307**	**22,386**	**25,693**

5. CORPORATE GOVERNANCE

COMMUNICATIONS & ENGAGEMENT, MEDIA RELATIONS AND SUSTAINABILITY

COMMUNICATION AND ACTIVITIES WITH THE MEDIA

In 2023, the Group continued to consolidate its identity, achieving its objectives of positioning CDP as a leader of sustainable growth, in line with the 2022-2024 Strategic Plan, with activities for the development of companies, public administrations and infrastructures.

In relations with the media, particular attention was paid to expanding the number of partners, and managing requests for information from journalists in a timely, transparent and exhaustive manner. Engagement with international, local and sector newspapers, including online publications and television broadcasters was also stepped up.

Activities centred around disseminating content on the impact of business operations, on ESG issues and on initiatives dedicated to European and international projects through various channels: from traditional press releases to interviews, from insights into CDP's operations to publishing news on the website.

Again with a view to positioning, corporate communication products such as the Annual Review were created in order to promote knowledge of CDP's role, strategy and initiatives among all internal and external stakeholders, in Italy and abroad. The website has become the main information channel for publicizing the Group's commercial offer, financial results and projects, with over 2.7 million pages visited. The websites of CDP Real Asset SGR and Fintecna were integrated into the corporate website, and new sections dedicated to CDP's commitment in Europe and the implementation of the NRRP were published.

The strategy for social channels, which have over 240,000 followers and 10.4 million views, has enhanced the visibility of products, sector studies, internal initiatives and relaunched media releases. New activities include social collaborations with qualified partners to promote CDP's artistic and cultural heritage, and the production of the podcast series "Dynamics", which addresses economic and social trends in a cycle of 20 episodes, giving a voice to CDP people and experts in the sector.

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, 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. In addition, a multi-channel campaign was promoted for individuals residing in Italy with the aim of promoting the new 2023 bond issue. The advertising highlighted the financial characteristics of this instrument and the impacts on the sustainable development of the country.

More than 60 events were organised in Italy and other countries to strengthen stakeholder engagement, with a view to promotion and training. Main events included: the first international roadshow in the United States and Gulf countries and new digital Business Matching events dedicated to forging commercial relations with non-European countries; the Roadshows in Palermo and Turin to promote the Group's offering in the territory; the inauguration of the Brussels headquarters; initiatives dedicated to ESG issues with the first edition of the international event "Eyes on a sustainable future", bringing together leading European National Promotion Institutes; the executive training project "European Leaders Programme" and the business roundtable aimed at involving various industrial communities.

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 Genoa, 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 the aim of furthering financial education among new generations, a training programme was also launched together with FEduF (the Foundation for Financial Education and Savings) at secondary schools in the suburbs of Rome, Naples and Milan, that involved 1,000 students.

With a view to involving more people and sharing the new values of the CDP culture, internal communication activities were strengthened, with a 52% increase in news handled through intranet and newsletters. A multi-channel strategy has been developed, enhancing the Group's projects, business operations, initiatives aimed at people, financial results and artistic heritage, also through new multimedia formats. 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, culture and environmental sustainability.

To involve the Group's people, "Impact Protagonists" was launched, the company volunteer programme run together with leading companies in the non-profit sector (ActionAid, AIL, AIRC, Albergo Etico, Banco Alimentare, Fondazione Veronesi, Komen Italia, Retake, Salvamamme and Save The Children). The initiative involved 350 colleagues with 3,000 hours donated to support young people in their studies, help those who are more fragile, support scientific research and care for the environment.

SUSTAINABILITY

Sustainable development is a fundamental element of CDP's strategy, which continues to integrate environmental, social and governance issues (ESG) into governance, business processes, business activities and corporate culture.

Considering the objectives set out in the Strategic Plan and to ensure greater versatility in the management of ESG issues, in 2023, changes were made to the organisational structure, identifying the following areas of responsibility:
- the "Administration, Finance, Control and Sustainability" department is responsible for defining and monitoring the corporate and Group sustainability strategies as outlined in the ESG Plan, for defining, maintaining and monitoring the correct application of general and sector policies, the development and reporting on sustainability, as well as for managing relations with investors and ESG rating agencies;
- the "Sector Strategy and Impact" Department is responsible for defining intervention strategies in the priority areas and sectors of CDP's operations to strengthen countrywide impact opportunities, verify that financing/investment initiatives are in line with the strategic plan defined within the Sectoral Strategic Guidelines, evaluate operational ex-ante impact whilst identifying its final outcome, and monitor the operational performance over the entire period and to evaluate ex-post data to determine the impact assessment generated by CDP's policy interventions;
- the "Communication, External Relations, Arts and Culture" Department is responsible for managing the development, promotion and strengthening of CDP's ESG profile among internal and external stakeholders.

In line with the objectives of the Strategic Plan, CDP continued its commitment to integrating environmental, social and governance (ESG) criteria into its operating model and business in 2023.

In this regard, to identify CDP as a "policy-driven" organisation, the Board of Directors approved the following sustainability policies: (i) the Transport Sector Policy, (ii) the General Stakeholder Grievance Mechanism Policy, (iii) the General Responsible Procurement Policy and the attached Supplier Code of Conduct, (iv) the General Stakeholder Engagement Policy and (v) the Agricultural and Food, Wood and Paper Industry Sector Policy. The Group's Sustainability Framework, which represents the reference framework for integrating and managing of sustainability within the Group alongside the entire value chain, and the Diversity, Fairness and Inclusion Policy were also updated. 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 civil society representatives, to ensure transparency and ongoing stakeholder engagement. All policies are reviewed periodically to reflect changes in CDP's regulatory, strategy and operating environment.

Regarding the risk and impact assessment of individual operations, from the early stages of the process of selection and evaluation of intervention opportunities, CDP acquires relevant information on the beneficiaries of the loan and the object of such intervention through open sources, as well as by using specific databases and dedicated tools and through other direct requests to the loan beneficiary themselves. Transactions with private and international cooperation counterparts financed by CDP, which are subject to the ordinary procedure and, starting from 2023, transactions involving the Public Administration, are assessed ex-ante to estimate the potential positive and negative ESG impacts, according to the qualitative/quantitative Sustainable Development Assessment (SDA) model. The SDA model is a proprietary model developed internally and regularly updated to reflect amendments of EU directives and the leading international benchmark's principles, which assigns a score to each supported initiative according to the expected impact, the project and the sustainability profile of the counterparty. From 2023, CDP has also started to collect, for loans to Public Administration bodies and business counterparts, key performance indicators useful for the timely monitoring and implementation of funded projects and for measuring the strategic, economic, social and environmental impacts achieved.

The SDA model uses dedicated Competence Centres to gather technical and economic insights on strategic and more complex projects and is integrated into the internal decision-making process, from the origination phase to the decision phase, supporting the assessments of risk profiles, financial conditions and legal and compliance aspects. Afterwards, systematic monitoring, also valuable for developing the ex-post evaluation, is carried out. The analysis goes beyond the measurement of financial resources. It provides information on the areas of intervention by adopting a model that combines the minimisation of risks and the maximisation of returns whilst enhancing the physical results of the interventions that affect the companies, territories and country development.

During 2023, all CDP company structures involved continued their commitment to achieving the objectives set out in the 2022-2024 ESG Plan, considering context analysis, benchmarking, primary market best practices, and stakeholder requests. The main objectives of the Plan include (i) the reduction of consumption and climate-altering emissions (a 50% decrease in scope 2 and 3 emissions by 2024 and a 100% reduction in scope 1 emissions by 2030), (ii) responsible sourcing, (iii) the transformation of the CDP Group into a Smart Company (e.g. over 40% of cloud applications by 2024) and (iv) putting people at the heart of the corporate strategy. To date, monitoring has shown good performance to be maintained over time.

In line with the 2022-2024 Strategic Plan, which identifies the fight against climate change as one of the country's main challenges and in consideration of the critical role that finance can play in achieving the objectives defined by the Paris Agreements, the ESG Plan commitments also include measuring the impact in terms of greenhouse gas emissions of CDP's portfolio. Therefore, during the first half of 2023, the Board of Directors approved the first target for reducing the carbon footprint inherent in the portfolio of direct loans to the private sector, setting a 30% reduction target in emission intensity (tCO_2 eq/million euro) by 2030 compared to 2022.

During the year, the monitoring of non-financial performance continued. This activity constantly evolves concerning analysing and selecting the international reporting standards and refining the data collection process to minimise operational risks and track non-financial data at the Group level. With this in mind, the CDP Group's third 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" Similarly, the Group's first half-yearly non-financial report was published in September, to provide stakeholders and the market, with a supplementary document on sustainability performance, in accordance with the 2022-2024 Strategic Plan. These documents are accompanied, every six months, by the strategic monitoring report, which contains detailed information on financed counterparties' profiles and the actual monitoring of investments.

During the year, the CDP Group also intensified stakeholder engagement activities through the issuance of the General "Stakeholder Engagement Policy", which defines the principles and criteria for open dialogue and active listening with stakeholders through proactive and reactive engagement; the promotion of ESG Community, the new network that brings together some of the major Italian economic players and aims to establish a continuous open dialogue on environmental, social and governance issues, sharing best practices and creating further synergies; and "Eyes on a sustainable future", the event organised in collaboration with Borsa Italiana, where the heads of the leading European National Promotional Institutions met with the aim of analysing their role in fostering a sustainable transition and strengthening collaboration between peers. The survey on the perception of ESG issues by European citizens, conducted by BVA Doxa in Italy, France, Germany, Spain and Poland, was presented during the event. Finally, to complete the materiality analysis assessment phase for the first time in 2023 a "Multi-stakeholder Workshop" was organised in addition to sending the survey. This workshop involved a panel of 10 opinion leaders and experts on sustainability issues who, through the prioritisation of material issues and specific qualitative indicators, provided CDP with ideas and observations to be integrated into its ESG strategy and operations. CDP has joined some of the most significant international and national associations on sustainability issues to obtain a distinctive positioning. These include, at the international level, the United Nations Global Compact (UNGC), of which CDP signed, in 2023, the "Business for People and Society" Manifesto to promote corporate social responsibility and, at the national level, the Alliance for the Circular Economy and the Italian Business Reporting Body (OIBR). The Group is also a member of major external initiatives such as the Joint Initiative on Circular Economy (JICE), together with the EIB and the leading European National Promotional Institutions and supports networks for the promotion and awareness of sustainability issues, such as the Forum for Sustainable Finance (Forum per la Finanza Sostenibile), the Foundation for Sustainable Development (Fondazione per lo Sviluppo Sostenibile), the Italian Alliance for Sustainable Development (Alleanza Italiana per lo Sviluppo Sostenibile, ASviS) and Sustainability Makers.

CDP participates in over 40 ESG working groups at national, European and international levels to stay abreast of future developments in sustainable finance, contribute to regulatory developments, ensure strategic positioning on key sustainability issues, and take advantage of opportunities to share best practices with peers and key value chain players.

In 2023, CDP calculated its ESG score following the ESG rating update issued by Moody's. This process resulted in CDP recording one of the highest scores in the sector, strengthening its positioning at the European and global levels. The results confirmed CDP's positioning in the A1 ranking class (the highest possible rating band), marking a 3-point increase compared to 2022, with a score of 70.

In February 2023, CDP launched its first Green Bond for a total of 500 million euro, with a maturity of 6 years and exclusively reserved for institutional investors. The transaction proceeds are intended to support green initiatives with positively impacting environmental sustainability and energy transition. In particular, CDP will allocate the proceeds to loans aimed predominantly at infrastructure investments in renewable energy, energy and water efficiency, and sustainable mobility. The issue confirms CDP's primary role as an issuer in the sustainable finance sector. Further, it expands the ESG funding instruments offered to the market, following the eight issues launched since 2017 in Social and Sustainability format under the "CDP Green, Social and Sustainability Bond Framework".

During the year, a series of initiatives to promote the culture of sustainability were adopted. The initiatives include the launch of the first Corporate ESG Master, carried out in partnership with Bologna Business School, to strengthen and update ESG skills within the CDP Group, building a common "language" that is the basis of a strategic and cross-cutting approach to sustainability, capable of creating shared value. The mandatory sustainability training course for all Group employees was also updated to reflect regulatory and operational changes. In addition, in 2023, CDP supported the course "PA 2030 – The territorial dimension of the Sustainable Development Goals", organised by ASviS to guide local authorities in seizing change opportunities and applying ESG tools to help overcome global challenges punctuated by periods of rapid change.

Internal awareness-raising activities continued throughout the year, in particular by promoting sustainable transport to colleagues through initiatives to support soft mobility, such as the creation of parking spaces for bicycles and electric scooters, charging stations, shower and changing facilities, as well as loans for the purchase of e-bikes, hybrid and electric vehicles and rental agreements of electric scooters. In addition, to confirm CDP's focus on sustainable mobility, in 2023, Fondazione per lo Sviluppo Sostenibile, in partnership with the Ministry of the Environment and the Ministry of Infrastructure and Transport and under the patronage of the European Commission, organised the annual Conference on Sustainable Mobility at the Via Goito headquarters. In this occasion, the results of the annual research of the National Sharing Mobility Observatory were presented.

As regards corporate social responsibility, community events continued to be held with two blood donation initiatives in collaboration with the Italian Red Cross and with the giveaway of free computers, stationery, and, for the first time, furniture and furnishings to schools, organisations and associations with the dual objective of supporting the territory and promoting reusable resources.

Concerning reporting the Group's non-financial information, please refer to the document "2023 Integrated Report" subject of approval during the same Board of Directors's meeting convened to approve the 2023 Annual Report of CDP Group.

INSTITUTIONAL RELATIONS AND CIVIL SOCIETY

In 2023, institutional relations were subject to coordinated management and development 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 relevant stakeholders (trade associations, institutional investors, foundations, universities, think tanks). This also applied to civil society.

LOCALLY-BASED INSTITUTIONAL RELATIONS

As part of the national institutional activity, meetings between CDP representatives and the main institutional stakeholders (which include representatives of the Government, Parliament and the main trade associations) have been facilitated.

Support was also provided to business structures in relation to the following activities:
- membership and participation of CDP representatives to ministerial working groups;
- organisation of meetings with relevant ministerial structures, aimed at organizing events, seminars, agreements and memoranda of understanding on various projects, also with reference to the activity of the CDP Foundation;
- institutional contacts useful for initiating and fostering better working relationships between CDP Group companies, which are also relevant when organising events;
- initiation and fostering of discussions with the most important national employer associations as well as trade associations aimed at promoting the Group's instruments dedicated to supply chains, also through participation in some public initiatives by company representatives;
- drafting and approval of the 2022 Membership Share Plan Reporting and of the 2023 Membership Share Plan.

LOCALLY-BASED INSTITUTIONAL RELATIONS

To follow-up the 2022, a business support plan was carried out to facilitate the engagement of territorial administrations on Advisory projects under the InvestEU Programme, focusing mainly on urban regeneration, mobility, school and healthcare construction.

Support was guaranteed on following areas:
- indirect instruments in favour of local SMEs;
- digital transition opportunities for public administration;
- permitting support activities to the transformation and disposal of the Group's real estate assets;
- support to organizational unit Imprese on initiation of discussions with the Agenzia per la Coesione Territoriale on the development hypothesis of the South Basket Bond project;
- organisation and coordination of bilateral summit meetings (both at regional level and at regional capitals level) and handling of correspondence at the institutional level (also in the case of emergency events);
- monitoring political developments at the territorial level with analysis/focus on the outcomes of the electoral rounds.

It is also continued the collaboration with the territorial reference associations on Communication plans of products launched by CDP.

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).

During the 2023 financial year, six meetings were held which included 170 qualified experts and top representatives of non-governmental organisations, trade associations, networks, Third Sector entities, foundations, universities, national and international organisations, CDP Group investee companies, local authorities and national institutions. These meetings are part of an ongoing brainstorming process with stakeholders.

In 2023, CDP has held discussions with national and international civil society, while also responding to six specific critical issues/concerns, including potential disputes related to ESG ratings, on environmental protection and human rights issued raised in connection with the activities carried out by the Group or its subsidiaries. This allows CDP, if needed, to engage with its counterparties in a constructive dialogue to prevent any further critical issues, reputational risk impacts and to welcome new ideas to further improve CDP's ESG reporting.

In addition, further support was provided to the ESG Engagement Unit in identifying over 300 civil society representatives to be invited to the "Eyes on a Sustainable Future" event, to CDP Real Asset SGR in managing discussions with civil society, to Fondazione CDP in the evaluation of projects for the "Social Inclusion" and "Cultural Ecosystems" tenders.

CDP VENTURE CAPITAL SGR'S OPERATIONS

In 2023, the development of the activities of CDP Venture Capital SGR continued, alongside the implementation of the 2022-2024 Strategic Plan.

In terms of national institutional relations CDP Venture Capital participated – at the Ministry of Enterprises and Made in Italy (MIMIT), together with other entities and trade associations – in working groups aimed at reviewing, the regulations on startups and innovative SMEs. Coordination and administrative formalities continued throughout the year. This also included the operation of the new resources managed by CDP Venture Capital within PNRR. Cooperation was also pursued with other relevant institutional players, including the Ministry of Tourism, the Ministry of Universities and Research, the National Cybersecurity Agency (ACN), Sport e Salute, and the Department for Technological Innovation and Digital Transition.

At the international level, relationships were developed with institutions such as the European Innovation Council.

Institutional discussions with Local Authorities (e.g. Municipalities, Regions, Regional Financial Institutions) were managed.

Finally, collaborative relationships with the main sector reference associations (AIFI, Innovup, Italian Tech Alliance, IBAN) also for the preparation of sector studies on the performance of the VC market.

LEGISLATIVE AFFAIRS, PARLIAMENTARY SUPERVISION AND FOUNDATIONS

In 2023, legislative and institutional initiatives (bills, parliamentary questions, parliamentary consultations, round tables, hearings, and regulatory promotional initiatives) of interest to CDP and the Group companies were systematically monitored, with over 500 alerts in their areas of interest.

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:

- memoranda and contribution from CDP during hearings in the context of the discussion of bills AS 571 (revision of the system of

business incentives), AS 674 (competitiveness of capitals), AS 936 (provisions for the "Mattei Plan") and the parliamentary survey of the 10th Senate Health Committee on building renovation and technological modernization of public health assets, also within the framework of Mission 6 (Health) of the NRRP;
- intervention by representatives of CDP Venture Capital in the context of the parliamentary survey of the 10th Production Activities Committee of the Chamber of Deputies on Italian manufacturing.

The role of Secretariat of the Parliamentary Supervisory Committee on the separate account system of CDP, that is still in charge and waiting for renewal, has continued.

As regards relations with Banking and Non-Banking Foundations, the following activities in 2023 are reported, in particular:
- renewal of the territorial collaboration agreements expiring with: Fondazione CARITRO, Fondazione Banco di Napoli, Fondazione CARIPARMA and Fondazione di Modena, as well as an addendum to the existing agreement with Fondazione di Sardegna;
- support to competent company structures in defining appropriate engagement strategies of the Banking Foundations, overseeing and managing the business origination meetings;
- presence at the meetings of the Support Committee of non-controlling shareholders and participation of CDP's top management in main sector events, including the eighth edition of the Foundations' Forum in Venice and ACRI's 99th World Savings Day.

HUMAN RESOURCE MANAGEMENT

In July 2023, CDP signed the "Supplementary Agreement for Smart Working at CDP Group" with a view to promoting and fostering a work environment that is conducive to a better work-life balance. This agreement, integrates company policies on *Smart Working*, as a framework that enables employees to have more flexibility on their work location (i.e. remote working and/or working from the office). The Agreement introduces rules to protect objective and specific situations of personal matters, family matters or work necessities, upon which occurrence, it will be possible to derogate the number of agile working days to the maximum monthly limit (i.e. 10 days per month).

During 2023, in line with the initiative launched the previous year, and in order to manage the distinctive characteristics of CDP's commercial areas through regular monitoring, CDP's HR Business Partners carried out more than 30 management interviews at their local offices.

Furthermore, in the second half of 2023, following the project launch of the "Opening of new offices outside the EU" (aimed at strengthening CDP's role as a *Development Finance Institution* and Italy's position in international cooperation, expanding its capacity to intervene in the Western Balkans, the Middle East and North Africa and maximising opportunities for collaboration with other players), the Management, Trade Union Relations and Human Resources Administration function participated in the project by collaborating together to identify the first *Three Heads of Representative Office* and to define — following dedicated in-depth legal and labour studies on the regulations applicable in the individual countries of destination — the contractual and administrative structure, in order to prepare for their assignment at the three offices in Cairo, Rabat and Belgrade, well within the timeframe set by the Board of Directors.

As in 2022, in consultation with the Functional Directors, some employees have been identified and nominated to apply to the "National Expert in Professional Training Program (NEPT)", which offers a unique opportunity to gain practical experience and understanding of the European Commission's working methods and practices. Two company applications were finalised in the current year, both of which were successfully evaluated.

With reference to the *Onboarding* process of new employees, instead of the " *Smart Induction*" sessions, carried out remotely, starting from March 2023, CDP launched "*Welcome Day*": a day dedicated to welcome new employees to CDP and provide them with useful information about the structure, culture and rules of the organisation. During 2023, eight meetings were held with around 200 colleagues and 16 speakers to address, amongst other issues, the following: CDP's Organization model, the 2022-2024 Strategic Plan and its economic-financial impact, training and development plans and corporate *welfare*.

Furthermore, from April 2023, the *genderless and sustainable Welcome Kit* has been revamped. In fact, in addition to the bottle and backpack made of 100% recycled plastic, the kit was supplemented with a *power bank* made of bamboo and a multi-cable set made of wood and wheat fibre. The new gadgets were also handed out to the entire workforce.

With the aim of supporting parenthood in all its forms, in 2023, the *booklet* "Guide to Parenting in CDP" was drafted and published: the document provides support to parents from the prenatal, pre-adoptive or pre-caring phases, up to the moment of the arrival of a son/daughter as well as during the growing up phases, enhancing shared and equal parenting. The guide summarises practical information to enable employees to find their way around between the safeguarding provided by the law and the additional services made available by CDP (e.g. the option for expecting mothers to use reserved parking spaces in the vicinity of all company offices and to identify, in collaboration with the HR Business Partner and their Managers, a maternity *Buddy*, i.e. a colleague who, during the maternity leave period, supports and facilitates team communication and exchanges general information regarding CDP Group).

In support of a work culture increasingly focused on objectives, collaboration and continuous learning, in November 2023, CDP launched the "*Project Posting*" initiative: a tool that, through the publication of periodic announcements on the company intranet, allows CDP employees to apply for relevant cross-cutting projects that go beyond the day to day activities of their own business unit.

In order to strengthen the Specialised Compliance Monitoring regarding labour, trade union and social security regulations, a set of "*Key Risk Indicators*" (KRI) have been identified and agreed with "Compliance". The KRI are based on the data processing and analysis of information contained in the company's databases and contained in the social security institutions' databases, and are aimed at periodically detecting risks of non-compliance based on the occurrence of relevant events. In July 2023, risk testing activities were completed and the timing and methods of calculating these risk indicators were formalised. Additionally, with reference to the Specialised Compliance Monitoring, by monitoring labour legislation, employees were informed in a timely manner of the extension of the right to agile working for vulnerable workers and for parents of children *under* 14 years of age, based on the legislation in force at the time. Workers belonging to the aforementioned categories were allowed to adopt *smart working*, by derogating from the maximum limit of 10 days per month.

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.

Regarding the new hire process, the principles of transparency, publicity and impartiality were strengthened, through the increased use of digital tools both during the screening phase — by setting up, for example, the sharing of *curricula vitae* with organisational structures in a "*blind*" format — and during the technical-attitude assessments phase by ensuring gender representation in the final interview selection committees called "Panels". This was made up of independent interviewers not related to the hiring department, in order to avoid any form of discrimination and favouritism and therefore hire resources based exclusively on merit.

In 2023, more than 270 job opportunities were advertised both within and outside the CDP Group. Thanks to this considerable high volume of job ads, it was possible to finalise 30 intra-group *job rotations*, to create 140 Panels and to hire over 240 employees and interns.

Furthermore, in order to consolidate and increase the effectiveness of the new evaluation guidelines, focus groups were conducted with internal resources to review and refine the current selection tools.

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

The Diversity, Fairness and Inclusion program, hereinafter also referred to as "DE&I", has been at the core of CDP's work in 2023, marking the development and implementation of initiatives aimed to foster an increasingly open, respectful and multicultural working environment and to consolidate CDP's position within the network of internal and external stakeholders as well as potential partners (e.g. investee companies, European institutions, etc.) in generating a significant impact in the area of diversity, fairness and inclusion.

Since the beginning of the year, the first action plan on Inclusion which is built on the basis of four interrelated, priority macro-areas of intervention (Governance, Access to Opportunities, Awareness and Ecosystem) has been formalised and implemented. The plan is periodically reviewed, based on a reference dashboard that includes monitoring targets and that is built on quantitative evidence related to data and qualitative evidence related to personnel management and development processes.

CDP Group employees have been the target of numerous initiatives aimed at raising awareness and breaking down hidden barriers, both physical and digital.

Five hybrid internal events, which reached more than 1.200 participants, were organised to address the topics of language, alliances, parenthood and the role of women in the economic growth of our country; furthermore, we took part in the "4Weeks 4Inclusion" marathon: the event was attended in person by more than 200 people during which, through an open multi-voice dialogue, the importance of choosing the right words in all company communications was discussed.

Additionally, in 2023, we saw a strengthening in communication on HR practices and fairness and inclusion issues through: two meetings held with the German counterpart KfW and the Polish BGK, participation in the ESG Forum on DE&I, and meeting with investee companies for a free exchange of best practices, DE&I programmes and to discuss possible joint actions to be implemented for the benefit of the country.

In the last quarter of the year, we updated the General DE&I Policy, which introduced: (i) the use of more inclusive language; (ii) the clarification of systems for monitoring and controlling violations and the strengthening of the commitment to promote the dignity and respect of all people, condemning all forms of intimidation, bullying or harassment; (iii) the strengthening of CDP's commitment to eliminate the *gender pay gap*; (iv) the creation of the 'Diversity, Fairness and Inclusion' Committee responsible for drafting, overseeing and monitoring the DE&I plan and sharing it with the Bilateral Commission (composed equally of union and employer representatives) to gather any suggestions.

To encourage the progressive elimination of unconscious bias and to increasingly promote the adoption of inclusive and virtuous behaviours, three test training macro-intervention courses were rolled out on a voluntary basis to all CDP Group employees. The 'Inclusive Leadership' workshop was attended by the CDP Group's Top Management and Middle Management, while the 'Inclusion Lab' workshop, focused on the values of inclusion, fairness and diversity, reached a 60% attendance by Non-Managerial employees. Finally, the first pilot course on Inclusive Language targeted more than 40 employees from the People and Organisation as well as Communication, External Relations, Art and Culture Departments, to understand the importance and encourage the use of inclusive language within the company.

To facilitate *bottom-up* dialogue at all levels, the first *DE&I Hackathon* was also organised. This was a day entirely dedicated to brainstorming ideas where 35 volunteers were encouraged to participate and to contribute directly on the issues of parenting and *caregiving*, intergenerational mobility and equality of opportunities, which saw the identification of a thematic idea to be implemented within the company.

In addition, progress has been made to reduce the *gender pay gap* (~-3% compared to 2022) and to support women returning to work from maternity leave (+24% compared to 2022); to identify physical and digital barriers that have led to the introduction of a *widget* uploaded on the CDP Intranet; to the circulation of the "Device Accessibility Vademecum"; to measures to ensure full and free access to common spaces (e.g. access ramps; non-binary toilets; braille labels for lifts and vending machines); to the update of the 'Parenting Booklet'.

With a view to breaking down barriers and promoting dialogue, CDP created the DE&I Desk. This is a tool, made available to all internal employees to help implement good practices and direct improvement actions within the company by communicating and collecting suggestions, new ideas and reporting abuses. The Desk is accessible, both in anonymous and non-anonymous form, via the new 'Diversity, Fairness and Inclusion' page of the People section of the company Intranet.

All these initial actions and initiatives contributed, at the end of the year, to CDP obtaining the 'Certification for Gender Equality' (UNI

125: 2022), a certificate valid for three-years and subject to annual monitoring, required by the National Recovery and Resilience Plan (NRRP) and issued by Bureau Veritas. This practice encourages companies to adopt appropriate policies to reduce the *gender gap* in relation to six assessment areas: culture and strategy; governance; HR processes; opportunities for women's growth and inclusion within the company; gender pay equity; protection of parenthood and work-life balance.

During 2023, several *Team Building* events took place, to promote knowledge sharing between teams, develop collaboration and teamwork as well as to update employees on CPD's achievements and next steps taken by Management.

Programs within the CDP *Academy* continued throughout the year, with the participation of the main investee companies, including the *Higher Education* course and the CDP *Corporate MBA*.

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 new format of 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 created in response to people requests to further enhance professional and managerial development initiatives. It is a framework designed to increase transparency of the internal and external recognition level of employees' professional profiles which is achieved by regularly updating the different "roles" carried out across CDP Group as well as employees' skills and competencies. Although starting from an external taxonomy (in order to have a high level of compliance with the external labour market), this result was achieved thanks to an internal survey and extensive work involving all CDP Group employees. Since the updates of all *job titles*, two new pilot initiatives, which have seen the involvement of the Management of CDP SpA Administration, Finance, Control and Sustainability; People and Organisation and Advisory and Technical Competence Centres Departments – ended on 31st December:

- *CDP Proactivity*: is a Web App that allows employees (once discussed and approved by the line manager) to interact with different teams across the organisation to strengthen skills and competencies and to explore new opportunities for growth and development. The Web App also allows to collect feedback on the *CDP Proactivity* initiative;
- *Self Directed Learning*: is a learning platform available to all employees to strengthen their skills thorough training in a proactive and independent manner. *Self Directed Learning* allows everyone to access MOOC (Massive Open Online Courses), a selection of free high quality training resources available online for free and tailored according to the skills related to their *job title*.

Depending on the success of this pilot phase, the next steps will be extending these initiatives to all CDP's employees.

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 2023 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 remote listening and psychological support service has been enhanced during the year. The service aims to strengthen people's confidence, motivation and peace of mind by making available to employees the following:
  - five face-to-face sessions with industry experts;
  - a social welfare support service;

- the internal medical-nursing service offering daily medical assistance and first aid services provided by qualified staff was maintained.
- a new programme has been introduced to help employees to adopt and maintain healthy lifestyles by creating a special 'Med-Lab' area at the Via Goito headquarters where people can have medical and sports check-ups
- *wellness* initiatives were renewed, such as the Sports *& Fitness* service, which can be used both *online* and in person; furthermore, in June, CDP also organised an off-site Workout session for its employees and relaunched the CDP League, the historic Corporate five-a-side football tournament
- still within the wellness initiatives, 100 nutritional plans have been made available to all employees at a discounted price
- at the headquarters in Via Goito, organic cotton sanitary towels were made available free of charge. The products can be found in the communal bathroom areas of the Via Goito headquarters and are TÜV Austrian certified, hypoallergenic and *plastic free*
- CDP's focus on wellness was also extended to families through the renewal of the 'Summer School and Summer Camp' training and orientation programme for employees' children, which provided two different types of support: one linked to educational activities and another focusing on recreational and sporting activities
- this year, once again, a family day was organised at CDP's office for all Group employees and their children: during the Digital Family Day, 170 children aged 5 to 14 were welcomed into the office for a fun-filled day full of activities discovering the Digital world
- the issue of sustainable mobility remains a priority for CDP, which is committed to finding the best mobility solutions for its employees:
  - Over a period of five months, CDP offered more than 150 subscriptions to the shared electric scooter rental service, with which you can access a free daily rental credit, equivalent to about 30 minutes;
  - For all employees, a gross contribution of 2,000 euro was made available for the purchase of new electric cars with the aim of encouraging the use of vehicles with a lower environmental impact.

INDUSTRIAL RELATIONS

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.

Relations with trade unions, based on dialogue and a common interest for continuous development, are managed by parties expressly delegated for this purpose (i.e. Management, Trade Union Relations and Human Resources Administration Area) so to ensure information, negotiation and finalisation of agreements, which take place periodically through meetings, updates and ongoing communications, either initiated by CDP's or by Trade Unions or by regulatory requirements (e.g. the Annual Report pursuant to Article 13 of the National Collective Labour Agreement (CCNL), which requires CDP to disclose to the Trade Unions on a yearly basis, relevant company data updates. In view of the planned relocation of the offices to the new Piazza Verdi site, the first meetings with the Trade Union Representatives and Workers' Safety Representatives are being held in order to provide regular updates and answer any questions on the progress of the work. New whistleblowing regulations for private sector entities also came into force in 2023, which required a mandatory prior discussion with the Company Trade Union Representatives regarding changes and additions to internal company regulations.

With regard to the main negotiations and agreements signed, the main highlights in 2023 were the signing of periodic agreements on video surveillance, the signing of the Supplementary Agreement on Smart Working at CDP Group and the agreement on the Company Bonus pursuant to Article 19 of the Supplementary Corporate Contract (CIA) for the year 2023.

Finally, on 23 November 2023, the Italian Banking Association (ABI) and the National Trade Union Representatives signed the renewal of the National Collective Contract of the Banking sector following a six month long negotiation, during which the Management, Trade Union Relations and Human Resources Administration units carried out regular monitoring and internal updates on the potential outcomes and scenarios of the negotiation. Following the renewal and signing of the above contract, specific impact analysis scenarios have been carried out, alongside the ratification of the new regulatory and economic changes pursuant to having signed the agreement.

ASSESSMENT OF REMUNERATION OF DIRECTORS WITH SPECIFIC RESPONSIBILITIES

No changes were made in 2023 to policies adopted for the remuneration of the Chairman of the Board of Directors and the Chief Executive Officer.

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 (qualitative 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, 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 2023, the pace of strategic initiatives for Information Systems, identified as part of the CDP 2022-24 Digital and Technological Transformation Plan, was stepped up considerably, in line with the strategy, objectives and business priorities set out in the CDP 2022-24 Strategic Plan. This made it possible to support CDP's Digital Transformation, facilitating an evolution of business processes, architectures and supporting technologies.

Some of the main initiatives launched during 2023, grouped according to the five-pillar structure of the Digital and Technological Transformation Plan are outlined below.

The Digital Transformation Pillar for the digital transformation of the business:

- the applications of the CDP information system evolved to accommodate and manage, within business processes, ESG sustainability data, assessments on the consistency of investments with strategic guidelines and related impact monitoring through KPIs;
- new digital platforms were developed for the Renegotiation with Local Authorities, the EELL Planning Fund of the Ministry of Infrastructure and Transport (MIT), EIB EP green bonds, the Management of the MUR Fund (Ministry of University and Research), and the monitoring system for funds and investees. The new Sinergia Italia platform was released, aimed at creating important synergies between CDP's direct and indirect investees;
- the annual process for the re-engineering and migration of the Galileo enterprise finance product management platform was completed, enabling a new advanced user experience, the automation and complete tracking of activities through workflows, a new Cloud Native architecture and the adoption of a modern programming language. The launch of the digital transformation of the financing platform for public administration entities (SIF) was also approved, which will make it possible to reset the mainframe in the company;
- with reference to the Italian Climate Fund, the technological safeguards necessary for the identification and management of the information systems of finalized operations were implemented, with relative management of the accounting aspects deriving from the active and passive cycle of operations;
- activities were launched addressing aspects of the NIS and taxonomy on sustainability, starting with the collection of information on loans already disbursed;
- the re-engineering of the payment management platform, in line with T2/T2S Consolidation Eurosystem requirements was completed, overcoming the technological obsolescence of the systems and increasing, at the same time, resilience and protection from cyber attacks;
- support continued, through digital and monitoring services, for numerous initiatives in the context of the National Recovery and Resilience Plan (NRRP). In particular, a tool was created for the periodic monitoring of activities carried out by CDP to support the implementation of the NRRP regarding financial, process aspects and socio-economic analyses. Data Quality and Lineage activities were also carried out for the management, verification, monitoring and certification of the quality of data relating to counterparties and amounts populating the NRRP monitoring dashboards;
- the activation of two new tier 4 data centres and consequent application and data migration activities were completed, enabling a public-private hybrid Cloud, with encryption key management to guarantee data security. The new infrastructure, in line with market best practices, will be completed in 2024 through the construction of a third backup tier 4 data center, at a considerable geographical distance;
- Projects in the start-up phase include the introduction of a new operating model called Data & Intelligence Company, that will allow CDP to maximize its data assets, democratize business use and accompany the introduction of artificial intelligence in the company in an orderly manner, according to a human-centered and AI-assisted model.

The Security and Resilience Pillar for guaranteeing IT, logical and physical security safeguards, and strengthening operational controls in order to ensure adequate resilience of technological infrastructures. During 2023, a new defence strategy was defined to protect information and ICT systems, implementing a new Zero Trust security model designed to support hybrid work, the use of the cloud and better safeguard business and corporate interests. Several initiatives were also implemented to consolidate the security culture at Group level by providing innovative training methods, designed for the different company roles, while enhancing the exchange of information at national and international level. In this context, significant training initiatives took place (over 5,000 hours of training for the Group's employees), such as the 15 phishing campaigns, the Cyber Palace gamification initiative, the first hackathon in a virtualized environment, the Tabletop Exercise to prepare for security incidents, the security awareness meetings for senior executives, employees and family members held with the sector authorities (e.g. Postal Police, Guardia di Finanza) and, lastly, the collaboration on cybersecurity best practices with leading European national promotional institutions ("5+1" - BGK, CDC, CDP, ICO, KfW) and with their Investees ("CISO Community"- e.g. TIM, Eni, Terna, Snam, Poste).

The Smart Office and Service Models Pillar, within which developments for a new Building Management platform focused on the paradigms of the Internet of Things and Predictive Maintenance continued. An application was also released to automate and centralize the SSA processes (Health Surveillance, Training, Asset and Site Management, Supplier Management, PPE Management, etc.) for CDP. The application is designed to be easily used in the other Group companies.

The Operational Excellence Pillar, with the release of numerous initiatives. Firstly, controls on suppliers were automated, with considerable benefits in terms of process efficiency. The new Anti-Money Laundering (AML) Competence Center completed the taking over of all business products, and a semantic artificial intelligence engine for the automatic sorting of incoming certified email messages was implemented. In this context, with the support of an innovative start-up, a fully digitised Dashboard was released, enabling the execution of automatic controls, the traceability of checks, the statutory retention of processed documents and a significant reduction in operational risks, through the use of artificial intelligence methods and algorithms. In addition, a new Document Platform was implemented for the management of the CDP protocol archive, aimed at achieving a reduction in user/IT effort through a higher level of automation, greater stability and performance levels. Lastly, the procurement information systems and workflows were aligned with the regulatory requirements of the new procurement code (Legislative Decree 36/2023), and ANAC's technical standards (e.g. SPID authentication) for interoperability with Contracting Authorities were also aligned.

The Innovation Pillar, within which several experiments on new technologies were carried out. In particular, they included those in the fields of AI and DLT/Blockchain, which will involve important developments and widespread adoption in 2024.

Finally, considering the significant dimensional growth of operations, ICT governance safeguards were consolidated. This led to the launch of a Digital Governance programme, aimed at the full digitization of ICT governance processes, the launch of IT spending optimization initiatives and the definition of a new ICT operating model, inspired by Customer First and Competence Driven principles, with the aim of best supporting the Digital Transformation objectives underpinning the Plan.

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

The Parent Company CDP has developed an internal control system consisting of a set of controls, rules, functions, structures, resources, processes and procedures aimed at identifying, measuring or assessing, monitoring, preventing or mitigating, and communicating in a timely manner to the appropriate levels all the risks taken or that may be taken by the various operating segments within which it conducts its business, as well as ensuring compliance with the relevant regulations, compliance with corporate strategies (including sustainability strategies) and the achievement of the objectives set by Management.

Therefore, the internal control system, as a key component of the corporate governance system, aims to ensure, in compliance with a sound and prudent management approach, the achievement of the following goals:
- to verify the implementation of corporate strategies and policies;
- to monitor that all risks are within the acceptable limits indicated in the reference framework for determining the company's risk appetite;
- to safeguard the value of assets and to protect against losses;
- to guarantee the effectiveness and efficiency of corporate processes;
- to ensure the reliability and security of corporate information and of its IT procedures;
- to prevent the risk that the company is involved, even involuntarily, in unlawful activities;
- to ensure the compliance of operations with law and regulations, as well as with internal policies, regulations and procedures.

The internal control system has been devised on three levels of control and is based on industry laws and regulations and applicable best practices, including the recommendations issued by the reference international organisation for the internal auditing profession such as the Institute of Internal Auditors (IIA).

First level controls (or line controls) are conducted by operational, administrative and business structures (so-called "First-level control functions"). These controls are built into organisational procedures and are designed to ensure that operations are carried out correctly, within the assigned risk limits and objectives.

Second level controls (risk management controls) are carried out by separate organisational units and are designed to contribute to the definition of the risk measurement methodologies, verify that the operational limits set for the various departments are respected, verify that operational activities and results achieved by production units comply with their allocated risk objectives and performance targets, and to ensure that the risk governance polices are properly implemented and that the activities and internal rules comply with applicable laws and regulations. The functions responsible for these controls (so-called "Second-level control functions") include the risk management function, within which the operational and ICT risk control function is included, together with the compliance function and the anti-money laundering function. There are also specific functions with control tasks, as dictated by law and self-regulatory sources, such as the Supervisory Body and the Manager in charge with preparing the company's financial reports (the latter two benefiting from the assistance of specific internal support structures).

Third-level controls are performed by Internal Audit (so-called "Third-level control 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 the Parent Company CDP and the subsidiaries subject to management and coordination, by means of professional and systematic supervision, contributing to protect and increase the value of CDP and its Group. Through the performance of its activities, the Internal Audit function evaluates the regular functioning of processes, the safeguarding of corporate assets, the reliability and integrity of accounting and management information, as well as compliance with applicable internal and external regulations in force (including the Code of Ethics) and management guidelines. Additionally, the function brings to the attention of the Management, the Risk and Sustainability Committee, the Board of Statutory Auditors, the Supervisory Body, the Chairman and the Chief Executive Officer possible improvements applicable to the internal control system, with particular emphasis to risk management policies, risk measurement tools and various corporate procedures. It also promotes a culture of sound risk and control management at the Parent Company CDP.

The Internal Audit function, managed by the Internal Audit Department, reports directly to the Board of Directors, which supervises and coordinates, on behalf of the Chairman, approving relevant mandate that defines the purpose, tasks, powers, responsibilities, organisational independence requirements, scope of activities, relations with other corporate business units and external stakeholders that the Internal Audit function is subjected to. Furthermore, the necessary link between Internal Audit, the body responsible for the management function and management is guaranteed.

In order to carry out its activities, Internal Audit prepares an annual audit plan that defines the activities to be performed and the objectives to be pursued, according to a risk-based logic aimed at determining the priorities of intervention based on the level of risk identified for each corporate process and also on the basis of discussions with other corporate control functions. The plan also takes into account any information from the Chairman of the Board of Directors, Chief Executive Officer and General Manager and from the other Corporate Bodies, and is subject to a resolution for approval by the Board of Directors.

Issues identified during each audit are immediately reported to the relevant organisational units so that they can implement the necessary corrective actions and are subject to ongoing monitoring by Internal Audit.

In addition, 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 plan, the activities carried out, the main issues identified and the progress made on the corrective actions identified by CDP and the 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 provides an independent and objective assessment of the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the overall internal control system of CDP and the subsidiaries subject to management and coordination, based on the international reference model "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (the CoSO Report 2013), and also taking into account environmental, social and governance (ESG) risks in accordance with the CoSO ERM ESG-related risk.

The Internal Audit function of CDP carries out the activities for the Parent Company and for the subsidiaries subject to management and coordination, according to the service level agreements set out with the respective subsidiaries.

Internal Audit also provides the necessary technical support to the activities of the Supervisory Body (the latter pursuant to Article 6, paragraph 1, letter b) of Legislative Decree 231/2001) of the Parent Company CDP and, where provided for by specific service level agreements, of subsidiaries subject to management and coordination.

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

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.

FINANCIAL AND OPERATIONAL RISK MANAGEMENT SYSTEMS

In 2023, 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, namely 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[47]) 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.

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 local entities (shadow rating quantitative model);
- banks (shadow rating quantitative model);
- small and medium enterprises (internal quantitative model based on historical default data);
- large corporate (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 counterparty 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, also with the support of an early warning engine, potential credit issues on the basis of which an exposure can be assigned to a Watchlist class for a stricter monitoring and management of the relationship[48]. The two systems, PER and PEM are integrated with CDP's information and document systems.

[47] 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.

[48] During 2022, updates were made to the Early Warning system, also in order to incorporate the indications of the EBA Guidelines on the Granting and Monitoring of Financing, as well as the Corporate Crisis Code

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 identified in CDP's internal limits system, are defined in terms of ratings and may lead to a specific strengthened process (potentially with the submission of the proposal also to the Board of Directors in order 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 SS&C's Algorithmics suite, 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 Algorithmics 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-market 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 Loss Data Collection (LDC) application 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.

To carry out Risk Self-Assessment activities and follow-up on mitigating actions implemented for the operational risks identified, CDP has a proprietary application called "OpRA", while for ICT risk analysis activities and for monitoring cyber risk, including the follow-up of any actions to treat risks exceeding the risk appetite threshold, a specially developed application called "ITRisk" is used.

With regard to the management of money laundering and terrorist financing risks, during the year CDP updated the AML Group Policy to comply with the Bank of Italy's new "Provisions on Organization, procedures and internal controls in the field of anti-money laundering". In particular, the Policy was updated to strengthen the AML oversight at group level, as well as to consolidate the

Anti-Money Laundering Function's advisory support and to introduce a Senior Manager responsible for AML/CFT among the Board's executive members. This new figure will be formally appointed upon renewal of the Board of Directors.

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

CDP has adopted an "Organisation, Management and Control Model" (hereinafter also referred to as the "231 Model" or "Model") drawn up pursuant to Legislative Decree 231/2001 (hereinafter also referred to as the "231 Decree" or "Decree"), which identifies the areas and business activities 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, and has the primary purpose of providing the Company with a Model that constitutes a valid and effective organisational tool for preventing criminal activities pursuant to the Decree and, consequently, constitutes an exemption from administrative liability in the event of predicate offences being committed by senior management, subordinates or persons acting on behalf of CDP and in its name.

The document consists of:

- General Section in which, after a reference to the principles of Decree 231, the essential components of the Model are illustrated with particular reference to: (i) CDP's Governance Model and Organisational Structure; (ii) Supervisory Body (hereinafter also referred to as the "SB" for brevity); (iii) Whistleblowing; (iv) Disciplinary System defined as the set of measures to be adopted in the event of non-compliance with the provisions of the Model; (v) training, dissemination of the Model and contractual clauses; vi) updating and amending 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. In particular, the information flows that are required from the corporate structures have been defined, based on a separation of general flows and specific flows, as well as indicating a flow structure for "exceptions". With reference to the last flow category, as part of the relevant activities pursuant to the Decree, the company's organisational units are also required to communicate to the Supervisory Body the following: (i) exceptions to the prescribed manner of performing the activities in question; (ii) the activities performed and not formally established; (iii) any other exceptions noted by the Key Officer;
  - 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.

On 28 June 2023, CDP's Board of Directors approved the latest update of the Model, which incorporates the regulatory changes on Whistleblowing introduced by Legislative Decree 24/2023.

In addition, CDP has adopted a Group Code of Ethics (i.e. the "Code of Ethics of Cassa Depositi e Prestiti and the companies subject to management and coordination", hereinafter also referred to as "the Code of Ethics"), which defines principles, inspiring values, models and standards of conduct that are recognised, accepted and shared, at all levels of the CDP's organisational structure, in the performance of CDP's business activities.

The Code of Ethics is based on a value-oriented approach and consists of five guiding values, represented by:

- Integrity;

- Inclusion;
- Environmental Responsibility;
- Impact;
- Skills.

The Code of Ethics values are binding for the members of the Corporate Bodies (Directors, Statutory Auditors and any other member of collegiate bodies), for employees, collaborators, consultants, suppliers, partners, business counterparties and, in general, for all third parties acting on behalf of the Company regardless of the legal relationship that binds them to it.

CDP's Code of Ethics, last updated by the Board of Directors on 24 November 2023, forms 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 have been assigned to the Board of Statutory Auditors, a collegiate body composed of five standing members, and two alternates, appointed at 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 entrusted with the task of supervising the operation of and compliance with the Model, as well as directing proposals for updating it to the competent bodies/functions, thus supervising the functional activities for this very purpose. 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 Cassa Depositi e Prestiti and the companies subject to management and coordination" are available for consultation on the company intranet, in the "Rules and Functioning" section, under Corporate Rules and Procedures.

The General Section of the CDP Model and the Code of Ethics are also available in both Italian and English on CDP's institutional website, in the Governance and Ethics section. The Group Policy on Anti-Corruption can also be consulted in this section.

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[49], accurate[50], dependable[51] 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).

49 Reliability (of reporting): correct reporting drafted in compliance with generally accepted accounting standards, which meets the requirements of applicable laws and regulations.
50 Accuracy (of reporting): reporting with no errors.
51 Dependability (of reporting): correct and complete reporting based on which investors may make informed investment decisions.

The company's control system is structured to comply with the model adopted in the CoSO Report[52], 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.

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.

52 Committee of Sponsoring Organizations of the Treadway Commission.

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 weighting and frequency of risk;
OA = overall assessment of 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 2023 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. This key role, in CDP, is performed by the *Head of Administration, Finance, Control and Sustainability*.

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[53] 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.

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[53] 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.

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 CDP Group Code of Ethics, approved by the Board of Directors on 31st March 2022, was updated in June and November 2023 with the implementation of the regulatory changes on Whistleblowing (Legislative Decree no. 24/2023) and with the revision of the rules of conduct regarding privacy, confidentiality, due diligence and good faith. The Decree also provides for the duty to report illegal conduct and the extension of the applicability of conflict of interest.

The document establishes a set of principles, values, models and rules of conduct that are acknowledged, accepted and shared throughout the entire organisation, in conducting 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.

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 information and consultation system and to 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 structure also includes seven CDP Managerial Committees, of which two made up of members of the Group (Risk Governance Committee and Risk Assessment Committee), with the task of advising on management issues, to support the management of the company and/or CDP Group companies subject to management and coordination, and one additional advisory collegial body.

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 11 meetings in 2023.

RISK AND SUSTAINABILITY COMMITTEE

The Risk and Sustainability Committee is a statutory and board committee set up to control and to provide guidance in relation to risk management, capital adequacy assessment and assessment of the adoption of new products as well as to provide 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 Board of Directors' attention. The Board of Statutory Auditors is invited to attend the Committee meetings.

The Committee held 22 meetings in 2023.

RELATED PARTIES COMMITTEE

The Related Parties Committee is a board committee that is responsible, as and where required, for providing 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 in good time to the body in charge of approving the transaction.

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 8 meetings in 2023.

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 2 meetings in 2023.

NOMINATION COMMITTEE

The Nomination Committee is a board committee responsible for 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 13 meetings in 2023.

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 seven Managerial Committees, two of which are made up by Group members (Risk Governance Committee and Risk Assessment Committee).They are called upon to discuss and investigate corporate and/or Group management issues based on their specific competence areas (e.g. risk, finance).

3. OTHER COMMITTEES

Another advisory collegial body is the CDP Conflicts and Transactions Committee, composed of the Chairman, designated by the Ministry of Economy and Finance, and by five members, three of whom are designated by the Ministry of Economy and Finance from among its officials, or from outsiders, and two designated by CDP from among its employees.

The CDP Conflicts and Transactions Committee supports the Board of Directors and the Chief Executive Officer in the decision-making process related to the Patrimonio Rilancio funds' operations, expressing a mandatory but non-binding prior opinion.

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.

According to the Decree issued by the Minister of Economy and Finance on 26 June 2023, it is mandated that starting from the first half of 2023, paragraph 2 of Article 6 of the Decree issued by the Minister of Economy and Finance on 5 December 2003, outlining the procedures for remunerating the Account, shall be amended as follows: «*Regarding the Account's stock, the Ministry of Economy and Finance shall remit to Cassa Depositi e Prestiti S.p.A. an interest calculated on the basis of the day-count convention "Actual Method - Actual/Actual", using a rate that is the lower of (i) the average reference cost of BOT and BTP government bonds; (ii) the indexation rate observed over the preceding six-month period; provided that the average reference cost of government BOTs and BTPs does not fall below the cost of postal savings. Should the average reference cost of government BOTs and BTPs be less than the cost of postal savings over the six-month reference period, the interest rate shall be set at the cost of postal savings.*» Furthermore, the Decree clarifies the definitions of both the "average reference cost of government BOTs and BTPs" and the "indexation rate".

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 above mentioned 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 above mentioned Ministerial Decree. 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 2023 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 2023 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 multi-annual state budget). The present approach to managing the Fund is established by the "Agreement for the Management of the Government Securities Sinking Fund", executed on 31 December 2019, and in force since 1 January 2020. This arrangement is set for a five-year duration, with automatic renewals annually thereafter, beginning from 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 MEF signed an Agreement for the management of the 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. Regarding this matter, subsequent to the finalisation of the implementing regulations pertaining to the intervention framework detailed in Article 27, paragraph 3, subparagraph a) (through the adoption of the Interministerial Decree dated 3 March 2022, and Joint Committee Resolution No. 77 dated 29 September 2022), a supplementary agreement to the Revolving Fund Agreement, governing the disbursement of loans referenced in the aforementioned Article 27, paragraph 3 (a), was executed by the Ministry of Economy and Finance (MEF) and Cassa Depositi e Prestiti S.p.A. on 29 September 2023, for the same duration as the principal Agreement it supplements.

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 MEF

The main assets managed are the loans granted by CDP and transferred to the MEF, the residual debt of which came to 1,433 million euro at 31 December 2023, compared with 1,771 million euro at the end of 2022.

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 came to approximately 4,934 million euro as at 31 December 2023, compared with approximately 5,129 million euro at the end of 2022;
- 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 1,875 million euro as at 31 December 2023, compared to 1,938 million euro at the end of 2022;
    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 77 million euro at 31 December 2023.

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 2023 totalled 39,141 million euro, compared with 45,244 million euro at 31 December 2022.

In accordance with the above mentioned 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 2,286 million euro at 31 December 2023 on the dedicated current accounts; and the territorial agreements and area contracts, which had available funds amounting to 342 million euro.

7. INFORMATION ON THE CONSOLIDATED NON-FINANCIAL STATEMENT OF THE CDP GROUP[54]

Information regarding the consolidated Non-Financial Statement (NFS) pursuant to Legislative Decree no. 254 of 30 December 2016, is included in the separate document "2023 Integrated Report", to which reference is made, approved by the Board of Directors and published along with this annual report.

Given the relevance of the 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 "2023 Integrated Report").

Climate change and the protection of the ecosystem represent one of the four challenges identified by the 2022-24 Strategic Plan, which covers three areas of intervention, each linked to a number of strategic priorities steering CDP's work:

- energy transition: increase in and integration of generation capacities from renewable sources, electrification of energy consumption, promotion of energy efficiency, development of new technologies and new energy carriers, promotion of energy security;
- circular economy: increase in the efficiency of waste management, innovation in reuse and recycling
- preservation of the territory and water resources: promotion of the territory's climate resilience.

A document has been published for each of the three areas of intervention, namely the "Sectoral Strategic Guidelines", approved by the Board of Directors.

The CDP Group is committed to allocating resources to all challenges and areas of intervention, to support both businesses and public administration. This approach led it to backing several projects addressing climate change and ecosystem protection in 2023. See the 2023 Non-Financial Statement for further details.

In line with the objective of identifying CDP as a "policy-driven" organization, in 2023 the Board of Directors approved the following climate-related sustainability policies: the Transport Sector Policy and the Agrifood, Wood and Paper Industries Sector Policy.

In keeping with the 2022-2024 Strategic Plan, which identifies the fight against climate change as one of the country's main challenges given the fundamental role of finance in achieving international objectives on climate change, in the first half of 2023, the Board of Directors approved the first target for reducing the carbon footprint of the loans portfolio. In particular, the target, which is part of the ESG Plan, aims to reduce by 2030 the portfolio's emission intensity (tCO2e/million euro) by 30%, compared to 2022. This target addresses CDP's direct loans portfolio and, in particular, direct loans to businesses, infrastructure and international cooperation, i.e. the perimeter for which there are adequate reporting standards and CDP has the levers to drive change[55], for a total analysed loan portfolio of around 41.8 billion euro at 31 December 2022.

The calculation of financed greenhouse gas (GHG) emissions (Indirect Emissions - Scope 3, Category 15 of the GHG Protocol) is based on the most widely shared standard in the international financial community for the calculation of portfolio emissions, i.e. the methodology developed by the Partnership for Carbon Accounting Financials (PCAF). In particular, to quantify GHG emissions, the PCAF methodology relating to the asset class "Business loans and unlisted equity" was adopted while, for export finance operations

54 The CDP Group, comprising the Parent Company and subsidiaries subject to Management and Coordination.
55 Activities concerning Public Administration business line loans are not included, due to the absence of internationally recognised calculation methodologies, and direct and indirect equity investments, considering the fact that many companies which are relevant for the purposes of calculating CO2 CDP emissions, do not exercise management and coordination. In any case, it should be noted that many of the companies in the portfolio have already declared decarbonisation targets for their activities.

in the Oil & Gas sector, the calculation followed the PCAF methodology specific to the asset class "Project Finance".

The methodology developed by PCAF for the financial sector weighs the total issues of the "financed counterparty" against the weight of the loan with respect to the counterparty's financial statements. Anticipating PCAF requirements, in addition to Scope 1 and Scope 2 emissions of counterparties, the emissions related to Scope 3 for all sectors were also considered in the calculation of financed CO_2, making specific considerations for counterparties that carry out transition-enabling activities, in line with the indications of the Platform for Sustainable Finance. For further details on 2023 performance, see the 2023 Consolidated NFS contained in the 2023 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.

CDP, as a Financial Institution required to draw up a Non-Financial Statement at a consolidated level pursuant to Legislative Decree 254/16, must comply with the reporting obligations set out in the Regulation and subsequent delegated acts of the European Taxonomy.

In compliance with Article 8 of the Taxonomy Regulation, it provided disclosure in 2021 and 2022 to investors, as well as to its stakeholders, on the extent to which its assets are associated with economic activities considered potentially eco-sustainable[56], and namely the percentage of activities and assets in its Financial Statements that are included in the list of economic activities and assets indicated in the Delegated Acts of the Taxonomy Regulation.

Since 2023, the CDP Group has been required to publish the Green Asset Ratio ("GAR") for two climate objectives (mitigation and adaptation to climate change) and the eligibility rate for the four remaining environmental targets. For further information, see the 2023 NFS contained in the 2023 Integrated Report.

56 For further information, see the 2022 Integrated Report.

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2 2023 SEPARATE FINANCIAL STATEMENTS

FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

The separate financial statements at 31 December 2023 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
- Independent Auditor's Report
- 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 2023

BALANCE SHEET

(euro)

Assets		31/12/2023	31/12/2022
10.	Cash and cash equivalents	1,148,101,413	2,630,401,853
20.	Financial assets measured at fair value through profit or loss:	4,492,245,509	3,918,651,643
	a) financial assets held for trading	338,117,390	354,937,131
	b) financial assets designated at fair value		
	c) other financial assets mandatorily measured at fair value	4,154,128,119	3,563,714,512
30.	Financial assets measured at fair value through other comprehensive income	10,994,897,464	10,914,119,245
40.	Financial assets measured at amortised cost:	345,069,503,990	346,085,421,500
	a) loans to banks	22,450,011,219	20,834,490,264
	b) loans to customers	322,619,492,771	325,250,931,236
50.	Hedging derivatives	2,105,169,542	4,343,993,853
60.	Fair value change of financial assets in hedged portfolios (+/-)	(2,001,492,273)	(2,986,650,463)
70.	Equity investments	33,064,707,418	33,721,181,345
80.	Property, plant and equipment	357,600,260	359,527,218
90.	Intangible assets	77,806,499	71,953,646
	– *of which: goodwill*		
100.	Tax assets:	546,929,696	1,148,326,922
	a) current tax assets	1,777,693	398,243,811
	b) deferred tax assets	545,152,003	750,083,111
110.	Non-current assets and disposal groups held for sale		
120.	Other assets	426,348,346	483,385,478
	TOTAL ASSETS	**396,281,817,864**	**400,690,312,240**

(euro)

Liabilities and equity		31/12/2023	31/12/2022
10.	Financial liabilities measured at amortised cost:	363,590,748,892	371,336,095,285
	a) due to banks	33,682,727,143	36,815,282,530
	b) due to customers	311,594,468,524	317,370,012,071
	c) securities issued	18,313,553,225	17,150,800,684
20.	Financial liabilities held for trading	327,497,307	400,346,683
30.	Financial liabilities designated at fair value		
40.	Hedging derivatives	1,652,605,544	1,091,387,959
50.	Adjustment of financial liabilities in hedged portfolios (+/-)		
60.	Tax liabilities:	503,059,794	297,099,385
	a) current tax liabilities	270,790,893	1,451,098
	b) deferred tax liabilities	232,268,901	295,648,287
70.	Liabilities associated with non-current assets and disposal groups held for sale		
80.	Other liabilities	1,562,419,636	1,018,147,110
90.	Staff severance pay	1,558,446	1,451,566
100.	Provisions for risks and charges:	754,987,360	796,709,865
	a) guarantees issued and commitments	643,071,415	662,182,695
	b) pensions and other post-retirement benefit obligations		
	c) other provisions	111,915,945	134,527,170
110.	Valuation reserves	(16,630,954)	(451,011,157)
120.	Redeemable shares		
130.	Equity instruments		
140.	Reserves	18,723,827,156	17,602,162,543
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 (+/-)	3,074,304,291	2,490,482,609
	TOTAL LIABILITIES AND EQUITY	**396,281,817,864**	**400,690,312,240**

INCOME STATEMENT

(euro)

Items		2023	2022
10.	Interest income and similar income	11,092,285,499	7,738,935,228
	– *of which: interest income calculated using the effective interest rate method*	*10,533,271,074*	*8,085,744,428*
20.	Interest expense and similar expense	(7,315,882,779)	(5,155,950,767)
30.	**Net interest income**	**3,776,402,720**	**2,582,984,461**
40.	Commission income	436,011,326	400,653,666
50.	Commission expense	(1,264,069,138)	(1,163,893,992)
60.	**Net commission income (expense)**	**(828,057,812)**	**(763,240,326)**
70.	Dividends and similar revenues	1,960,208,396	1,602,100,779
80.	Profits (losses) on trading activities	(82,789,270)	(74,962,284)
90.	Fair value adjustments in hedge accounting	(19,223,994)	102,267,580
100.	Gains (losses) on disposal or repurchase of:	26,577,463	66,499,579
	a) financial assets measured at amortised cost	76,520,997	31,886,788
	b) financial assets measured at fair value through other comprehensive income	(49,943,534)	34,612,791
	c) financial liabilities		
110.	Profits (losses) on financial assets and liabilities measured at fair value through profit or loss:	93,360,364	33,908,074
	a) financial assets and liabilities designated at fair value		
	b) other financial assets mandatorily measured at fair value	93,360,364	33,908,074
120.	**Gross income**	**4,926,477,867**	**3,549,557,863**
130.	Net adjustments/recoveries for credit risk relating to:	66,488,629	14,547,897
	a) financial assets measured at amortised cost	66,051,856	13,237,830
	b) financial assets at fair value through other comprehensive income	436,773	1,310,067
140.	Gains/losses from changes in contracts without derecognition	(37,622)	(39,092)
150.	**Financial income (expense), net**	**4,992,928,874**	**3,564,066,668**
160.	Administrative expenses:	(271,422,258)	(244,631,565)
	a) staff costs	(180,347,985)	(161,895,326)
	b) other administrative expenses	(91,074,273)	(82,736,239)
170.	Net accruals to the provisions for risks and charges:	(3,876,197)	52,590,858
	a) guarantees issued and commitments	(16,066,525)	52,346,658
	b) other net accruals	12,190,328	244,200
180.	Net adjustments to/recoveries on property, plant and equipment	(15,802,734)	(16,233,713)
190.	Net adjustments to/recoveries on intangible assets	(22,204,761)	(17,797,728)
200.	Other operating income (costs)	50,020,760	(115,769,946)
210.	**Operating costs**	**(263,285,190)**	**(341,842,094)**
220.	Gains (losses) on equity investments	(682,456,111)	(101,392,404)
230.	Gains (losses) on tangible and intangible assets measured at fair value		
240.	Goodwill impairment		
250.	Gains (losses) on disposal of investments	(1,868)	(6,912)
260.	**Income (loss) before tax from continuing operations**	**4,047,185,705**	**3,120,825,258**
270.	Income tax for the year on continuing operations	(972,881,414)	(630,342,649)
280.	**Income (loss) after tax on continuing operations**	**3,074,304,291**	**2,490,482,609**
290.	Income (loss) after tax on discontinued operations		
300.	**NET INCOME (LOSS) FOR THE YEAR**	**3,074,304,291**	**2,490,482,609**

STATEMENT OF COMPREHENSIVE INCOME

(euro)

	Items	2023	2022
10.	**Net income (loss) for the year**	**3,074,304,291**	**2,490,482,609**
	Other comprehensive income net of tax not transferred to income statement	**114,590,849**	**(308,723,668)**
20.	Equity securities designated at fair value through other comprehensive income	114,590,849	(308,723,668)
	Other comprehensive income net of taxes transferred to income statement	**319,789,353**	**(457,435,930)**
120.	Cash flow hedges	(13,352,969)	188,007,690
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	333,142,322	(645,443,620)
170.	**Total other comprehensive income net of tax**	**434,380,202**	**(766,159,598)**
180.	**COMPREHENSIVE INCOME (ITEMS 10 + 170)**	**3,508,684,493**	**1,724,323,011**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year	
(euro)	Balance at 31/12/2022	Changes in opening balance	Balance at 01/01/2023	Reserves	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	17,602,162,543		17,602,162,543	1,121,664,613	
b) other					
Valuation reserves:					
a) financial assets measured at fair value through other comprehensive income	(466,246,624)		(466,246,624)		
b) cash flow hedge	(152,336,535)		(152,336,535)		
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)	2,490,482,609		2,490,482,609	(1,121,664,613)	(1,368,817,996)
EQUITY	**25,749,074,387**		**25,749,074,387**		**(1,368,817,996)**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

				Allocation of net income for previous year	
(euro)	Balance at 31/12/2021	Changes in opening balance	Balance at 01/01/2022	Reserves	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)**

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 31/12/2023	Equity at 31/12/2023
								4,051,143,264
								2,378,517,244
								18,723,827,156
							447,733,171	(18,513,452)
							(13,352,969)	(165,689,504)
								167,572,002
								(322,220,116)
							3,074,304,291	3,074,304,291
							3,508,684,493	**27,888,940,885**

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**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(euro)	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**1,198,538,253**	**2,356,876,824**
Net income for the year (+/-)	3,074,304,291	2,490,482,609
Gains (losses) on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	(96,765,791)	(22,849,354)
Gains (losses) on hedging activities (-/+)	294,220,767	8,251,230
Net impairment adjustments (+/-)	16,628,814	(61,200,405)
Net value adjustments to property, plant and equipment and intangible assets (+/-)	38,007,495	34,031,441
Net provisions and other costs/revenues (+/-)	2,717,268	170,275,920
Unpaid charges, taxes and tax credits (+/-)	878,325,998	72,217,541
Income (loss) after tax on discontinued operations (+/-)		
Writedowns/writebacks of equity investments (+/-)	682,456,111	101,391,876
Other adjustments (+/-)	(3,691,356,700)	(435,724,034)
2. Cash generated by/used in financial assets	**(5,956,935,722)**	**16,078,031,929**
Financial assets held for trading	(32,642,736)	(175,811,068)
Financial assets designated at fair value		
Other financial assets mandatorily measured at fair value	(197,039,846)	(52,067,451)
Financial assets measured at fair value through other comprehensive income	517,420,910	1,987,697,107
Financial assets measured at amortised cost	(7,162,172,734)	14,871,443,876
Other assets	917,498,684	(553,230,535)
3. Cash generated by/used in financial liabilities	**(4,485,109,107)**	**(10,274,649,626)**
Financial liabilities measured at amortised cost	(4,551,904,688)	(10,030,297,637)
Financial liabilities held for trading	65,140,137	140,451,032
Financial liabilities designated at fair value		
Other liabilities	1,655,444	(384,803,021)
Cash generated by/used in operating activities	**(9,243,506,576)**	**8,160,259,127**
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	**(333,572,424)**	**(4,874,362,247)**
Purchase of equity investments	(294,842,800)	(4,840,923,947)
Purchase of property, plant and equipment	(10,699,189)	(3,160,801)
Purchase of intangible assets	(28,030,435)	(30,277,499)
Purchases of subsidiaries and business units		
Cash generated by/used in investing activities	**(333,572,424)**	**(4,874,362,247)**
C. FINANCING ACTIVITIES		
Issue/purchase of treasury shares		
Issue/purchase of equity instruments		
Dividend distribution and other allocations	(1,368,817,996)	(1,284,323,058)
Cash generated by/used in financing activities	**(1,368,817,996)**	**(1,284,323,058)**
CASH GENERATED/USED DURING THE YEAR	**(10,945,896,996)**	**2,001,573,822**

Key:
(+) generated
(-) used

RECONCILIATION

Items (*)	2023	2022
Cash and cash equivalents at beginning of the year	159,517,539,496	157,517,265,448
Total cash generated/used during the year	(10,945,896,996)	2,001,573,822
Cash and cash equivalents: effects of changes in exchange rates	8,585,450	(1,299,774)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**148,580,227,950**	**159,517,539,496**

(*) 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 8th version updated on 17 November 2022, 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 14 March 2023[57] 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.

In the balance sheet and income statements, items with zero balances for both the current and prior financial year are also shown. 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.

[57] The communication of 14 March 2023 repeals and replaces the previous communication of 21 December 2021 – *Update of the 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.*

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 2023 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 2023 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 17 November 2022, with application for financial years ending on or after 31 December 2023, the Bank of Italy published the 8th update of circular no. 262/2005 ("Bank financial statements: presentation formats and rules"), to take into account the new international accounting standard IFRS 17 "Insurance contracts", which replaces the accounting standard on IFRS 4 insurance contracts as from 1 January 2023 — and the consequent amendments to other international accounting standards, including IAS 1 "Presentation of the financial statements" and IFRS 7 "Financial instruments: disclosures".

The IFRS applied for the 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 and Consob concerning the assessments and disclosure required regarding the impacts deriving from climate-related matters and those related to the macroeconomic scenario[58].

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 joint Bank of Italy/Consob/Isvap Document No. 2 of 6 February 2009 concerning disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1 Revised, CDP has conducted an assessment of the company's 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.

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.

[58] These references are:
- ESMA Public Statement of 25 October 2023 "European common enforcement priorities for 2023 financial reports";
- Consob communication "ESMA: Climate and macroeconomic context - priority issues in the 2023 reporting of listed companies".

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 intangible assets;
- the estimate of the liabilities arising from defined-benefit company pensions 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 macroeconomic scenario is characterized by a combination of factors related to the worsening of geopolitical tensions (connected with the continuing war in Ukraine and exacerbated by events in the Middle East, which continue to impact the global outlook), the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties about future developments.

In this context, therefore, it is necessary to make in-depth forecasts on the timing and extent 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 4 April 2024, no events occurred that would require an adjustment to the figures presented in the financial statements at 31 December 2023.

SECTION 4 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2023 AND IN FORCE SINCE 2023

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 2023, are provided below:
- 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;
- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 12[59].

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET EFFECTIVE (EFFECTIVE FOR THE FINANCIAL YEARS BEGINNING 1 JANUARY 2024)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements at 31 December 2023:

- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EC) no. 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 November 2023 amending Regulation (EC) no. 2023/1803 as regards International Financial Reporting Standard 1.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT THE REPORTING DATE OF 31 DECEMBER 2023

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:

- Amendment to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments - Disclosures: Supplier Finance Arrangements" (issued on 25th May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability" (issued on 15th August 2023).

DISCLOSURE ON THE IMPACTS OF CLIMATE-RELATED MATTERS

In preparing the annual financial report at 31 December 2023, in continuity with measures adopted for the 2021 and 2022 financial reports, companies were required to consider the recommendations set out by ESMA in its Public Statement of October 2023 ("European common enforcement priorities for 2023 annual financial reports"), and focus attention on the risks related to climate change, to the extent that the effects of these risks may be significant.

In recent years, evidence of the impact of climate change on various industrial sectors has increased. 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. The World Economic Forum, in the annual "Global Risks Report 2024", considers extreme weather events among the greatest dangers to humanity, both in the short and long term. The fight against climate change for an increasingly decarbonised economy is the main challenge facing the world.

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[59] With regard to disclosure on the project managed at CDP Group level "Amendment to IAS 12: International Tax Reform - Pillar Two Model Rules", please refer to the specific paragraph in the section "Other aspects" of the notes to the consolidated financial statements.

In particular, the Parent Company CDP and the companies subject to its management and coordination[60] 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.

The objective of the CDP Group's activities is to provide a 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 "Sectoral Strategic Guidelines – Energy Transition" 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, two policies have been published: the "Transport Sector Policy" and "Agricultural Sector Policy", to guide CDP's operations in these areas by establishing criteria for treatment, limitation and exclusion and aspects to be promoted.

In keeping with the 2022-2024 Strategic Plan, which identifies the fight against climate change as one of the country's main challenges given the fundamental role of finance in achieving international objectives on climate change, in the first half of 2023, the Board of Directors approved the first target for reducing the carbon footprint of the loans portfolio. In particular, the target, which is part of the ESG Plan, aims to reduce by 2030 the portfolio's emission intensity (tCO_2e/million euro) compared to 2022. This target addresses CDP's direct loans portfolio and, in particular, direct loans to businesses, infrastructure and international cooperation, for a total analysed loan portfolio of 41.8 billion euro at 31 December 2022.

Furthermore, as part of the ESG Plan, 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.

Aligned with its strategic objectives, the CDP Group identifies the energy transition as a crucial component in addressing climate change and promoting the generation of clean energy within communities. Through its role as a long-term lender and investor, the CDP Group committed 1.9 billion euro in 2023 to the energy transition, providing financial backing and investments to businesses and communities, directing resources towards key sectors for the energy transition, including energy and utilities, transportation and logistics, aviation and automotive sectors, as well as raw materials and manufacturing.

CDP Group supported a number of initiatives, including for example:

- Projects dedicated to electric mobility, in order to promote the development of adequate infrastructure and accelerate the journey towards the green transition;
- Energy efficiency projects for public real estate, with a particular focus on energy efficiency measures for schools;
- Local area sustainable development projects to increase and supplement generation capacity from renewable energy sources and investments in cogeneration 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;
- Projects, through the Kyoto Fund, for the implementation of energy and water efficiency measures targeting public buildings, enabling the energy efficiency of buildings to be improved by at least two energy classes;
- 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;

[60] 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.

- Technical-economic advisory projects with central and local government, in the field of renewable energy development, as in the case of support to ENAC in estimating the investment potential of installing renewables at smaller airports. In areas dedicated to infrastructure developments related to the electrification of mobility, energy efficiency and public lighting, the support undertaken with the Municipality of Rome is an example of the systemic support promoting the ecological transition given to public administrations through InvestEU protocols, made available by the European Commission, with CDP as an Implementing Partner;
- 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;
- Technical-economic advisory projects with the Public Administration on issues related to the circular economy for the implementation of projects aiming to provide technical-economic support for the scheduling, planning and design of measures targeting the development of urban waste recovery and treatment plants;
- The creation of new instruments for the support and development of a circular economy, such as the FOF Infrastructure Fund of Funds which invests mainly in sectors such as the circular economy (for example, biomethane plants), the energy and digital transition and renewable energies.

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

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. In this field, three actions were already approved by the Fund's governance committees during 2023.

As manager of the Fondo Rotativo della Cooperazione allo Sviluppo (Revolving Fund for Development Cooperation - RFDC), loans disbursed include a total of 63 million euro to the Ethiopian Government, for the promotion of the sustainable and inclusive development of the agri-food sector, urban development and improving the integrated management of water resources and soil management in Ethiopia.

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 had already 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 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 and equity risk.

As evidence of the desire to explore the potential risks and opportunities linked to climate change, CDP has provided — for the third consecutive year — voluntary disclosure, in the 2023 Integrated Report, 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 relevant risk profiles associated with the activities of the recipients of CDP lending, gathered both through open sources, using specific databases and dedicated tools, and through direct requests to the customers themselves.

Transactions are analysed *ex ante*, both in terms of their potential positive and negative consequences according to the ESG criteria applied with the Sustainable Development Assessment (SDA) Model, and in terms of the ESG risks of the transactions. 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 and, starting from 2023, to transactions undertaken with the public administration, and supplements the assessment of risk profiles regarding financial terms and conditions and legal and compliance aspects.

In 2023, a new Group Policy named "ESG Risk Assessment and Management" was adopted, which outlines the principles and metrics to be followed by the CDP Group when evaluating environmental, social, and governance risks associated with new operations. The main ESG risks associated with the Group's operations and material topics 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 CDP Group is mainly exposed to climate change risks in an indirect way, through impacts that affect counterparties and customers. These impacts contribute to the risks associated with credit, investments, transactions and reputation. In general, both the direct and indirect impacts of the three categories of climate risk presented are identified and analysed, and initiatives aimed at their mitigation are implemented.

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;

- Environmental risk - 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;
- Corporate security risk - Cyber security risk of the potential loss of data and the physical risk of security incidents.

IMPAIRMENT TESTING OF EQUITY INVESTMENTS

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 (affected by geopolitical risks and uncertainty over the evolution of the macroeconomic situation), have been taken into account, considering the inputs and/or through sensitivity analyses on the variables determining the recoverable amount.

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".

FINANCIAL INSTRUMENTS AND 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 (credit rating) that considers all relevant available information, including forward-looking information on climate risks and the transition process, with the aim of formulating 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 2023, 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 OF IMPACTS OF THE MACROECONOMIC ENVIRONMENT

The current reference context is represented by a combination of factors related to the worsening of geopolitical tensions (connected with the continuing war in Ukraine and accentuated by events in the Middle East, which continue to impact the global outlook), the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties over future developments. The global economy has shown a high degree of resilience in terms of both growth and financial stability, although the escalation of the conflict in the Middle East and in the Red Sea and the possibility of its regionalisation pose serious risks to the global outlook.

At the beginning of 2023, the growth prospects for the year appeared to be weakening, weighed down by the heavy inflationary burden, the onset of the monetary tightening in many countries of the world and a more fragmented geopolitical context featuring high uncertainty. The general increase in the price level, associated with weak wage dynamics, and the progressive tightening of monetary and credit conditions raised concerns not only about the resilience of global demand, but also for the stability of national banking systems, potentially exposed to an increase in insolvencies and simultaneous liquidity problems.

In Italy, GDP grew by 0.9% in 2023, slowing compared to the previous year (4.0%), but better than expected at the beginning of the year. This dynamic was driven by domestic demand and, in particular, by private consumption, which benefited from the deceleration of inflation, the partial recovery of wages and employment growth.

Not only GDP, but also inflation positively surprised in Italy, with an increase in the HICP (Harmonized Index of Consumer Prices) on average throughout 2023 compared to the previous year; nonetheless, a significant portion of this change can be attributed to the price surge experienced in 2022, so much so that by December 2023, prices had increased by just 0.5% compared to the same month of the prior year. This increase was largely offset by the decline in energy prices, which compensated for the rise observed in other sectors such as food, recreational-cultural services and transportation.

In 2023, bringing inflation back to target continued to be the main objective of monetary policy strategies and the major Central Banks basically continued the approach outlined in 2022. Despite the continuation of the monetary tightening and the persistence of multiple elements of uncertainty, 2023 was a very favourable year for financial markets. The recovery in stock prices was driven by the unexpected tightness of the global economy, which pushed away fears of an imminent and deep recession, and the faster-than-expected disinflation, which generated expectations of a monetary policy easing already in the first half of 2024.

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 factor in 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 of 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 occur.

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 related 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 equity investments and other assets, CDP 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.

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 2023, impairment triggers were activated on all equity investments in CDP's portfolio with the exception of SIMEST and CDP Real Asset SGR.

With reference to estimating the recoverable amount of equity investments, understood as the higher of the fair value net of costs to sell and the value in use, CDP adopted a set of key principles, also taking into account (i) the specific historical moment characterised by a combination of factors of uncertainty related to the continuation of the Russia-Ukraine conflict and the breakout of the conflict in the Middle East, the evolution of the inflationary scenario and the consequent monetary policy strategies of central banks, the general slowdown in global economic growth and further geopolitical risks, and (ii) the indications consequently issued by national and international regulators as well as the guidelines issued by sector 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 (e.g. revision of expectations on inflation as well as expectations on interest rates)[61];
- 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;
- incorporating the most up-to-date and relevant survey data on Country Risk Premiums, as appropriate, rather than relying solely on averages from previous surveys.

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 hydrocarbons (e.g. oil) 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, profitability and the long-term growth rate, if applicable, based on the value estimation method used;
- stock market prices for listed companies, also to consider potential unfavourable developments in share prices linked to the general context of uncertainty that could increase the volatility of the markets.

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, LIQUIDITY RISK AND COMMODITY PRICE RISK

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 fixed-rate Postal Savings 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 interest rate-sensitive items (both on and off-balance sheet),quantifying, in terms of economic value, the reaction to minor changes (sensitivity analysis) and to major shocks (stress tests) 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.

During 2023, 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 using the natural offsets of fixed-rate asset and liability.

As a result, the impacts of the macroeconomic framework on the exposure to interest rate risk have 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 funding trends, both on capital markets and through the postal savings channel. Despite the volatile context shaping the year in 2023, CDP's access to capital markets remained unchanged, with the company meeting its funding targets. The performance of postal funding is carefully monitored and tied to specific provisions under the agreement in place with Poste Italiane.

[61] 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.

While direct exposure to commodity price fluctuations is minimal, CDP is exposed indirectly through certain assets held in its equity or credit portfolio.

HEDGE ACCOUNTING REQUIREMENTS

CDP's derivative transactions, which are carried out only for hedging purposes and are generally designated in hedge accounting relationships, are governed by a system of limits aimed at minimising counterparty risk, which establishes - among other things - the minimum criteria for transactions with bank counterparties in terms of public ratings, framework agreements and collateral. In most cases, derivatives are stipulated under bilateral agreements. However, during 2023 CDP increasingly resorted to clearing with qualified clearing houses, in order to reduce the risk of having to cease hedging in the event of an increase in the risk of insolvency of a bilateral counterparty, even in contexts where the uncertainty of the macroeconomic scenario could exacerbate situations of a specific/idiosyncratic nature of some market entities, making contractual defaults on traded derivatives more likely. Based on the above, there are currently no signs that point to the occurrence of such events related to the impact of the macroeconomic scenario on the default risk of derivative counterparties over the next few years.

Similarly, the current macroeconomic scenario is not expected to affect the probability of the occurrence of hedged transactions. Finally, CDP does not have macro-hedge accounting relationships in place relating to postal savings liabilities.

For more details on the methodologies and findings of analyses at 31 December 2023, see Section 2 "Market risks – Interest rate risk and price risk - Banking Book" as regards interest rate risk, and Section 4 "Liquidity Risk" of Part E "Information on risks and related hedging policies" as regards liquidity risk.

EXPECTED CREDIT LOSS ("ECL") ESTIMATION METHODOLOGIES

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. Even considering the relatively small effects of the changing economic environment on the 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.

FAIR VALUE MEASUREMENT AND DISCLOSURE

Fair value measurements in CDP's financial statements relate to:
- Level 1 of the fair value hierarchy for bonds (mostly Italian government bonds, to a lesser extent corporate and government bonds of other European countries) and capital securities, qualified as Held To Collect & Sell (HTCs) and accounted for at Fair Value Through Other Comprehensive Income (FVTOCI), all listed and highly liquid;
- Level 2 for interest rate, exchange and equity hedging derivatives and items relating to the exchange of collateral referred to them;

- Level 3 for options on equity indices embedded in "Risparmio Sostenibile" Postal Savings Bonds (which have behavioural parameters relating to redemption by savers as inputs) and equity interests and other unlisted equity instruments (which require the use of non-market parameters).
- In all cases, CDP accurately reflects the current macroeconomic scenario, in particular in relation to the level of interest rates, inflation and credit spreads, which - for Levels 2 and 3 - are used as inputs for the valuation models consistently applied over time to consistent categories of instruments.

For further details, please refer to the more detailed information in section "A.4 – Fair value disclosure".

FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

With regard to financial assets and liabilities measured at amortised cost, the related fair value measurements refer to:
- Level 1 of the fair value hierarchy for Italian government and corporate bonds on the assets side, as well as bonds on the liabilities side, where highly liquid;
- Level 2 for Italian government bonds on the assets side and bonds on the liabilities side, whose listings are not considered sufficiently liquid for allocation to the highest level of the hierarchy. The fair value of these instruments is obtained from market interest rate and inflation curves (possibly including the effect of volatility in the presence of options) and single-name credit spread curves, estimated on the basis of liquid market listings of instruments of the same issuer;
- Level 3 for corporate securities and loans on the assets side, whose quoted prices are not considered sufficiently liquid for allocation to the highest level of the hierarchy and a single-name yield curve is not estimated. The fair value of these instruments is obtained from market interest rate and inflation curves (and the relative volatility, where relevant) and credit spread curves not specific to the individual issuer, estimated — in any case where this is possible — on the basis of liquid market listed prices of instruments with the same creditworthiness, to which statistical regularization techniques are applied. In the event of regulatory constraints and/or a lack of market references, expert-based adjustments may be introduced, also possibly based on the reinvestment costs of CDP: in such cases any market reference, regardless of its degree of liquidity, is used for the purposes of benchmarking the fair value curves produced. Valuations of Postal Savings Bonds are also classified at Level 3, for which reference is made to Section 1 — Financial liabilities measured at amortised cost.

As with fair value measured on a recurring basis, in all cases CDP accurately reflects the current macroeconomic scenario, in particular in relation to the level of interest rates, inflation and credit spreads, which — for Levels 2 and 3 — are used as inputs for the valuation models consistently applied over time to consistent categories of instruments, on which there are no changes compared to the previous reporting period. For further details, please refer to section "A.4 — Fair value disclosure".

TAX CREDITS ON BUILDING INTERVENTIONS REFERRED TO IN THE "CURA ITALIA" AND "RILANCIO" DECREE LAWS ACQUIRED FOLLOWING THE SALE WITHOUT RECOURSE BY PREVIOUS BUYERS

The Decree Laws no. 18/2020 (known as "DL Cura Italia") and no. 34/2020 (known as "DL Rilancio"), also referred to as "Decrees" and subject to subsequent amendments, have introduced tax incentives into the Italian legal system pertaining, among other things, to building interventions, which are calculated based on a percentage of the incurred expenditure (in some cases up to 110%) and provided as tax deductions with the option of being converted into tax credits transferable to third-party buyers, subject to the prevailing regulatory limitations. In particular, 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.

Generally, the transferee has the option to use these credits to offset taxes and contributions, in accordance with the same time allocation specified for the original beneficiary. Alternatively, the transferee can opt to transfer them to third parties, either wholly or partially, subject to the prevailing regulatory limitations. In this context, it is important to note that such credits are not directly reimbursable by the State.

Subsequently, with Article 9, paragraph 4, of Decree-Law no. 176 dated 18 November 2022, converted, with amendments, by Law no. 38 dated 11 April 2023, it was stipulated that certain categories of tax credits (including the aforementioned "Superbonus" credits) could opt for what is known as dilution, so they can be used in ten annual instalments of equal amounts, instead of the original instalment over four or five years. The regulation deferred the definition of how to implement the aforementioned provisions to a subsequent measure issued by the Director of the Italian Revenue Agency.

This implementation, which took place by order of the Italian Revenue Agency of 18 April 2023 no. 2023/132123, provided that the dilution option can also be exercised for a single annual instalment (or portion thereof) and that the diluted portion could be offset over ten annual instalments starting from the year following the originally scheduled year.

In this context, CDP has primarily pursued two lines of activity:

- 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.
- 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.

As of 31 December 2023, the total cumulative amount of credits purchased amounted to a nominal value of approximately 401 million euro covering around 1,200 applications, mirroring the figures from the previous year.

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[62] 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 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. During subsequent valuations, credits are measured at amortised cost in accordance with the provisions of IFRS 9 pertaining to the "Held To Collect" business model, with interest calculated on the basis of the internal rate of return recognised 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)".

Considering the dynamic regulatory, practical and legal environment, as well as the urgent precautionary seizure proceedings of specific tax credits in December 2021 and January 2022 (amounting to approximately 87.8 million euro, of which around 4.7 million euro was confirmed by the Court of Cassation), additional targeted due diligence activities were conducted, supplementing those undertaken during the initial stages of credit acquisition.

62 Coordination task force between Bank of Italy, Consob and Ivass on the application of IAS/IFRS.

As a result of the due diligence activities undertaken in 2022, approximately 141 million euro worth of impairments were recognised, resulting in the write-downs of: i) credits impacted by seizure/release orders, and ii) credits for which no evidence confirming their validity and existence had been identified following due diligence activities.

During 2023, ongoing due diligence efforts were completed, from which additional elements emerged that confirmed the validity and existence of certain tax credits that had been previously written down. Furthermore, for certain types of credits, the option to defer the unused 2022 tranches was exercised.

Overall, in the 2023 financial year, recoveries amounted to approximately 14.7 million euro.

As at 31 December 2023, the carrying amount of purchased tax credits, including utilisations and write-downs, was 179 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 2023, there were no new additions to the tax consolidation compared to 2022, while CDP Industria S.p.A. left the scope of consolidation due to its merger into CDP Equity, which was completed at 11:59 pm on 31 December 2022.

Consequently, effective 31 December 2023, the tax consolidation under CDP comprises the following consolidated companies alongside the consolidating entity 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. in liquidazione; 13) Pentagramma Romagna S.p.A.; 14) CDP Venture Capital SGR S.p.A.; 15) Pentagramma Piemonte S.p.A. in liquidazione; 16) Quadrifoglio Genova S.p.A. in liquidazione; 17) Ansaldo Energia S.p.A.; 18) Ansaldo Nucleare S.p.A.; 19) Ansaldo Green Tech S.p.A.; 20) Open Fiber Holdings S.p.A.; 21) Open Fiber S.p.A.; 22) Fincantieri Infrastrutture Sociali S.p.A.

OTHER INFORMATION

The Board of Directors' meeting on 4 April 2024 approved CDP's draft financial statements for 2023, 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.

A.2 - THE MAIN FINANCIAL STATEMENT ITEMS

The separate financial statements as of and for the year ended 31 December 2023 have been prepared by applying the same accounting policies as those used for the 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 2023, 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" represented by debt securities, equity securities, loans, units of UCITS included in an Other Trading business model, as well as derivatives not designated as part of accounting hedges;
- "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 at fair value 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;
- if separated, they meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

Derivatives that are not part of effective hedge accounting relationships, but are held for the purpose of hedging the assets and/or liabilities related to them, are considered operational hedging derivatives.

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: 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 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 of financial assets and/or liabilities measured at fair value through profit and loss. 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*[63]) has been irrevocably exercised.

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 through profit or loss 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.

The carrying value of these instruments includes the provision for expected credit losses required by IFRS 9, with consequent recognition in profit or loss of an impairment loss. 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)[64].

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).

[63] Fair Value Through Other Comprehensive Income option.

[64] 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.

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, 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 through profit or loss.

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[65] 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.

[65] 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. The organizational structure of the Company, for the purpose of establishing an accounting separation system, was therefore divided into three operating units, called Separate Account, Ordinary Account and Joint Services, respectively, *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.*

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, when substantial in nature, lead to its derecognition and the recognition of a new asset, also for Originated Credit Impaired positions.

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;
- substantial change in the discounted value of cash flows (the change is considered substantial when the present value of cash flows from the new asset, discounted using the original effective interest rate, differs significantly from the present value of the remaining cash flows of the original financial asset);
- changes granted to performing customers, which provide for the use of market parameters to redetermine the financial terms of the loan agreement, including modifications granted as part of renegotiations made on terms that would apply to new loans, possibly also with the aim of retaining the customer;
- 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.

For CDP, the cases that give rise to derecognition include changes made to the contractual terms in the context of renegotiations, including “massive” renegotiations, to public bodies carried out under the so-called “financial equivalence” regime to entities other than non-performing entities and, for local authorities, other than those in a situation of financial distress.

In the event of changes not deemed significant, which therefore do not come under the case of derecognition, but for which the modification is applied, 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.

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.

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 envisaged 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.

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. Hedging relationships that meet the eligibility criteria are subject to the following accounting treatment:
- 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 hedges, 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" include investments in subsidiaries (IFRS 10), in associates (IAS 28) and in joint ventures (IAS 28 and 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 ventures 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 equity 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, 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[66] 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 equity 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)[67] 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 in the equity investment was made, if assessed as relevant together with other available information[68];
- 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.

66 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.

67 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.

68 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.

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[69]), 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:

	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.

69 Lease liabilities recognised as the lessee in lease transactions are recorded under financial liabilities measured at amortised cost.

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 through profit or loss.

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, in accordance with IFRS 16, 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 assets acquired, 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 are amortised over a total of 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 equity 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 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 pensions 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 technical form (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, for fixed rate postal savings bonds, the unchanging effective interest rate calculated at the issue of each series as the discount rate, and kept unchanged. 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 in 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, 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 - 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 through profit or loss, 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 is a transaction or other event in which an entity acquires control of one or more businesses.

Control of one or more businesses may be obtained: (i) by transferring cash, cash equivalents or other assets; (ii) by issuing equity interests; (iii) by assuming liabilities; (iv) without transferring consideration (for example, through a contractual agreement).

Business combinations are accounted for using the "purchase method", which requires:

- the identification of the acquiror;
- the determination of the acquisition date;
- the recognition and measurement of the identifiable assets acquired, the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree;
- the recognition and measurement of goodwill or a gain arising from a bargain purchase.

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 allow their use, also in view of the characteristics of the financial instrument being measured. If the adjustment is 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 2023.

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		(19,776)	Option pricing models	Redemption profiles (ratio of expected principal at maturity to remaining payable)
Equity securities	74,201		Equity multiple	Equity multiple
Units in collective investment undertakings	4,154,128		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 a semi-annual 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.

Redemption profile sensitivity analysis

(millions of euro) Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded options postal saving bond Risparmio Sostenibile	1.98	(1.98)

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)	31/12/2023			31/12/2022		
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:		338,117	4,154,128		354,937	3,563,715
a) financial assets held for trading		338,117			354,937	
b) financial assets designated at fair value						
c) other financial assets mandatorily at fair value			4,154,128			3,563,715
2. Financial assets measured at fair value through other comprehensive income	10,920,696		74,201	10,844,204		69,915
3. Hedging derivatives		2,105,170			4,343,994	
4. Property, plant and equipment						
5. Intangible assets						
TOTAL ASSETS	**10,920,696**	**2,443,287**	**4,228,329**	**10,844,204**	**4,698,931**	**3,633,630**
1. Financial liabilities held for trading		307,721	19,776		392,619	7,728
2. Financial liabilities at fair value						
3. Hedging derivatives		1,652,606			1,091,388	
TOTAL LIABILITIES		**1,960,327**	**19,776**		**1,484,007**	**7,728**

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)

(thousands of euro)	Financial assets designated at fair value through profit or loss: 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	**3,563,715**			**3,563,715**	**69,915**			
2. Increases	**1,104,782**			**1,104,782**	**5,342**			
2.1 Purchases	553,694			553,694				
2.2 Profits taken to:	251,437			251,437	5,342			
2.2.1 Income statement	251,437			251,437				
– *of which: capital gains*	*251,437*			*251,437*				
2.2.2 Equity	X	X	X	X	5,342			
2.3 Transfers from other levels								
2.4 Other increases	299,651			299,651				
3. Decreases	**514,369**			**514,369**	**1,056**			
3.1 Sales								
3.2 Repayments	356,296			356,296				
3.3 Losses taken to:	158,073			158,073	1,056			
3.3.1 Income statement	158,073			158,073				
– *of which: capital losses*	*157,204*			*157,204*				
3.3.2 Equity	X	X	X	X	1,056			
3.4 Transfers to other levels								
3.5 Other decreases								
4. CLOSING BALANCE	**4,154,128**			**4,154,128**	**74,201**			

Item 2.4 “Other increases” mainly includes the value of the units of Fondo Sviluppo — Sub-Fund A — and the units of Fondo Investimenti per la Valorizzazione — Sub-Fund Plus — transferred from CDP Immobiliare to CDP through the distribution of equity reserves by CDP Immobiliare in May 2023.

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	**7,728**		
2. Increases	**14,208**		
2.1 Issues	11,940		
2.2 Losses taken to:	2,268		
2.2.1 Income statement	2,268		
– *of which: capital losses*	2,268		
2.2.2 Equity	X		
2.3 Transfers from other levels			
2.4 Other increases			
3. Decreases	**2,160**		
3.1 Repayments			
3.2 Buybacks			
3.3 Profits taken to:	2,160		
3.3.1 Income statement	2,160		
– *of which: capital gains*	*2,160*		
3.3.2 Equity	X		
3.4 Transfers to other levels			
3.5 Other decreases			
4. CLOSING BALANCE	**19,776**		

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)	31/12/2023				31/12/2022			
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	345,069,504	55,144,459	6,725,654	276,178,960	346,085,422	45,045,550	6,475,901	280,568,157
2. Investment property, plant and equipment	215,184			215,184	221,386			221,386
3. Non-current assets and disposal groups held for sale								
TOTAL	**345,284,688**	**55,144,459**	**6,725,654**	**276,394,144**	**346,306,808**	**45,045,550**	**6,475,901**	**280,789,543**
1. Financial liabilities measured at amortised cost	363,590,749	9,775,588	8,774,207	344,279,289	371,336,095	7,573,325	9,216,730	352,992,256
2. Liabilities associated with non-current assets and disposal groups held for sale								
TOTAL	**363,590,749**	**9,775,588**	**8,774,207**	**344,279,289**	**371,336,095**	**7,573,325**	**9,216,730**	**352,992,256**

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)	31/12/2023	31/12/2022
a) Cash		
b) Current accounts and demand deposits with Central banks	1,010,224	2,450,136
c) Bank current accounts and demand deposits	137,877	180,266
TOTAL	**1,148,101**	**2,630,402**

At 31 December 2023, the item included approximately 1,010 million euro of cash deposits held with the ECB in overnight deposit facilities and the positive balance of around 138 million euro in current accounts held with banks.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

1.1 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 243 million euro) and currency derivatives (about 59 million euro), and the positive fair value (about 36 million euro) of the options purchased for operational hedging purposes of the embedded option component in the Risparmio Sostenibile postal saving bonds, linked to the Stoxx Europe 600 ESG-X index. This option component was separated from the host instrument and was classified among financial liabilities held for trading.

(thousands of euro)	31/12/2023			31/12/2022		
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		338,117			354,937	
1.1 Trading		338,117			354,937	
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		**338,117**			**354,937**	
TOTAL (A + B)		**338,117**			**354,937**	

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTOR/ISSUER/COUNTERPARTY

(thousands of euro)

Items/Values	31/12/2023	31/12/2022
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	338,117	354,937
Total B	**338,117**	**354,937**
TOTAL (A + B)	**338,117**	**354,937**

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)	31/12/2023			31/12/2022		
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. Equity securities						
3. Units in collective investment undertakings			4,154,128			3,563,715
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
TOTAL			**4,154,128**			**3,563,715**

Investments in units in collective investment undertakings amounting to approximately 4,154 million euro (up by 590 million euro compared to 2022) are attributable to the following macro-categories: Enterprise Funds for 1,546 million euro, Real Estate Funds for 1,979 million euro, Infrastructure Funds for 445 million euro and International Cooperation Funds for 184 million euro.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

(thousands of euro) Items/Values	31/12/2023	31/12/2022
1. Equity securities		
of which:		
– *banks*		
– *other financial companies*		
– *non-financial companies*		
2. Debt securities		
a) Central banks		
b) General governments		
c) Banks		
d) Other financial companies		
– *of which: insurance companies*		
e) Non-financial companies		
3. Units in collective investment undertakings	**4,154,128**	**3,563,715**
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	**4,154,128**	**3,563,715**

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)

Items/Values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,478,293			10,518,943		
1.1 Structured securities						
1.2 Other debt securities	10,478,293			10,518,943		
2. Equity securities	442,403		74,201	325,261		69,915
3. Loans						
TOTAL	**10,920,696**		**74,201**	**10,844,204**		**69,915**

Investments in debt securities included in this item, amounting to 10,478 million euro, were slightly down by 41 million euro compared with the end of 2022 and consisted of approximately 8,207 million euro in Italian government bonds (down by 335 million euro compared to the end of 2022).

Investments in equity securities amounted to approximately 517 million euro (+121 million euro compared to the end of 2022). The increase is essentially attributable to the effect of the fair value measurement of the equity investment in TIM S.p.A. (equal to 0.29 euro per share as at 29 December 2023, the last trading day of the financial year).

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY DEBTOR/ ISSUER

(thousands of euro)

Items/Values	31/12/2023	31/12/2022
1. Debt securities	**10,478,293**	**10,518,943**
a) Central banks		
b) General governments	8,485,650	9,130,872
c) Banks	1,233,406	696,824
d) Other financial companies	298,879	270,667
– *of which: insurance companies*		
e) Non-financial companies	460,358	420,580
2. Equity securities	**516,604**	**395,176**
a) Banks	70,431	65,089
b) Other issuer:	446,173	330,087
– other financial companies		
– *of which: insurance companies*		
– non-financial companies	446,173	330,087
– 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	**10,994,897**	**10,914,119**

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND ACCUMULATED IMPAIRMENT

(thousands of euro)	Gross value					Accumulated impairment				
	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	10,490,384					(12,091)				
Loans										
TOTAL 31/12/2023	**10,490,384**					**(12,091)**				
Total 31/12/2022	**10,531,470**					**(12,527)**				

(*) Value to be shown for information purposes.

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 31/12/2023						Total 31/12/2022					
	Carrying amount			Fair value			Carrying amount			Fair value		
Type of transactions/Values	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3
A. Loans to Central banks	**2,892,820**					**2,891,001**	**2,997,709**					**2,993,972**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,879,600			X	X	X	2,983,028			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	13,220			X	X	X	14,681			X	X	X
B. Loans to banks	**19,557,191**			**469,023**		**18,359,593**	**17,836,781**			**303,932**		**15,927,441**
1. Loans	14,934,390					14,162,488	13,535,925					12,018,027
1.1 Current accounts				X	X	X				X	X	X
1.2 Time deposits				X	X	X				X	X	X
1.3 Other financing:	14,934,390			X	X	X	13,535,925			X	X	X
- repurchase agreements				X	X	X				X	X	X
- finance leases				X	X	X				X	X	X
- other	14,934,390			X	X	X	13,535,925			X	X	X
2. Debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
2.1 Structured												
2.2 Other debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
TOTAL	**22,450,011**			**469,023**		**21,250,594**	**20,834,490**			**303,932**		**18,921,413**

Loans to banks totalled 22,450 million euro (+1,616 million euro compared to the end of 2022) and consist mainly of:

- loans for approximately 14,836 million euro (+2,780 million euro compared to 2022);
- the balance on the management account of the Reserve requirement, which decreased to around 2,880 million euro (around -103 million euro compared to 2022);
- deposits for Credit Support Annexes (cash collateral) held with banks hedging counterparty risk on derivatives, for approximately 111 million euro (approximately -1,383 million euro compared to 2022);
- debt securities for approximately 4,623 million euro (+322 million euro approximately with respect to 2022).

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

	Total 31/12/2023						Total 31/12/2022					
	Carrying amount			Fair value			Carrying amount			Fair value		
(thousands of euro) Type of transactions/Values	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Level 1	Level 2	Level 3
1. Loans	**253,846,101**	**204,536**				**251,533,749**	**263,222,868**	**425,825**				**258,074,727**
1.1 Current accounts	3,321			X	X	X	2,850			X	X	X
1.1.1 Cash and cash equivalents held with Central State Treasury	147,390,322			X	X	X	156,842,624			X	X	X
1.2 Repurchase agreements				X	X	X	229,412			X	X	X
1.3 Loans	101,124,226	199,314		X	X	X	100,690,335	419,842		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 leases	1,162			X	X	X	6,762			X	X	X
1.6 Factoring				X	X	X				X	X	X
1.7 Other	5,327,070	5,222		X	X	X	5,450,885	5,983		X	X	X
2. Debt securities	**68,566,031**	**2,825**		**54,675,436**	**6,725,654**	**3,394,617**	**61,582,341**	**19,897**		**44,741,618**	**6,475,901**	**3,572,017**
2.1 Structured securities												
2.2 Other debt securities	68,566,031	2,825		54,675,436	6,725,654	3,394,617	61,582,341	19,897		44,741,618	6,475,901	3,572,017
TOTAL	**322,412,132**	**207,361**		**54,675,436**	**6,725,654**	**254,928,366**	**324,805,209**	**445,722**		**44,741,618**	**6,475,901**	**261,646,744**

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.

Cash and cash equivalents at the State Treasury, current account no. 29814 called "Cassa DP SPA - Gestione Separata", into which the liquidity related to CDP's Separate Account operations is deposited, amount to approximately 147,390 million euro (down by 9,452 million euro compared to the end of 2022). The reduction from the previous year is mainly attributable to (i) the financing of CDP's business operations, (ii) the continued reduction in the stock of short-term lending and funding implemented in response to the new interest rate scenario, and (iii) the increase in the investment securities portfolio (HTC) in order to support prospective profitability, while maintaining assets that are easily convertible into cash and can serve as collateral for repurchase agreements.

Starting 1 January 2023, the Ministry of Economy and Finance will pay interest to CDP on the liquid assets held with the State Treasury, this interest rate takes into account the cost of postal savings incurred by CDP and the annual return on government securities across short and medium to long-term maturities[70].

As at 31 December 2023, there were no active repo transactions outstanding (at the end of 2022, there were approximately 229 million euro outstanding), following the strategy mentioned earlier to decrease short-term lending positions.

The volume of mortgage loans and other financing amounted to approximately 106,656 million euro (+89 million euro compared to the end of 2022).

The amount of debt securities reported in this category totalled around 68,569 million euro (+6,967 million euro compared to the end of 2022), with 62,905 million euro in Italian government bonds (+6,794 million euro compared to the end of 2022). This increase is attributable to purchases made during the year in consideration of the aforementioned portfolio strategy.

The item also includes finance leases, amounting to approximately 1 million euro, 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

	31/12/2023			31/12/2022		
(thousands of euro) Type of transactions/Values	Stage 1 and 2	Stage 3	Purchased or originated credit impaired	Stage 1 and 2	Stage 3	Purchased or originated credit impaired
1. Debt securities	**68,566,031**	**2,825**		**61,582,341**	**19,897**	
a) General governments	63,483,068			56,734,143		
b) Other financial companies	1,305,537			1,160,806		
– *of which: insurance companies*						
c) Non-financial companies	3,777,426	2,825		3,687,392	19,897	
2. Loans	**253,846,101**	**204,536**		**263,222,868**	**425,825**	
a) General governments	227,863,546	28,981		238,472,263	66,759	
b) Other financial companies	6,046,623			5,971,286		
– *of which: insurance companies*						
c) Non-financial companies	19,911,774	174,263		18,756,263	357,658	
d) Households	24,158	1,292		23,056	1,408	
TOTAL	**322,412,132**	**207,361**		**324,805,209**	**445,722**	

70 The calculation formula for determining rates is designed to gradually increase the significance of the government bond component over time, while ensuring it does not exceed the trend observed in the average cost of government bonds over a preceding period longer than one year, while, at the same time, still ensuring appropriate remuneration for the expenses incurred by CDP to replenish the Treasury current account.

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: 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	72,868,285		541,831	28,246		(98,099)	(123,185)	(25,421)		
Loans	261,116,455		11,179,638	330,710		(284,981)	(337,801)	(126,174)		
TOTAL 31/12/2023	**333,984,740**		**11,721,469**	**358,956**		**(383,080)**	**(460,986)**	**(151,595)**		
Total 31/12/2022	**335,107,086**		**11,414,153**	**637,712**		**(366,394)**	**(515,146)**	**(191,990)**		

(*) Value to be shown for information purposes.

NEW LIQUIDITY PROVIDED VIA PUBLIC GUARANTEE SCHEMES ROLLED OUT DURING THE COVID-19 PANDEMIC

The following table shows outstanding loans, providing insights into gross value and accumulated impairment, categorised by risk stage, representing newly extended liquidity facilitated by public guarantee mechanisms issued in accordance with the Covid-19 framework.

	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 (*)
LOANS AT 31/12/2023	**810,046**		**29,765**	**29,934**		**(2,795)**	**(177)**	**(4,360)**		
Loans at 31/12/2022	**1,216,472**			**44,861**		**(4,158)**		**(6,650)**		

(*) Value to be shown for information purposes.

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE

	Fair value 31/12/2023			Notional value	Fair value 31/12/2022			Notional value
(thousands of euro)	Level 1	Level 2	Level 3	31/12/2023	Level 1	Level 2	Level 3	31/12/2022
A. Financial derivatives		**2,105,170**		**21,299,471**		**4,343,994**		**30,864,461**
1) Fair value		1,954,874		18,739,471		4,115,710		28,791,141
2) Cash flow		150,296		2,560,000		228,284		2,073,320
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**2,105,170**		**21,299,471**		**4,343,994**		**30,864,461**

Micro-hedging, fair value and cash flow derivatives that had a positive value as at 31 December 2023 amounted to approximately 729 million euro, while macro-hedging derivatives with a positive fair value amounted to approximately 1,376 million euro.

5.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

	Fair value							Cash flow		
	Micro-hedge									
(thousands of euro) Operations/Type of hedging	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Credit	Commod-ities	Other	Macro-hedge	Micro-hedge	Macro-hedge	Investment in foreign operation
1. Financial assets measured at fair value through other comprehensive income	1,889				X	X	X		X	X
2. Financial assets measured at amortised cost	546,556	X			X	X	X	11,872	X	X
3. Portfolio	X	X	X	X	X	X	1,376,478	X		X
4. Other							X		X	
TOTAL ASSETS	**548,445**						**1,376,478**	**11,872**		
1. Financial liabilities	29,951	X					X	138,424	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES	**29,951**							**138,424**		
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	31/12/2023	31/12/2022
1. Positive fair value change	**337,326**	
1.1 Of specific portfolios:	337,326	
a) financial assets measured at amortised cost	337,326	
b) financial assets measured at fair value through other comprehensive income		
1.2 Overall		
2. Negative fair value change	**(2,338,818)**	**(2,986,650)**
2.1 Of specific portfolios:	(2,338,818)	(2,986,650)
a) financial assets measured at amortised cost	(2,338,818)	(2,986,650)
b) financial assets measured at fair value through other comprehensive income		
2.2 Overall		
TOTAL	**(2,001,492)**	**(2,986,650)**

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 recorded under financial assets measured at amortised cost.

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%	11,412,374
CDP Reti S.p.A.	Rome	Rome	59.10%	59.10%	2,017,339
Fintecna S.p.A.	Rome	Rome	100.00%	100.00%	1,188,273
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. in liquidazione	Milan	Milan	51.00%	75.74%	0
C. Companies subject to significant influence					
Eni S.p.A.	Rome	Rome	27.73%	27.73%	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%	0
TOTAL					**33,064,707**

At 31 December 2023, the item amounted to approximately 33,065 million euro, down on the 2022 year-end balance (about -656 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)	31/12/2023	31/12/2022
A. Opening balance	**33,721,181**	**28,981,649**
B. Increases	**294,843**	**4,840,924**
B.1 Purchases	294,843	4,840,924
B.2 Writebacks		
B.3 Revaluations		
B.4 Other increases		
C. Decreases	**951,317**	**101,392**
C.1 Sales		
C.2 Writedowns	682,456	101,392
C.3 Impairment losses		
C.4 Other decreases	268,861	
D. CLOSING BALANCE	**33,064,707**	**33,721,181**
E. Total revaluations		
F. Total writedowns	**694,545**	**575,602**

During 2023, increases in equity investments were mainly attributable to the growth in the investment in CDP Equity amounting to approximately 295 million euro to support the company's investment strategy; decreases were mainly attributable to (i) impairment adjustments recognised on CDP Equity for about 670.5 million euro and CDP Immobiliare for about 11.9 million euro, and (ii) to CDP Immobiliare distribution of equity reserves that took place in May 2023 via the transfer of units of Fondo Sviluppo — Sub-Fund A — and units of Fondo Investimenti per la Valorizzazione — Sub-Fund Plus totalling 299.6 million euro. Of this amount, around 268.9 million euro in capital reserves recognised as a reduction in the value of the equity investment and about 30.8 million euro in revenue reserves, recognised as a dividend.

It should also be noted that, CDP finalised the transfer of the equity investment held in CDP Immobiliare S.r.l. in liquidazione to Fintecna S.p.A. in November 2023, as part of the Group's Real Estate Area reorganisation plan, following the capital increase endorsed by Fintecna and entirely subscribed by CDP. 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 Immobiliare S.r.l. in liquidazione to the value of the company Fintecna S.p.A.

7.6 COMMITMENTS RELATING TO JOINT OPERATIONS

As at 31 December 2023, there were no commitments relating to joint operations.

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.p.A.'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 S.p.A. 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 related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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 also considered stock prices and market parameters which are subject to fluctuation, even significant, due to the ongoing turbulence and volatility of the markets, connected to the tensions of the international geo-political situation and the uncertainty of the macroeconomic scenario (e.g. inflationary scenario developments and the consequent monetary policy strategies of the central banks);
- 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 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 geopolitical risks and uncertainty on the evolution of 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 2023, impairment triggers activated on all the equity investments in CDP's portfolio with the exception of SIMEST and CDP Real Asset SGR.

When estimating the recoverable amount of equity investments, which is determined as the higher value between fair value less costs to sell and value in use, CDP has implemented several fundamental principles with due consideration given to (i) the current historical context characterised by a combination of factors including heightened geopolitical tensions, which are exacerbated by ongoing conflicts such as the war in Ukraine and events in the Middle East, amidst tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties regarding future developments, and (ii) the guidance provided by both national and international regulatory bodies, alongside directives from industry organisations. 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. revisions of inflation forecasts and expectations on interest rates)[71];
- 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;
- the use of the latest available exact survey of Country Risk Premiums, only where deemed most significant, instead of the average of the latest surveys.

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 hydrocarbons (e.g. oil) 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, profitability and long-term growth rate, if applicable, based on the value estimation method used.
- stock market prices for listed companies, also to consider potential unfavourable developments in share prices linked to the general context of uncertainty that could increase the volatility of the markets.

[71] 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 following summary table lists the main 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.	11,412,374	Value in use	Adjusted equity
Fintecna S.p.A.	1,188,273	Value in use	Adjusted equity
CDP Reti S.p.A.	2,017,339	Value in use	Adjusted equity
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)

Eni

Helped by an independent valuation specialist , 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) 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. In particular:

- for the Exploration & Production sector 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. The estimation of production volumes post-2035 was conducted under the assumption that proven and probable reserves would be completely depleted by 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 current market estimates and aligned in the medium to long term with the forecasts contained in Eni's 2024-2027 Plan, which shows oil and gas prices for 2027 of about USD 80/bbl and about 36 euro/Mwh, respectively;
  - 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 expenditure per barrel produced – including development costs – that Eni incurs in areas where it has historically been present;
  - the WACC was estimated: (i) for the cost of equity through the Capital Asset Pricing Model theory, (ii) for the cost of borrowing based on the company's latest bond issues, and (iii) for the debt to equity ratio, through an analysis of these parameters for the main comparable companies operating in the sector.;
- for non Exploration & Production sectors, given their minimal contribution to the overall value in use of the investment and the substantial sensitivity of results to long-term projections amidst the prevailing uncertainty surrounding the expected energy transition, the net invested capital was deemed the most reliable estimate of recoverable amount. However, an exception was made for Plenitude, where the recent investment value by Energy Infrastructure Partners[72] was instead utilised.

[72] Eni, Plenitude, and Energy Infrastructure Partners ("EIP") reached an agreement on 8 March 2024, for EIP's inclusion in Plenitude's share capital through a capital increase of 588 million euro. The amount, based on an equity valuation of 8 billion euro following the capital increase, represents about 7.6% of Plenitude's share capital, reflecting an enterprise valuation in excess of 10 billion euro. The deal was announced in December 2023.

The impairment test found that the recoverable amount was 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. Since the value in use is determined through the use of estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the year. Specifically, sensitivity analyses were conducted with particular reference to the WACC discount rate, to the EBITDA and to oil prices for the Exploration & Production sector, which showed that any non-marginal negative changes in these variables would result in a recoverable amount lower than that identified at the reference date, but in any case higher than the carrying value of the equity investment. In particular, the sensitivity analyses carried out with reference to the main assumptions underlying the evaluation of the Exploration & Production sector showed that in order to align the value in use — thus determined — with the carrying value of the equity investment (assuming a break-even scenario) it would be necessary to (i) increase the WACC by about 370 bps, or (ii) reduce EBITDA by about 11% per year, or (iii) reduce the annual Brent crude price with respect to the base scenario considered by about 12%.

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 fuelled by the ongoing conflict between Russia and Ukraine and exacerbated by the conflict in the Middle East, 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 less transaction costs.

The fair value of the equity investment was calculated on the basis of the volume-weighted average stock market prices ("VWAP" method) in December 2023.

The impairment test found that the fair value was 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. It's important to highlight that to align the fair value, as stated above, with the carrying value of the equity investment (assuming a break-even scenario), a reduction of approximately 37% in the VWAP would be necessary.

CDP Equity

Considering CDP Equity is a holding company, the recoverable amount of the equity investment was determined on a Net Asset Value (NAV) basis as at 31 December 2023. This was estimated by aggregating the individual equity investments held, with their recoverable amounts determined using methodologies commonly employed in valuation practices such as Discounted Cash Flow (DCF), Dividend Discount Model (DDM), and transaction-based approaches applied under the guidance of an independent appraiser and taking into account the distinct features of each asset.

The impairment test performed showed that the recoverable amount was lower than the carrying value of the equity investment in CDP's separate financial statements, mainly as a result of impairment losses recognised by companies in CDP Equity's portfolio and in particular with reference to the investments held in Nexi and Open Fiber Holdings (for which, for a detailed description of the valuation methods adopted please refer to Section 7.1 - Equity Investments: Information on Equity Investments - Impairment Test on Equity Investments in the Consolidated Notes to the Financial Statements). Consequently, the carrying value of the equity investment was adjusted to align with its recoverable amount, leading to a decrease in value of 671 million euro.

CDP Reti

Considering CDP Reti is a holding company, the recoverable amount of the equity investment was determined by estimating the company's NAV as at 31 December 2023. In particular, the recoverable amount of CDP Reti's investee companies was based on the fair value less transaction costs using the volume-weighted stock market prices recorded in December 2023 (so-called "VWAP" method).

The impairment test found that the recoverable amount was 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. It's important to highlight that to align the recoverable amount – thus determined – with the carrying value of the equity investment (assuming a break-even scenario), a reduction of approximately 54% in the fair value of CDP Reti's investment portfolio would be necessary.

Fintecna

The recoverable amount of the equity investment in Fintecna was calculated based on the equity investment at 31 December 2023, 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 investment). Specifically, given the nature of the business activity of Fintecna, a company mainly engaged in the management of litigation and liquidation activities, as well as, following the implementation of the CDP Group Real Estate Resettlement Plan though the provision of real estate services to Group Companies, net equity has been adjusted to incorporate the associated cash flows from these activities. In particular, in order to determine the recoverable amount and the above-mentioned adjustments, alternative scenarios were envisaged for the main specific values, defined on the basis of management's forecasts and the application of prudential assumptions.

The impairment test found that the recoverable amount was substantially in line with the carrying value of the equity investment in CDP's separate financial statements, and consequently the carrying amount of the equity investment was confirmed. Even marginal negative changes in the key components of the adjusted shareholders' equity might lead to a recoverable amount lower than the carrying value of the equity investment. Particularly, given the characteristics of Fintecna's operations, sensitivity analyses reveal that to align the determined value in use with the carrying value of the equity investment (assuming a break-even scenario), an approximate 2% reduction in the adjusted shareholders' equity would be necessary.

Redo SGR

For Redo SGR, the recoverable amount is based on a Dividend Discount Model ("DDM") specifically employing the excess capital variant that considers (i) the dividends distributable to shareholders in the explicit forecast period (2024-2025) and (ii) residual equity at the end of the explicit period ("Terminal Value"). The discount rate is equal to the estimated cost of equity using the Capital Asset Pricing Model theory, utilising specific parameters obtained from an analysis of the key comparable listed companies.

The impairment test found that the recoverable amount was 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. Since the value in use is determined through the use of estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the year. Specifically, sensitivity analyses were conducted with particular reference to the discount rate (cost of equity) and the multiple price-to-book value (P/BV) used to calculate the Terminal Value, which show that any non-marginal negative changes in these variables would result in a recoverable amount lower than that identified at the reference date, but in any case higher than the carrying value of the equity investment. The sensitivity analyses carried out with reference to the main assumptions showed that, in order to align the value in use - thus determined - with the carrying value of the equity investment (assuming a break-even scenario), it would be necessary to (i) increase the cost of equity by approximately 500 bps, or (ii) reduce the P/BV multiple by approximately 0.3x.

Elite

In accordance with IAS 36 the recoverable amount of the equity investment was calculated starting from the company's equity.

The impairment test found that the recoverable amount was substantially in line with the carrying value of the equity investment in CDP's separate financial statements, and consequently the carrying amount of the equity investment was confirmed.

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	31/12/2023	31/12/2022
1. Owned	**113,997**	**107,963**
a) Land	62,276	62,276
b) Buildings	34,044	35,278
c) Movables	3,308	3,547
d) Electrical plant	3,964	4,592
e) Other	10,405	2,270
2. Right of use acquired under leases	**28,419**	**30,178**
a) Land		
b) Buildings	28,182	29,834
c) Movables		
d) Electrical plant	20	69
e) Other	217	275
Total	**142,416**	**138,141**
– *of which: obtained via the enforcement of the guarantees received*		

The item "rights of use acquired under leases" 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.

8.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro) Assets/Values	31/12/2023 Carrying amount	31/12/2023 Fair value Level 1	31/12/2023 Fair value Level 2	31/12/2023 Fair value Level 3	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
1. Owned	**208,462**			**208,462**	**214,372**			**214,372**
a) Land	55,130			55,130	55,130			55,130
b) Buildings	153,332			153,332	159,242			159,242
2. Right of use acquired under leases	**6,722**			**6,722**	**7,014**			**7,014**
a) Land								
b) Buildings	6,722			6,722	7,014			7,014
TOTAL	**215,184**			**215,184**	**221,386**			**221,386**
– *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 leases" 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**	**100,839**	**10,969**	**20,752**	**29,387**	**224,223**
A.1 Total net writedowns		(35,727)	(7,422)	(16,091)	(26,842)	(86,082)
A.2 Opening net balance	**62,276**	**65,112**	**3,547**	**4,661**	**2,545**	**138,141**
B. Increases		**9,969**	**579**	**1,061**	**9,708**	**21,317**
B.1 Purchases			444	971	9,289	10,704
B.2 Capitalised improvement costs		269				269
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		140	X	X	X	140
B.7 Other changes		9,560	135	90	419	10,204
C. Decreases		**12,855**	**818**	**1,738**	**1,631**	**17,042**
C.1 Sales						
C.2 Depreciation		5,136	818	1,731	1,055	8,740
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:		1,003				1,003
a) investment property		1,003	X	X	X	1,003
b) non-current assets and disposal groups held for sale						
C.7 Other changes		6,716		7	576	7,299
D. CLOSING NET BALANCE	**62,276**	**62,226**	**3,308**	**3,984**	**10,622**	**142,416**
D.1 Total net writedowns		(36,928)	(8,231)	(17,814)	(27,898)	(90,871)
D.2 Closing gross balance	**62,276**	**99,154**	**11,539**	**21,798**	**38,520**	**233,287**
E. Measurement at cost						

The following items are recognised with reference to the rights of use acquired under a lease:

- transfers from rights of use relating to buildings held for investment purposes, amounting to 140 thousand euro;
- other additions to buildings, reported under item B.7, equal to 9,236 thousand euro, relating to: (i) early repayment of active sublease agreements of a financial nature, with derecognition of lease receivables recognised in financial assets measured at amortised cost and simultaneous reallocation to functional use of space (8,499 thousand euro); (ii) increases in the value of the right of use as a result of the revaluation of fees indexed to contract inflation (737 thousand euro). The other changes increasing in the "Other" category, totalling 419 thousand euro is primarily driven by the higher value of the right of use resulting from the contract's term extension.
- depreciation in the income statement amounting to 3,835 thousand euro, of which 3,309 thousand euro for buildings, 49 thousand euro for electronic plant and 477 thousand euro for other tangible assets;
- outgoing transfers to rights of use relating to buildings held for investment purposes, amounting to approximately 1,003 thousand euro;
- reductions in the value of the right of use for buildings, shown under item "C.7 Other changes", 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 equal to 6,715 thousand euro.

8.7 INVESTMENT PROPERTY: CHANGES FOR THE YEAR

	Total	
(thousands of euro)	Land	Buildings
A. Opening gross balance	**55,130**	**208,124**
A.1 Total net writedowns		(41,868)
A.2 Opening net balance	**55,130**	**166,256**
B. Increases		**1,030**
B.1 Purchases		
B.2 Capitalised improvement costs		
B.3 Fair value gains		
B.4 Writebacks		
B.5 Positive exchange rate differences		
B.6 Transfers from operating property		1,003
B.7 Other changes		27
C. Decreases		**7,232**
C.1 Sales		
C.2 Depreciation		7,063
C.3 Fair value losses		
C.4 Writedowns for impairment		
C.5 Negative exchange rate differences		
C.6 Transfers to:		140
a) operating property		140
b) non-current assets and disposal groups held for sale		
C.7 Other changes		29
D. CLOSING NET BALANCE	**55,130**	**160,054**
D.1 Total net writedowns		(48,794)
D.2 Closing gross balance	**55,130**	**208,848**
E. Measurement at fair value	**55,130**	**160,054**

Investment property is measured at cost.

The following items are recognised with reference to the rights of use acquired under a lease:

- transfers from rights of use relating to buildings held for functional use, amounting to 1,003 thousand euro;
- depreciation in the income statement amounting to 1,152 thousand euro;
- outgoing transfers to rights of use relating to buildings held for functional use, amounting to 140 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 2023 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)	31/12/2023		31/12/2022	
Assets/Values	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**X**		**X**	
A.2 Other intangible assets	**77,806**		**71,954**	
– *of which: software*	*77,806*		*71,954*	
A.2.1 Assets carried at cost:	77,806		71,954	
a) internally-generated intangible assets				
b) other assets	77,806		71,954	
A.2.2 Assets carried at fair value:				
a) internally-generated intangible assets				
b) other assets				
TOTAL	**77,806**		**71,954**	

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				**146,459**		**146,459**
A.1 Total net writedowns				(74,505)		(74,505)
A.2 Opening net balance				**71,954**		**71,954**
B. Increases				**28,057**		**28,057**
B.1 Purchases				28,030		28,030
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				27		27
C. Decreases				**22,205**		**22,205**
C.1 Sales						
C.2 Writedowns:				22,205		22,205
– Amortisation	X			22,205		22,205
– 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				**77,806**		**77,806**
D.1 Total net writedowns				(96,710)		(96,710)
E. Closing gross balance				**174,516**		**174,516**
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)	31/12/2023	31/12/2022
Deferred tax assets recognised in income statement	**270,516**	**304,866**
Provisions for risks and charges	60,854	62,940
Writedowns on loans	115,415	139,461
Property, plant and equipment/intangible assets	3,116	3,127
Exchange rate differences	28,599	25,067
Realignment of values pursuant to Decree Law 98/2011	61,772	73,538
Other temporary differences	760	733
Deferred tax assets recognised in equity	**274,636**	**445,217**
Financial assets measured at fair value through other comprehensive income	141,506	295,512
Cash flow hedge	133,130	149,705
TOTAL	**545,152**	**750,083**

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)	31/12/2023	31/12/2022
Deferred tax liabilities recognised in income statement	**108,161**	**159,039**
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	99,946	150,819
Other temporary differences	24	29
Deferred tax liabilities recognised in equity	**124,108**	**136,609**
Financial assets measured at fair value through other comprehensive income	72,845	62,173
Other	51,263	74,436
TOTAL	**232,269**	**295,648**

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)	31/12/2023	31/12/2022
1. Opening balance	**304,866**	**353,559**
2. Increases	**40,746**	**33,088**
2.1 Deferred tax assets recognised during the year:	40,746	33,088
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other	40,746	33,088
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**75,096**	**81,781**
3.1 Deferred tax assets derecognised during the year:	75,096	81,781
a) reversals	75,096	81,781
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	**270,516**	**304,866**

10.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	31/12/2023	31/12/2022
1. Opening balance	**159,039**	**73,718**
2. Increases	**7,666**	**90,871**
2.1 Deferred tax liabilities recognised during the year:	7,666	90,871
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	7,666	90,871
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**58,544**	**5,550**
3.1 Deferred tax liabilities derecognised during the year:	58,544	5,550
a) reversals	58,544	5,522
b) due to change in accounting policies		
c) other		28
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**108,161**	**159,039**

10.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

(thousands of euro)	31/12/2023	31/12/2022
1. Opening balance	**445,217**	**184,504**
2. Increases	**133,130**	**432,924**
2.1 Deferred tax assets recognised during the year:	133,130	432,924
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	133,130	432,924
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**303,711**	**172,211**
3.1 Deferred tax assets derecognised during the year:	303,711	172,211
a) reversals	303,711	172,211
b) writedowns for supervening non-recoverability		
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**274,636**	**445,217**

10.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN EQUITY)

(thousands of euro)	31/12/2023	31/12/2022
1. Opening balance	**136,609**	**101,890**
2. Increases	**61,932**	**73,523**
2.1 Deferred tax assets recognised during the year:	61,932	73,523
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	61,932	73,523
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**74,433**	**38,804**
3.1 Deferred tax assets derecognised during the year:	74,433	38,804
a) reversals	74,433	38,804
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. CLOSING BALANCE	**124,108**	**136,609**

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

As at 31 December 2023, and at the close of the prior year, there were no Non-current assets and disposal groups held for sale

SECTION 12 - OTHER ASSETS - ITEM 120

12.1 OTHER ASSETS: BREAKDOWN

(thousands of euro)

Type of operations/Values	31/12/2023	31/12/2022
Ecobonus tax credits	178,903	198,869
Trade receivables and advances to public entities	143,138	153,266
Payments on account for withholding tax on postal passbooks	25,422	59,394
Receivables due from subsidiaries on consolidated taxation mechanism	3,176	8,070
Other receivables due from subsidiaries	22,639	19,457
Accrued income and prepaid expenses	16,459	16,168
Advances to suppliers	1,109	622
Leasehold improvements and expenses	1,643	1,951
Other tax receivables	2,504	2,487
Advances to personnel	437	252
Other items	30,918	22,849
TOTAL	**426,348**	**483,385**

This item includes assets that cannot be classified under the previous items.

In particular:

- "Ecobonus tax credits": the balance shows the amortised cost value of the tax credits acquired from CDP that have accrued on building renovation and energy efficiency projects, for the amount considered recoverable. The decrease compared to the previous year of approximately 20 million euro is due to reductions from the utilisation of receivables amounting to approximately 39.2 million euro, partially offset by the "time value of money" impact on increased interest income receivables for approximately +4.5 million euro and by the write-backs made against previous write-downs for approximately +14.7 million euro recorded under item 200 of the income statement as "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 postal passbooks": the balance refers to the payments on account net of the withholding tax on interest accrued on passbook savings accounts;
- "Receivables due from subsidiaries on consolidated taxation mechanism" and "Other receivables due from subsidiaries": 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 items" 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 2023 the Postal funding stock amounted to 284,624,173,033 euro (+3,606,502,468 euro compared to the end of 2022).

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO BANKS

	31/12/2023				31/12/2022			
		Fair value				Fair value		
(thousands of euro) Type of transactions/Values	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Due to central banks	**2,470,238**	**X**	**X**	**X**	**5,099,136**	**X**	**X**	**X**
2. Due to banks	**31,212,489**	**X**	**X**	**X**	**31,716,147**	**X**	**X**	**X**
2.1 Current accounts and demand deposits		X	X	X		X	X	X
2.2 Time deposits	626,688	X	X	X	1,377,896	X	X	X
2.3 Loans	28,616,860	X	X	X	27,457,658	X	X	X
2.3.1 Repurchase agreements	23,324,940	X	X	X	22,132,534	X	X	X
2.3.2 Other	5,291,920	X	X	X	5,325,124	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	1,968,941	X	X	X	2,880,593	X	X	X
TOTAL	**33,682,727**		**427,839**	**32,684,820**	**36,815,283**		**393,012**	**35,622,244**

Amounts due to central banks of about 2,470 million euro (down by 2,629 million euro compared to 2022) mainly refer to TLTRO-III financing lines granted by the ECB. The decrease in 2023 compared to 2022 is primarily attributable to the partial early repayment, in December, of the TLTRO-III financing in the amount of 2,850 million euro, aimed at optimising short-term liquidity.

Repurchase agreements with banks were equal to 23,325 million euro (+1.192 million euro compared to 2022).

Other loans, equal to 5,292 million euro (-33 million euro on 2022), relate to credit lines received from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

Time deposits amounted to 627 million euro (down by 751 million euro compared to 2022) and included 474 million euro of Passbook savings accounts and Postal savings bonds held by banks (down by 904 million euro compared to 2022) and short-term bank deposits which amounted to 153 million euro (nil as at 31 December 2022).

The item "Other payables" amounting to approximately 1,969 million euro (down by 912 million euro compared to 2022), mainly refers to Credit Support Annex contracts to hedge counterparty risk on derivatives.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO CUSTOMERS

(thousands of euro)	31/12/2023				31/12/2022			
	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	669,808	X	X	X	707,822	X	X	X
2. Time deposits	287,042,315	X	X	X	283,138,046	X	X	X
3. Loans	19,392,989	X	X	X	28,853,269	X	X	X
3.1 Repurchase agreements	19,392,989	X	X	X	28,853,269	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	36,157	X	X	X	44,894	X	X	X
6. Other payables	4,453,200	X	X	X	4,625,981	X	X	X
TOTAL	**311,594,469**			**311,594,469**	**317,370,012**			**317,370,012**

The item includes mainly:

- postal savings bonds at amortised cost of 192,506 million euro (+3,497 million euro on 2022), net of those held by banks;
- the balance of passbook savings accounts of 91,644 million euro (+1,009 million euro on 2022), net of those held by banks;
- the balance of Money Market transactions with the Treasury (formerly OPTES), equal to approximately 2,002 million euro (stable compared to 2022);
- repurchase agreements with customers (Cassa di Compensazione e Garanzia), equal to 19,393 million euro (-9,460 million euro compared to 2022);
- the amounts not yet disbursed at year end on loans granted to beneficiaries, whose disbursement is subject to progress with the investments financed, of 4,044 million euro (+151 million euro on 2022);
- investee companies' deposits, of 1,320 million euro, as a result of the cash pooling system with the Parent Company CDP, as part of management and coordination activities (down by 639 million euro compared to 2022);
- deposits for Credit Support Annexes to hedge counterparty risk on derivatives, for approximately 281 million euro (-341 million euro on 2022);
- the funds received on deposit from Ministries and local authorities to be managed as part of specific agreements, equal to 98 million euro (+8 million euro compared to 2022);
- the balance of the Government Securities Amortisation Fund of 250 million euro (-4 million euro compared to 2022);
- lease liabilities for 36 million euro (-9 million euro compared to 2022), 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) Type of securities/Values	31/12/2023 Carrying amount	Fair value Level 1	Level 2	Level 3	31/12/2022 Carrying amount	Fair value Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	17,474,716	9,775,588	7,507,056		15,804,565	7,573,325	7,476,881	
1.1 structured	45,291		44,512		45,145		43,811	
1.2 other	17,429,425	9,775,588	7,462,544		15,759,420	7,573,325	7,433,070	
2. Other securities:	838,837		839,312		1,346,236		1,346,837	
2.1 structured								
2.2 other	838,837		839,312		1,346,236		1,346,837	
TOTAL	**18,313,553**	**9,775,588**	**8,346,368**		**17,150,801**	**7,573,325**	**8,823,718**	

Securities issued at 31 December 2023 were equal to 18,314 million euro (+1,163 million euro compared to 2022). This item also comprises:

- bonds issued under the "Euro Medium Term Notes" (EMTN) and "Debt Issuance Programme" (DIP) programmes, with a stock of 10,101 million euro (down by 1,231 million euro compared to the end of 2022). In 2023 new bond issues were completed under the "Debt Issuance Programme" (DIP), totalling 1,325 million euro. These include the public issue of CDP's first Green Bond, for a nominal amount of 500 million euro, intended to support initiatives with positive environmental impacts, including investments in the renewable energy, energy efficiency and sustainable mobility sectors. Through this operation, CDP has further expanded ESG funding offered to the market;
- two bond loans reserved for individuals, for a total of 3,455 million euro (up by 1,975 million euro compared to 2022). At the end of 2023, CDP completed a new bond issue dedicated to retail customers, with a duration of six years. The bond, issued for 2 billion euro to meet requests for over 3.5 billion euro received from approximately 100,000 investors, has enabled new funding for Separate Account;
- four bonds guaranteed by the Italian government, entirely subscribed by Poste Italiane, for a total carrying amount of 3,008 million euro, essentially stable compared to the end of 2022. At the end of 2023 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 "Yankee Bond", CDP's first-ever issuance denominated in US dollars, amounted to 1 billion US Dollars (with a carrying amount of around 910 million euro as at 31 December 2023), and was exclusively allocated for institutional investors domiciled in the United States as well as internationally. Through this transaction, CDP continues its strategy of diversifying its sources of funding;
- the stock of commercial paper with a carrying amount of 839 million euro (-507 million euro on the 2022 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

As at 31 December 2023, structured debts amounted to approximately 398,898 thousand euro (up by 176,948 thousand euro compared to 2022) and refer to the Risparmio Sostenibile postal savings 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	31/12/2023 Payments due for leasing	31/12/2022 Payments due for leasing
Up to 1 year	6,687	8,219
More than 1 year to 2 years	6,011	6,539
More than 2 years to 3 years	5,923	6,301
More than 3 years to 4 years	5,761	6,155
More than 4 years to 5 years	5,745	5,987
More than 5 years	8,804	15,407
Total payments due for leasing	**38,931**	**48,608**
Reconciliation with lease liabilities		
Unpaid interest expense (-)	(2,774)	(3,714)
LEASE LIABILITIES	**36,157**	**44,894**

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2023					31/12/2022				
	Nominal or notional	Fair value				Nominal or notional	Fair value			
Type of transactions/Values	value	Level 1	Level 2	Level 3	Fair value (*)	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			307,721	19,776				392,619	7,728	
1.1 Trading	X		307,721		X	X		392,619		X
1.2 Associated with fair value option	X				X	X				X
1.3 Other	X			19,776	X	X			7,728	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**		**307,721**	**19,776**	**X**	**X**		**392,619**	**7,728**	**X**
TOTAL (A + B)	**X**		**307,721**	**19,776**	**X**	**X**		**392,619**	**7,728**	**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 241.5 million euro) and currency derivatives (approximately 66.2 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 19.8 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 31/12/2023			Notional value 31/12/2023	Fair value 31/12/2022			Notional value 31/12/2022
(thousands of euro)	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives		**1,652,606**		**24,833,401**		**1,091,388**		**9,355,742**
1) Fair value		840,832		19,975,584		324,435		7,081,537
2) Cash flow		811,774		4,857,817		766,953		2,274,205
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**1,652,606**		**24,833,401**		**1,091,388**		**9,355,742**

Micro-hedging, fair value and cash flow derivatives, with a negative fair value as at 31 December 2023, were approximately equal to 1,333.2 million euro, while macro-hedging derivatives with a negative fair value, related to loan portfolios, were approximately equal to 319.4 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	Commod-ities	Other	Macro-hedge	Micro-hedge	Macro-hedge	Investment in foreign operation
1. Financial assets measured at fair value through other comprehensive income	1				X	X	X	56,141	X	X
2. Financial assets measured at amortised cost	371,248	X			X	X	X	729,885	X	X
3. Portfolio	X	X	X	X	X	X	319,424	X		X
4. Other							X		X	
TOTAL ASSETS	**371,249**						**319,424**	**786,026**		
1. Financial liabilities	150,159	X					X	25,748	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES	**150,159**							**25,748**		
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

There are no hedged financial liabilities nor related value adjustments.

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	31/12/2023	31/12/2022
Charges for postal funding service	218,649	
Tax payables	986,640	652,013
Amounts due to subsidiaries on consolidated taxation mechanism	230,046	200,678
Other amounts due to subsidiaries	945	951
Trade payables	63,275	50,219
Items being processed	32,146	85,256
Due to social security institutions	8,330	6,717
Amounts due to employees	6,666	5,699
Other	15,723	16,614
TOTAL	**1,562,420**	**1,018,147**

This item shows liabilities that cannot be classified under the previous items. It is analysed as follows:

- tax payables, totalling around 987 million euro, mainly regarding the substitute tax levied on interest paid on postal savings products, which increased since last year is mainly related to some series of Ordinary postal saving bonds expired in 2023;
- the payable to Poste Italiane of about 219 million euro, relating to the portion of commissions and charges due in respect of the products of the postal savings funding service not yet paid at the reporting date;
- the payables to other Group companies as part of the national fiscal consolidation mechanism, amounting to approximately 230 million euro;
- trade payables, amounting to approximately 63 million euro;
- other items being processed, equal to about 32 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)	31/12/2023	31/12/2022
A. Opening balance	**1,452**	**1,045**
B. Increases	**111**	**505**
B.1 Provision for the year	31	134
B.2 Other increases	80	371
C. Decreases	**5**	**98**
C.1 Severance payments		73
C.2 Other decreases	5	25
D. CLOSING BALANCE	**1,558**	**1,452**

SECTION 10 - PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

(thousands of euro)

Items/Values	31/12/2023	31/12/2022
1. Provisions for credit risk relating to commitments and financial guarantees issued	643,071	662,183
2. Provisions on other guarantees issued and other commitments		
3. Company pensions and other post-retirement benefit obligations		
4. Other provisions:	111,916	134,527
4.1 fiscal and legal disputes	51,973	73,382
4.2 staff costs	59,231	60,433
4.3 other	712	712
TOTAL	**754,987**	**796,710**

As at 31 December 2023, provisions for risks and charges were 755 million euro, down on the previous financial year by approximately 42 million euro.

Provisions for credit risk relating to commitments and financial guarantees issued amounted to 643 million euro and decreased by 19 million euro compared to the end of 2022, mainly due to the reduction in the value of financial guarantees issued.

Other provisions for risks and charges stand at 112 million euro (-23 million euro compared to 2022).

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			**134,527**	**134,527**
B. Increases			**58,611**	**58,611**
B.1 Provision for the year			58,611	58,611
B.2 Changes due to passage of time				
B.3 Changes due to changes in discount rate				
B.4 Other increases				
C. Decreases			**81,222**	**81,222**
C.1 Use during the year			81,222	81,222
C.2 Changes due to changes in discount rate				
C.3 Other decreases				
D. CLOSING BALANCE			**111,916**	**111,916**

10.3 Provisions for credit risk relating to commitments and financial guarantees issued

	Provisions for credit risk relating to commitments and financial guarantees issued				
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated impaired	Total
1. Commitments to disburse funds	192,309	348	82		192,739
2. Financial guarantees issued	450,332				450,332
TOTAL	**642,641**	**348**	**82**		**643,071**

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 investee companies, (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 2023, 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 2023, 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	31/12/2023	31/12/2022
Income reserves	**18,723,827**	**17,602,163**
Legal reserve	810,229	810,229
Other	17,913,598	16,791,934

The following information is provided in accordance with article 2427, paragraph 7-*bis* of the Italian Civil Code.

(thousands of euro) Items/Values	Balance at 31/12/2023	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)	196,265	B (***)	196,265
– Other income reserves (net of treasury shares)	17,395,113	A, B, C	17,395,113
Valuation reserves:			
– Reserve on financial assets measured at fair value through other comprehensive income	(18,513)		
– Property revaluation reserve	167,572	A, B	167,572
– CFH reserve	(165,690)		
TOTAL	**24,814,636**		**20,947,696**

(*) 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. FINANCIAL COMMITMENTS AND 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	31/12/2023	31/12/2022
1. Commitments to disburse funds	**22,090,798**	**12,021**	**1,252**		**22,104,071**	**26,235,336**
a) Central banks						56,998
b) General governments	6,258,429	7,422	426		6,266,277	8,247,740
c) Banks	515,521				515,521	765,520
d) Other financial companies	751,594				751,594	862,940
e) Non-financial companies	14,545,524	4,508	735		14,550,767	16,283,762
f) Households	19,730	91	91		19,912	18,376
2. Financial guarantees issued	**1,610,890**				**1,610,890**	**1,501,118**
a) Central banks						
b) General governments	1,385,586				1,385,586	1,167,524
c) Banks						
d) Other financial companies	4,146				4,146	4,146
e) Non-financial companies	221,158				221,158	329,448
f) Households						

This table shows the commitments to disburse funds and the financial guarantees that are subject to the measurement rules of IFRS 9.

2. OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

	Nominal value	
(thousands of euro)	31/12/2023	31/12/2022
1. Other guarantees issued	**2,071,055**	**1,174,595**
– *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	2,069,132	1,172,672
f) Households		
2. Other commitments	**5,150,662**	**3,900,851**
– *of which: non performing exposures*		
a) Central banks		
b) General governments		
c) Banks	513,494	88,266
d) Other financial companies	4,637,168	3,531,736
e) Non-financial companies		280,849
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 measurement rules of IFRS 9.

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

(thousands of euro)

Portfolios	31/12/2023	31/12/2022
1. Financial assets designated at fair value through profit or loss		
2. Financial assets at fair value through other comprehensive income	698,612	3,826,131
3. Financial assets measured at amortised cost	92,854,356	101,125,138
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	31/12/2023
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	3,338,846
1. securities issued by the reporting bank	575,000
2. other securities	2,763,846
c) Third-party securities deposited with third parties	3,338,846
d) Own securities portfolio deposited with third parties	84,849,156
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)	39,141,365
– Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	1,433,101
– 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)	4,964,017
– Cash advances - Public administration payables (Decree Law 30 of 19 May 2020) (3)	2,051,043
– Revolving Fund for development cooperation (3)	4,777,702
– Funds for Social and Public Residential Building (4)	2,286,046
– Funds of Public Entities and Other Entities deposited pursuant to D.Lgt. 1058/1919 and Law 1041/1971 (4)	1,136,735
– Kyoto Fund (3)	625,200
– Funds for Territorial Agreements and Area Contracts - Law 662/1996, Article 2 (207) (4)	342,511
– Funds for the natural gas infrastructure programme for the South Law 784/1980, Law 266/1977 and Law 73/1998 (4)	84,597
– Ministry of Universities and Research - Student Housing - Law 388/2000 (4)	194,964
– Minimal Environmental Impact Fund (4)	26,963
– MASE Fund - Ministry of the Environment and Energy Security - International cooperation and Italian platform for climate and sustainable development (4)	33,088
– 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)	1,638
– Funds for international cooperation - Archipelagos project (4)	2,115
– Funds for international cooperation - InclusiFI project (4)	554
– Funds for international cooperation - Blending EU - PASPED project (4)	128

(thousands of euro)

Type of service	31/12/2023
– Financing Ukraine - Legislative Decree "Aiuti" 50/2022 (4)	200,000
– InvestEU Fund - advisory (4)	1,415
– Green Finance Fund (4)	8,446
– MISE 2 Fund - Venture Capital (4)	1,129,286
– MISE 2 Fund - to be transferred to "European Tech Champions Initiative" (ETCI) Fund (4)	128,011
– NRRP - Digital Transition Fund (4)	147,433
– NRRP - Green Transition Fund (4)	119,247
– Climate Fund L. 234/21 (4)	840,000

(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)				Correlated amounts not offset in financial statement			
Type	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)	Financial instruments (D)	Cash deposits received as guarantee (E)	Net amount 31/12/2023 (F = C - D - E)	Net amount 31/12/2022
1. Derivatives	2,441,617		2,441,617	918,951	1,515,330	7,336	61,332
2. Repurchase agreements							
3. Securities lending							
4. Other							
TOTAL AT 31/12/2023	**2,441,617**		**2,441,617**	**918,951**	**1,515,330**	**7,336**	**X**
Total at 31/12/2022	**4,926,515**		**4,926,515**	**1,429,736**	**3,435,447**	**X**	**61,332**

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		2,441,617
	20. Financial assets measured at fair value through profit or loss	*336,448*
	50. Hedging derivatives	*2,105,169*
2. Repurchase agreements		
	40. Financial assets measured at amortised cost	
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) Type	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 31/12/2023 (F = C - D - E)	Net amount 31/12/2022
				Financial instruments (D)	Cash deposits pledged as guarantee (E)		
1. Derivatives	1,960,326		1,960,326	918,952	996,514	44,860	2,302
2. Repurchase agreements	42,717,929		42,717,929	42,717,929			2,688
3. Securities lending							
4. Other							
TOTAL AT 31/12/2023	**44,678,255**		**44,678,255**	**43,636,881**	**996,514**	**44,860**	**X**
Total at 31/12/2022	**52,469,809**		**52,469,809**	**50,289,873**	**2,174,946**	**X**	**4,990**

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		1,960,326
	20. Financial liabilities held for trading	*307,721*
	40. Hedging derivatives	*1,652,605*
2. Repurchase agreements		42,717,929
	10. Financial liabilities measured at amortised cost	*42,717,929*
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 or central depositories, with which automated lending services are in place.

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.

As at 31 December 2023, there were outstanding securities lending transactions totalling around 394 million euro, predominantly associated with European government bonds.

8. DISCLOSURE ON JOINT OPERATIONS

At 31 December 2023, 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	2023	2022
1. Financial assets measured at fair value through profit or loss					26
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
2. Financial assets measured at fair value through other comprehensive income	227,283		X	227,283	95,512
3. Financial assets measured at amortised cost	1,927,642	8,370,069		10,297,711	7,839,083
3.1 Loans to banks	144,382	520,345	X	664,727	301,786
3.2 Loans to customers	1,783,260	7,849,724	X	9,632,984	7,537,297
4. Hedging derivatives	X	X	559,014	559,014	(346,835)
5. Other assets	X	X	4,529	4,529	8,160
6. Financial liabilities	X	X	X	3,748	142,989
TOTAL	**2,154,925**	**8,370,069**	**563,543**	**11,092,285**	**7,738,935**
– *of which: interest income on non-performing assets*		*7,934*		*7,934*	*15,836*
– *of which: interest income on finance leases*	*X*	*184*	*X*	*184*	*180*

Interest income for the year 2023 amounted to approximately 11,092 million euro, representing a significant increase of 3,353 million euro compared to the previous year, primarily driven by market interest rate trends. The interest income primarily includes:

- interest income on loans and bank accounts amounting to about 8,370 million euro;
- interest income on debt securities amounting to about 2,155 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 2023, this amount is positive for around 559 million euro.

The item includes interest income on non-performing assets of approximately 8 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 347,488 thousand euro.

1.3 INTEREST EXPENSE AND SIMILAR EXPENSE: BREAKDOWN

(thousands of euro)

Items/Technical forms	Debts	Securities	Other	2023	2022
1. Financial liabilities measured at amortised cost	(6,756,182)	(527,805)		(7,283,987)	(5,165,261)
1.1 Due to Central Bank	(190,046)	X	X	(190,046)	(6,595)
1.2 Due to banks	(1,029,857)	X	X	(1,029,857)	(181,898)
1.3 Due to customers	(5,536,279)	X	X	(5,536,279)	(4,646,307)
1.4 Securities issued	X	(527,805)	X	(527,805)	(330,461)
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and provisions	X	X	(103)	(103)	(16)
5. Hedging derivatives	X	X	(28,373)	(28,373)	36,371
6. Financial assets	X	X	X	(3,420)	(27,045)
TOTAL	**(6,756,182)**	**(527,805)**	**(28,476)**	**(7,315,883)**	**(5,155,951)**
– *of which: interest expense on lease liabilities*	*(891)*	*X*	*X*	*(891)*	*(954)*

The accrued interest expense for 2023 amounted to approximately 7,316 million euro, representing an increase of 2,160 million euro compared to the preceding year, primarily driven by market interest rate trends. The interest payable primarily includes interest expense and similar charges on postal savings bonds and passbook savings accounts, totalling 4,672,477,702 euro. Additional interest expenses mainly relate to:

- securities issued, amounting to around 528 million euro;
- repurchase agreements, amounting to around 1.427 million euro;
- credit facilities granted by the EIB and the CEB amounting to around 104 million euro;
- deposits of investee companies of around 46 million euro;
- Money Market transactions with the Treasury (formerly OPTES), amounting to around 56 million euro;
- ECB refinancing facilities, amounting to around 190 million euro;
- deposits related to Credit Support Annex contracts to hedge counterparty risk on derivatives, amounting to approximately 116 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 2023, this amount is negative for around 28 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 106,115 thousand euro.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

(thousands of euro)

Items	2023	2022
A. Positive differences on hedging transactions	667,613	48,216
B. Negative differences on hedging transactions	(136,972)	(358,680)
C. BALANCE (A - B)	**530,641**	**(310,464)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 COMMISSION INCOME: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2023	2022
a) Financial instruments		
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		
– *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	312	346
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	1,490	30
k) Servicing activities for securitisations		
l) Commitments to disburse funds	57,180	54,344
m) Financial guarantees issued	48,877	29,585
– *of which: credit derivatives*		
n) Financing transactions	47,193	42,876
– *of which: factoring*		
o) Trading of currencies		
p) Commodities		
q) Other commission income	280,959	273,473
– *of which: management of multilateral trading systems*		
– *of which: management of organised trading systems*		
TOTAL	**436,011**	**400,654**

The commission income earned by CDP during the year amounted to around 436 million euro (+35 million euro on 2022).

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 57 million euro;
- structuring and disbursement of loans for around 47 million euro;
- financial guarantees issued of around 49 million euro;
- commercial guarantees issued of around 15 million euro.

The residual contribution includes, among other commission income, those accrued for: securities lending activities, management of the Revolving Fund for Development Cooperation, the Kyoto Fund, the Revolving Fund supporting enterprises and research investment (FRI), and other services rendered.

2.3 COMMISSION EXPENSE: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2023	2022
a) Financial instruments	1,237,041	1,147,750
– *of which: trading of financial instruments*	*484*	*176*
– *of which: placement of financial instruments*	*1,236,557*	*1,147,574*
– *of which: management of individual portfolios*		
- *own*		
- *delegated to third parties*		
b) Offsetting and settlement	2,964	761
c) Custody and administration	1,786	1,181
d) Collection and payment services	183	324
– *of which: credit cards, debit cards and other payment cards*	*4*	*4*
e) Servicing activities for securitisations		
f) Commitments to receive funds	16	471
g) Financial guarantees received	21,054	12,118
– *of which: credit derivatives*		
h) Door-to-door selling of financial instruments, products and services		
i) Trading of currencies		
l) Other commission expense	1,025	1,289
TOTAL	**1,264,069**	**1,163,894**

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 1,237 million 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 relating to 2023 accrued on the basis of the new terms and conditions contained in the supplementary and amending deed — signed on 30 January 2024 and effective from 1 January 2023 — to the existing 2021-2024 agreement between CDP and Poste Italiane.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: BREAKDOWN

(thousands of euro) Items/Revenues	2023 Dividends	2023 Similar revenues	2022 Dividends	2022 Similar revenues
A. Financial assets held for trading				
B. Other financial assets mandatorily measured at fair value		51,642		35,737
C. Financial assets measured at fair value through other comprehensive income	323		275	
D. Equity investments	1,908,243		1,566,089	
TOTAL	**1,908,566**	**51,642**	**1,566,364**	**35,737**

This item comprises dividends and similar revenues whose distribution was approved in 2023. They mainly arise from the equity investments and interests held in Eni (around 852 million euro), CDP Reti (around 302 million euro), Poste Italiane (around 309 million euro), CDP Equity (200 million euro), Fintecna (around 213 million euro) and CDP Immobiliare S.r.l. in liquidazione (around 31 million euro).

Revenue from units of UCIs amounted to approximately 52 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**	**(123,714)**
4. Derivatives	**119,544**	**114,232**	**115,182**	**115,201**	**40,925**
4.1 Financial derivatives:	119,544	114,232	115,182	115,201	40,925
– on debt securities and interest rates	111,307	114,232	112,471	115,076	(2,008)
– on equity securities and equity indices	8,237		2,711	125	5,401
– on currencies and gold	X	X	X	X	37,532
– other					
4.2 Credit derivatives					
TOTAL	**119,544**	**114,232**	**115,182**	**115,201**	**(82,789)**

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	2023	2022
A. Income on:		
A.1 Fair value hedges	171,537	6,676,916
A.2 Hedged financial assets (fair value)	1,774,325	6,949
A.3 Hedged financial liabilities (fair value)	69	338,288
A.4 Cash flow hedges	48	
A.5 Assets and liabilities in foreign currencies	11,832	15,088
Total income on hedging activities (A)	**1,957,811**	**7,037,241**
B. Expense on:		
B.1 Fair value hedges	1,833,322	367,397
B.2 Hedged financial assets (fair value)	125	6,552,477
B.3 Hedged financial liabilities (fair value)	131,754	
B.4 Cash flow hedges		
B.5 Assets and liabilities in foreign currencies	11,834	15,099
Total expense on hedging activities (B)	**1,977,035**	**6,934,973**
C. NET GAIN (LOSS) ON HEDGING ACTIVITIES (A - B)	**(19,224)**	**102,268**

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

6.1 GAINS (LOSSES) ON DISPOSAL OR REPURCHASE: BREAKDOWN

(thousands of euro)	2023			2022		
Items/P&L items	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	120,491	(43,970)	76,521	42,086	(10,199)	31,887
1.1 Loans to banks	64		64	130		130
1.2 Loans to customers	120,427	(43,970)	76,457	41,956	(10,199)	31,757
2. Financial assets measured at fair value through other comprehensive income	16,622	(66,566)	(49,944)	44,939	(10,326)	34,613
2.1 Debt securities	16,622	(66,566)	(49,944)	44,939	(10,326)	34,613
2.2 Loans						
TOTAL ASSETS (A)	**137,113**	**(110,536)**	**26,577**	**87,025**	**(20,525)**	**66,500**
B. Financial liabilities measured at amortised cost						
1. Due to banks						
2. Due to customers						
3. Securities issued						
TOTAL LIABILITIES (B)						

As at 31 December 2023, the net gain on disposal or repurchase was approximately 27 million euro and it is mainly derived from the net gain from sales of debt securities included in loans and advances to customers measured at amortised cost (approximately 69 million euro), partly offset by the loss from sales of debt securities included in the portfolio of financial assets measured at fair value through other comprehensive income for approximately 50 million euro. Lastly, indemnities received from customers relating to the early repayment of loans granted, amounting to approximately 8 million euro, also contributed, albeit by a smaller amount, to the total net gain of this financial line item.

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	**251,437**		**157,204**	**369**	**93,864**
1.1 Debt securities					
1.2 Equity securities					
1.3 Units in collective investment undertakings	251,437		157,204	369	93,864
1.4 Loans					
2. Foreign currency financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**(504)**
TOTAL	**251,437**		**157,204**	**369**	**93,360**

The balance of the item, positive by approximately 93 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 66.5 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

(thousands of euro) Type of operation/ P&L items	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2023	2022
A. Loans to banks	**(12,160)**	**(1,462)**					**4,064**				**(9,558)**	**(5,450)**
Loans	(10,671)	(1,462)					2,703				(9,430)	(238)
Debt securities	(1,489)						1,361				(128)	(5,212)
B. Loans to customers	**(54,049)**	**(20,092)**		**(33,150)**			**34,831**	**75,714**	**72,356**		**75,610**	**18,688**
Loans	(35,451)	(18,692)		(16,257)			27,131	57,510	72,356		86,597	35,090
Debt securities	(18,598)	(1,400)		(16,893)			7,700	18,204			(10,987)	(16,402)
TOTAL	**(66,209)**	**(21,554)**		**(33,150)**			**38,895**	**75,714**	**72,356**		**66,052**	**13,238**

8.2 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN

(thousands of euro) Type of operation/ P&L items	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
	Stage 1	Stage 2	Write-off	Other	Write-off	Other	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	2023	2022
A. Debt securities	(1,892)						2,329				437	1,310
B. Loans												
– to customers												
– to banks												
TOTAL	**(1,892)**						**2,329**				**437**	**1,310**

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		**(38)**	**(38)**
Loans		**(38)**	**(38)**
– to banks			
– to customers		(38)	(38)
Debt securities			
– to banks			
– to customers			
TOTAL		**(38)**	**(38)**

The balance of the item was negative for approximately 38 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	2023	2022
1) Employees	**187,268**	**168,738**
a) Wages and salaries	130,426	118,377
b) Social security costs	429	211
c) Staff severance pay	829	730
d) Pension costs	28,091	24,095
e) Allocation to staff severance pay	31	134
f) Provision for retirement and similar provisions:		
– defined contribution		
– defined benefit		
g) Payments to external supplementary pensions funds:	11,493	9,958
– defined contribution	11,493	9,958
– defined benefit		
h) Costs arising from share-based payment arrangements		
i) Other employee benefits	15,969	15,233
2) Other personnel in service	**649**	**375**
3) Board of Directors and Board of Auditors	**1,501**	**1,597**
4) Retired personnel		
5) Recovery of expenses for employees seconded to other companies	**(12,208)**	**(11,830)**
6) Reimbursement of expenses for third-party employees seconded to the Company	**3,138**	**3,015**
TOTAL	**180,348**	**161,895**

10.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

(number)

Employees	**1,302**
a) Senior management	121
b) Middle management	711
– *of which: grade 3 rd and 4 th*	*348*
c) Other employees	470
Other personnel	**8**

10.4 OTHER EMPLOYEE BENEFITS

(thousands of euro)

Type of expense/Values	2023	2022
Food coupons	2,460	2,434
Insurance policies	7,594	6,655
Contributions to mortgage loan interest	1,221	1,001
Leaving incentives	1,240	2,610
Other benefits	3,454	2,533
TOTAL	**15,969**	**15,233**

10.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

(thousands of euro)

Type of expense/Values	2023	2022
Professional and financial services	20,656	18,944
IT costs	41,128	36,022
General services	10,349	7,716
Publicity and marketing expenses	3,878	4,377
– *of which: mandatory publicity*	*554*	*537*
Information resources and databases	2,840	3,037
Utilities, duties and other expenses	7,885	8,283
Corporate bodies	520	566
Other personnel-related expenses	3,818	3,791
TOTAL	**91,074**	**82,736**

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 2023 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	400	
Certification services	433	
Other services	27	
TOTAL	**860**	

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 impaired	Net result 2023	Net result 2022
Commitments to disburse funds	(14,926)	(327)	(44)		18,943	1,238	138		5,022	64,869
Financial guarantees issued	(21,291)				202				(21,089)	(12,522)
TOTAL	**(36,217)**	**(327)**	**(44)**		**19,145**	**1,238**	**138**		**(16,067)**	**52,347**

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 2023 and for the previous financial year.

11.3 NET PROVISIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN

	2023			
(thousands of euro)	Provisions	Reversal of excess	Net result	Total 2022
Legal and fiscal disputes	(16,293)	28,483	12,190	244
Staff costs				
Other				
TOTAL	**(16,293)**	**28,483**	**12,190**	**244**

The balance of the item, positive by approximately 12 million 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:	(8,740)			(8,740)
– owned	(4,905)			(4,905)
– right of use acquired under leases	(3,835)			(3,835)
2. For investment:	(7,063)			(7,063)
– owned	(5,911)			(5,911)
– right of use acquired under leases	(1,152)			(1,152)
3. Inventories	X			
TOTAL	**(15,803)**			**(15,803)**

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*	*(22,205)*			*(22,205)*
A.1 Owned:	(22,205)			(22,205)
– internally generated by the company				
– other	(22,205)			(22,205)
A.2 Right of use acquired under leases				
TOTAL	**(22,205)**			**(22,205)**

SECTION 14 - OTHER OPERATING INCOME (COSTS) - ITEM 200

14.1 OTHER OPERATING COSTS: BREAKDOWN

(thousands of euro) Type of costs/Figures	2023	2022
Writedowns on Ecobonus tax credits		140,688
Charges from adjustment of balance sheet items	484	756
Depreciation of leasehold improvements	308	308
Other	5,560	10,783
TOTAL	**6,352**	**152,535**

This item primarily consists of payments made to the CDP Foundation, totalling about 2 million euro, consultancy costs related to managing EU blending activities, amounting to approximately 1 million euro, and costs arising from the early termination and lease adjustments transactions in compliance with IFRS 16, totalling around 1 million euro.

14.2 OTHER OPERATING INCOME: BREAKDOWN

(thousands of euro)

Type of costs/Figures	2023	2022
Income for company engagements to employees	1,626	2,110
Writebacks on Ecobonus tax credits	14,663	
Rental income	13,647	14,488
Recovery of expenses	19,646	14,330
Income for services rendered to Group companies	4,883	4,082
Income from adjustment of balance sheet items	129	352
Other	1,779	1,403
TOTAL	**56,373**	**36,765**

The item mainly includes:

- writebacks for approximately 14.7 million euro, against previous write-downs of Ecobonus tax credits recorded under item 120 of assets "Other Assets". For further details, see Part A — Accounting Policies — A.1 General information — Section 4 — Other issues;
- recovery of expenses (approximately 19.6 million euro) mainly related to costs incurred for the management of the three "Patrimonio Rilancio" sub-funds, for advisory activities to General Government for the implementation of the NRRP investments and for the management of EU blending activities;
- rental income from lease contracts in which CDP is the lessor (about 13.6 million euro);
- income from services rendered to Group companies (approximately 4.9 million euro).

SECTION 15 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 220

15.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN

(thousands of euro)

P&L Items/Values	2023	2022
A. Gains		
1. Revaluations		
2. Gains on disposals		
3. Writebacks		
4. Other		
B. Losses	**(682,456)**	**(101,392)**
1. Writedowns		
2. Impairments	(682,456)	(101,392)
3. Losses on disposals		
4. Other		
NET GAIN (LOSS)	**(682,456)**	**(101,392)**

This item includes impairment losses recognised during the year on the equity investments held in (i) CDP Equity for about 670.5 million euro, (ii) CDP Immobiliare S.r.l. in liquidazione[73] for about 11.9 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	2023	2022
A. Land and buildings		
Gains from disposal		
Losses from disposal		
B. Other assets	**(2)**	**(7)**
Gains from disposal		
Losses from disposal	(2)	(7)
NET GAIN (LOSS)	**(2)**	**(7)**

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	2023	2022
1.	Current taxes (-)	(992,948)	(498,509)
2.	Change in current taxes for previous years (+/-)	3,538	2,181
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 (+/-)	(34,349)	(48,694)
5.	Change in deferred tax liabilities (+/-)	50,878	(85,321)
6.	**TAXES FOR THE YEAR (-) (-1 +/- 2 + 3 + 3*bis* +/- 4 + /-5)**	**(972,881)**	**(630,343)**

In 2023, 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).

[73] The company was transferred to Fintecna in November 2023, following the capital increase ratified by Fintecna and fully subscribed by CDP.

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)	2023	Tax rate
Income (loss) before taxes	**4,047,186**	
IRES Theoretical tax liability (27.5% rate)	**(1,112,976)**	**-27.5%**
Permanent increases:		
– non-deductible interest expense		
– writedowns of equity investments	(187,675)	-4.6%
– other non-deductible costs	(2,948)	-0.1%
Temporary increases:		
– impairment adjustments of loans		
– other temporarily non-deductible costs	(94,851)	-2.3%
Permanent decreases:		
– tax exempt dividends	498,613	12.3%
– ACE benefit	37,096	0.9%
– income from the national and global tax consolidation mechanism		
– other changes	4,056	0.1%
Temporary decreases	72,045	1.8%
IRES Actual tax liability	**(786,640)**	**-19.4%**

(thousands of euro)	2023	Tax rate
Taxable income for IRAP purposes	**3,914,453**	
IRAP Theoretical tax liability (5.57% rate)	**(218,035)**	**-5.57%**
– deductible costs for staff costs	9,802	0.3%
– other changes	1,925	0.05%
IRAP Actual tax liability	**(206,308)**	**-5.3%**

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	2023	2022
10.	**Net income (loss) for the year**	**3,074,304**	**2,490,483**
	Other comprehensive income not transferred to income statement		
20.	Equity securities at fair value through other comprehensive income:	121,428	(326,909)
	a) fair value changes	121,428	(326,909)
	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	(6,837)	18,185
	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:	(19,951)	280,902
	a) fair value changes	(18,879)	281,975
	b) transfers to income statement	(1,072)	(1,073)
	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:	497,747	(964,356)
	a) fair value changes	448,241	(928,433)
	b) transfers to income statement	49,506	(35,923)
	– impairment adjustments	(437)	(1,310)
	– gains/losses on disposal	49,943	(34,613)
	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	(158,007)	226,018
190.	**Total other comprehensive income**	**434,380**	**(766,160)**
200.	**COMPREHENSIVE INCOME (ITEMS 10 + 190)**	**3,508,684**	**1,724,323**

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. In particular, 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, 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 every six months, consists of the General Risk Policy and related documents, each one concerning a specific risk category or area in which the risks are undertaken and, along with the Stress Testing Regulation, also defines CDP's stress testing programme. 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 General Risk Policy also specify the quantitative elements of the Risk Appetite Framework ("RAF") and the RAF in terms of IT and cyber risks. The Stress Testing Regulation describes the relative framework applied in CDP, comprising stress tests, which are configured for each of the risks and carried out both in the context of periodic risk monitoring (as described in the relevant paragraphs), and as part of strategic planning and periodic budgeting exercises (in this case, scenarios based on all relevant risk factors are defined and evaluated). CDP also uses reverse stress testing exercises.

The guidelines for the risk management of CDP, expressed by the General 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.

Since 2023, CDP has sent an annual report to the Bank of Italy (i.e. ICAAP/ILAAP Report) on its current and forward-looking capital and liquidity situation. This report describes the fundamental characteristics of processes, exposure to risks and the determination of capital as well as the liquidity risk governance and management system, and is prepared in a manner consistent with requirements of prudential regulations for banks, taking into account the characteristics of the supervised entity and special regulations regarding the separate account. RM ensures the preparation of this Report, to be submitted to the competent Committees prior to approval from the Board of Directors.

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, whose composition is governed by the Articles of Association and whose operation and organisation are set out in a specific regulation, updated over time (last updated in 2023). 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 as well as the activities of the liquidity risk governance and management system carried out by the control functions.

Two technical and advisory managerial committees, the Risk Governance Committee and the Risk Assessment Committee, support management and the decision-making bodies for each transaction; for relevant transactions carried out, 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) the compliance of new products with that risk profile, (iii) relevant aspects for the management of liquidity contingency situations, and (iv) the analysis of activities for risk profile monitoring and assessing capital adequacy and the adequacy of the liquidity risk governance and management system, as well as corresponding reports for the supervisory authority[74]. 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 actions 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, as part of the treasury service carried out by Poste Italiane, an operation that presents a risk profile in line with that of traditional financing; the scope of the service has been further expanded to cover Municipalities with a population of up to 100,000 inhabitants, as well as Provinces and Metropolitan Cities with up to 1 million residents (until today only municipalities up to 15,000 inhabitants were included).

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.

[74] As mentioned above, these adequacy assessments are conducted in a manner consistent with requirements of prudential regulations for banks, taking into account the specific characteristics of the supervised entity and special regulations regarding the separate account.

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. With the Separate Account, interventions aimed at increasing energy efficiency and achieving the objectives established in the framework of international agreements on climate and environmental protection are also possible. Financing may also be granted for activities which have most recently started with the use of CDP own funds, in the context of International Cooperation & Development Finance.

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, the green economy and initiatives for the growth of businesses, both in Italy and abroad.

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, also following developments in ongoing conflicts, CDP has supported Italian companies in coordination with the banking system, granting medium/long-term loans secured by instruments from both SACE (SupportItalia) and the EIB (through the European Guarantee Fund - EGF).

In 2023, CDP continued to develop interventions on platforms or investment programmes using EU funds (including, in particular, the European Commission's "InvestEU" investment programme, which CDP is an Implementing Partner for), or national resources (such as 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 the 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)[75]. 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/

[75] 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.

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:
- supports the business units of CDP and of the Group companies in defining the contents of major operations or business solutions;
- ensures the risk assessment of equity and real estate transactions subject to governance advice;
- 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, methodologies, and tools (including those related 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 system of granting loans makes it possible to identify, through qualitative and quantitative criteria, cases for which an in-depth analysis of the debtor's creditworthiness is necessary.

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. 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.

CDP uses benchmark tools in the process of assigning the internal rating, developed internally or supplied by specialised external providers, which are divided by nature, size, legal form and sector to which the counterparties belong. In particular, benchmark rating tools have been developed internally for Small and Mid Corporate counterparties, local authorities (Metropolitan Cities, Provinces and Municipalities) and for Italian banks. The internal benchmark rating tools include independent modules (quantitative, qualitative, performance- and group-based), which are integrated according to the information available. CDP constantly updates the architecture of these models based on the results of their monitoring activities.

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 internal 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 internal 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.

Risk Management monitors the management and regulatory classifications, the internal ratings assigned according to the procedure described above and the collective and analytical provisions, on a quarterly basis. Monitoring includes, in particular, verifying the correct functioning of the credit quality monitoring system (early warning system).

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 developments in ongoing conflicts

Developments in ongoing conflicts, with 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 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, in particular with effects on investees that operate in the Oil & Gas industry 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 economic situation.

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 2023, that changes in internal ratings are limited, even including the impacts of the economic situation on a forward-looking basis. Specifically, the phenomena observed, however limited, were mainly related to idiosyncratic factors and not directly consequent to geopolitical and economic events.

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, also in light of the composition of CDP's loan portfolio, and might, at least potentially, introduce higher risks of arbitrariness. Despite the joint direct or indirect effects of the economic situation on counterparties in the portfolio being moderate so far, CDP has 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 with adequate security (e.g. exposures with public local entities supported by payment orders to the Treasurers 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, it is possible to include clauses in the loan agreements, obligating the counterparty to satisfy appropriate financial covenants and other contractual clauses, typical for these types of 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 2023, CDP implemented its hedging strategies also using clearing houses.

Securities financing transactions utilise framework netting arrangements such as GMRAs (Global Master Repurchase Agreement, ICMA 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.

CDP also operates in securities lending within the framework of the Global Master Securities Lending Agreement (GMSLA).

3. NON-PERFORMING CREDIT EXPOSURES

3.1 Management strategies and policies

In 2023, gross non-performing credit exposures, down considerably 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.

In identifying non-performing exposures, CDP assesses the overall situation of the counterparty and not of the individual credit lines granted to the same, therefore adopting a "per individual debtor" approach.

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	92,738	52,942	61,681	39,205	344,822,938	345,069,504
2. Financial assets measured at fair value through other comprehensive income					10,478,293	10,478,293
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value						
5. Financial assets held for sale						
TOTAL AT 31/12/2023	**92,738**	**52,942**	**61,681**	**39,205**	**355,301,231**	**355,547,797**
Total at 31/12/2022	**86,363**	**124,907**	**234,452**	**122,566**	**356,036,077**	**356,604,365**

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 2023	Net exposure 2022
Financial assets measured at amortised cost				
Bad debts	560	(560)		
Unlikely to pay	46,079	(32,051)	14,028	803
Non-performing past-due exposures	5,544	(1,109)	4,435	
Performing past-due exposures				
Other performing exposures	1,608,457	(134,765)	1,473,692	1,341,706
TOTAL FORBORNE EXPOSURES AT 31/12/2023	**1,660,640**	**(168,485)**	**1,492,155**	**X**
Total forborne exposures at 31/12/2022	**1,473,268**	**(130,759)**	**X**	**1,342,509**

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	Accumu-lated impairment	Net exposure	Accumulated partial write off (*)	Gross exposure	Accumu-lated impairment	Net exposure	Total (net exposure)
1. Financial assets measured at amortised cost	358,956	(151,595)	207,361		345,706,209	(844,066)	344,862,143	345,069,504
2. Financial assets measured at fair value through other comprehensive income					10,490,384	(12,091)	10,478,293	10,478,293
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 31/12/2023	**358,956**	**(151,595)**	**207,361**		**356,196,593**	**(856,157)**	**355,340,436**	**355,547,797**
Total at 31/12/2022	**637,712**	**(191,990)**	**445,722**		**357,052,710**	**(894,067)**	**356,158,643**	**356,604,365**

(*) 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			338,117
2. Hedging derivatives			2,105,170
TOTAL AT 31/12/2023			**2,443,287**
Total at 31/12/2022			**4,698,931**

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	29,734	4,042	1,604		3,825				177,110			
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
TOTAL AT 31/12/2023	**29,734**	**4,042**	**1,604**		**3,825**				**177,110**			
Total at 31/12/2022	**114,476**	**210**	**7,837**			**43**	**532**		**167,979**			

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	**2**	**366,394**	**12,527**			**378,923**		**515,147**				**515,147**
Increases resulting from purchased or originated financial assets		66,587	1,863			68,450		96,265				96,265
Derecognitions other than write-offs		(24,812)	(1,161)			(25,973)		(92,945)				(92,945)
Net adjustments/recoveries for credit risk (+/-)		(24,495)	(1,138)			(25,633)		(58,878)				(58,878)
Changes in contracts without derecognition		(231)				(231)		1,396				1,396
Changes in estimation method												
Write-offs not recognised directly through profit or loss												
Other changes		(362)				(362)						
CLOSING ACCUMULATED IMPAIRMENT AND PROVISIONS	**2**	**383,081**	**12,091**			**395,174**		**460,985**				**460,985**
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		**191,990**			**191,795**	**195**						**660,748**	**1,259**	**176**		**1,748,243**
Increases resulting from purchased or originated financial assets		6,822			6,538	284	X	X	X	X	X	18,364	253	14		190,168
Derecognitions other than write-offs		(65,778)			(65,775)	(3)						(25,263)	(1,137)	(87)		(211,183)
Net adjustments/recoveries for credit risk (+/-)		20,276			20,447	(171)						23,902	(27)	(21)		(40,381)
Changes in contracts without derecognition																1,165
Changes in estimation method																
Write-offs not recognised directly through profit or loss		(1,765)			(1,765)											(1,765)
Other changes		50			50							(35,110)				(35,422)
CLOSING ACCUMULATED IMPAIRMENT AND PROVISIONS		**151,595**			**151,290**	**305**						**642,641**	**348**	**82**		**1,650,825**
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 Transfers between stage 1 and stage 2 From stage 1 to stage 2	From stage 2 to stage 1	Transfers between stage 2 and stage 3 From stage 2 to stage 3	From stage 3 to stage 2	Transfers between stage 1 and stage 3 From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	1,059,430	318,165	1,577	4,842	43,302	172,020
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued	5,602	33,674			504	514
TOTAL 31/12/2023	**1,065,032**	**351,839**	**1,577**	**4,842**	**43,806**	**172,534**
Total 31/12/2022	**57,412**	**1,799,376**	**115,236**	**30,736**	**99,798**	**7,732**

New liquidity provided via public guarantee schemes rolled out during the Covid-19 pandemic

(thousands of euro) Portfolio/Risk stages	Gross value Transfers between stage 1 and stage 2 From stage 1 to stage 2	From stage 2 to stage 1	Transfers between stage 2 and stage 3 From stage 1 to stage 2	From stage 2 to stage 1	Transfers between stage 1 and stage 3 From stage 1 to stage 2	From stage 2 to stage 1
LOANS MEASURED AT AMORTISED COST AT 31/12/2023	**29,765**				**6,408**	
Loans measured at amortised cost at 31/12/2022					**29,658**	

This table represents the gross value of loans measured at amortised cost, as of the balance sheet date, representing the new liquidity provided through public guarantee mechanisms issued during the Covid-19 pandemic. This includes cases where the risk stage of the exposures at the end of the year differs from their stage at the beginning of the year (or initial recognition date if later).

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	**1,148,104**	**1,148,104**				**(2)**	**(2)**				**1,148,102**	
a) Non-performing		X					X					
b) Performing	1,148,104	1,148,104		X		(2)	(2)		X		1,148,102	
A.2 Others	**23,743,159**	**23,722,944**	**20,215**			**(59,742)**	**(52,747)**	**(6,995)**			**23,683,417**	
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	182	182		X					X		182	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing exposures	23,742,977	23,722,762	20,215	X		(59,742)	(52,747)	(6,995)	X		23,683,235	
– *of which: forborne exposures*				*X*					*X*			
Total A	**24,891,263**	**24,871,048**	**20,215**			**(59,744)**	**(52,749)**	**(6,995)**			**24,831,519**	
B. Off-balance-sheet credit exposures												
a) Non-performing		X					X					
b) Performing	3,161,974	515,521		X		(842)	(842)		X		3,161,132	
Total B	**3,161,974**	**515,521**				**(842)**	**(842)**				**3,161,132**	
TOTAL A + B	**28,053,237**	**25,386,569**	**20,215**			**(60,586)**	**(53,591)**	**(6,995)**			**27,992,651**	

(*) Value to be shown for information purposes.

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	Accu-mulated partial write off (*)
A. On-balance-sheet credit exposures												
a) Bad debts	167,612	X		167,612		(74,874)	X		(74,874)		92,738	
– *of which: forborne exposures*	*560*	*X*		*560*		*(560)*	*X*		*(560)*			
b) Unlikely to pay	119,442	X		119,442		(66,500)	X		(66,500)		52,942	
– *of which: forborne exposures*	*46,079*	*X*		*46,079*		*(32,051)*	*X*		*(32,051)*		*14,028*	
c) Non-performing past-due exposures	71,902	X		71,902		(10,221)	X		(10,221)		61,681	
– *of which: forborne exposures*	*5,544*	*X*		*5,544*		*(1,109)*	*X*		*(1,109)*		*4,435*	
d) Performing past-due exposures	39,235	35,399	3,836	X		(212)	(201)	(11)	X		39,023	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing exposures	332,414,199	320,716,781	11,697,418	X		(796,202)	(342,223)	(453,979)	X		331,617,997	
– *of which: forborne exposures*	*1,608,457*	*13,127*	*1,595,330*	*X*		*(134,765)*	*(239)*	*(134,526)*	*X*		*1,473,692*	
Total A	**332,812,390**	**320,752,180**	**11,701,254**	**358,956**		**(948,009)**	**(342,424)**	**(453,990)**	**(151,595)**		**331,864,381**	
B. Off-balance-sheet credit exposures												
a) Non-performing	1,252	X		1,252		(82)	X		(82)		1,170	
b) Performing	31,898,171	23,186,167	12,021	X		(642,148)	(641,800)	(348)	X		31,256,023	
Total B	**31,899,423**	**23,186,167**	**12,021**	**1,252**		**(642,230)**	**(641,800)**	**(348)**	**(82)**		**31,257,193**	
TOTAL (A + B)	**364,711,813**	**343,938,347**	**11,713,275**	**360,208**		**(1,590,239)**	**(984,224)**	**(454,338)**	**(151,677)**		**363,121,574**	

(*) Value to be shown for information purposes.

New liquidity provided via public guarantee schemes rolled out during the Covid-19 pandemic.

(thousands of euro) Type of exposure/Values	Gross exposure Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Accumulated impairment Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net exposure	Accumulated partial write-off (*)
A. Bad debt	3,257			3,257		(501)			(501)		2,756	
B. Unlikely to pay credit exposures	26,677			26,677		(3,859)			(3,859)		22,818	
C. Non-performing past-due credit exposures:												
D. Performing past due positions:	7,904	4,068	3,836			(37)	(26)	(11)			7,867	
E. Other performing positions:	831,907	805,978	25,929			(2,934)	(2,768)	(166)			828,973	
TOTAL	**869,745**	**810,046**	**29,765**	**29,934**		**(7,331)**	**(2,794)**	**(177)**	**(4,360)**		**862,414**	

(*) Value to be shown for information purposes.

This table represents the outstanding loans as of the balance sheet date, reflecting the newly provided liquidity through public guarantee mechanisms issued in response to the Covid-19 pandemic. Furthermore, it provides a breakdown of the gross value and accumulated impairment adjustments for different categories of performing and non-performing assets.

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	**160,591**	**235,751**	**241,370**
– *of which: exposures assigned but not derecognised*			
B. Increases	**14,303**	**40,803**	**59,004**
B.1 Transfers from performing exposures	30	16,358	51,219
B.2 Transfers from purchased or originated credit impaired financial assets			
B.3 Transfers from other categories of non-performing exposures	13,662	13,608	
B.4 Changes in contracts without derecognition			
B.5 Other increases	611	10,837	7,785
C. Decreases	**7,282**	**157,112**	**228,472**
C.1 Transfers to performing exposures			174,887
C.2 Write-off		1,765	
C.3 Repayments	7,281	130,571	34,087
C.4 Credit disposals			
C.5 Losses from disposals			
C.6 Transfers to other categories of non-performing exposures		12,768	14,502
C.7 Changes in contracts without derecognition			
C.8 Other decreases	1	12,008	4,996
D. CLOSING GROSS EXPOSURE	**167,612**	**119,442**	**71,902**
– *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	**2,539**	**1,470,729**
– *of which: exposures assigned but not derecognised*		
B. Increases	**52,844**	**267,292**
B.1 Transfers from performing not forborne exposures	13,398	221,341
B.2 Transfers from performing forborne exposures	5,544	X
B.3 Transfers from non-performing forborne exposures	X	
B.4 Transfers from non-performing not forborne exposures	33,776	
B.5 Other increases	126	45,951
C. Decreases	**3,200**	**129,564**
C.1 Transfers to performing not forborne exposures	X	
C.2 To performing forborne exposures		X
C.3 To non-performing forborne exposures	X	5,544
C.4 Write-off	1,765	
C.5 Collections	1,338	104,772
C.6 Credit disposal		
C.7 Losses on disposal		
C.8 Other decreases	97	19,248
D. CLOSING GROSS EXPOSURE	**52,183**	**1,608,457**
– *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	**74,228**	**650**	**110,844**	**1,086**	**6,918**	
– *of which: exposures assigned but not derecognised*						
B. Increases	**1,261**		**26,867**	**36,276**	**6,878**	**1,109**
B.1 Writedowns from purchased or originated credit impaired financial assets		X		X		X
B.2 Other writedowns	342		26,328	22,997	6,481	1,080
B.3 Losses on disposal						
B.4 Transfers from other categories of non-performing positions	919		361			
B.5 Changes in contracts without derecognition						
B.6 Other increases			178	13,279	397	29
– *of which: transfers from non-forborne positions*				*13,243*		
C. Decreases	**615**	**90**	**71,211**	**5,311**	**3,575**	
C.1 Writebacks from valuations			2,991	2,991	2,599	
C.2 Writebacks from collection	615	90	65,563	555	588	
C.3 Gains on disposal						
C.4 Write-off			1,765	1,765		
C.5 Transfers to other categories of non-performing positions			892		388	
C.6 Changes in contracts without derecognition						
C.7 Other decreases						
D. CLOSING ACCUMULATED IMPAIRMENT	**74,874**	**560**	**66,500**	**32,051**	**10,221**	**1,109**
– *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	**5,468,390**	**698,081**	**267,322,075**	**22,244,990**	**2,571,114**	**20,215**	**47,740,299**	**346,065,164**
– stage 1	5,468,390	698,081	262,257,662	21,367,666	2,571,114		41,621,827	333,984,740
– stage 2			5,064,413	877,324		20,215	5,759,517	11,721,469
– stage 3							358,955	358,955
– purchased or originated credit impaired								
B. Financial assets measured at fair value through other comprehensive income	**392,634**	**347,392**	**9,327,311**	**423,047**				**10,490,384**
– stage 1	392,634	347,392	9,327,311	423,047				10,490,384
– 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)	**5,861,024**	**1,045,473**	**276,649,386**	**22,668,037**	**2,571,114**	**20,215**	**47,740,299**	**356,555,548**
D. Commitments to disburse funds and financial guarantees issued	**314,892**	**100,000**	**9,323,612**	**217,559**	**32,182**		**13,726,716**	**23,714,961**
– stage 1	314,892	100,000	9,323,612	217,559	32,182		13,713,443	23,701,688
– stage 2							12,021	12,021
– stage 3							1,252	1,252
– purchased or originated impaired								
Total (D)	**314,892**	**100,000**	**9,323,612**	**217,559**	**32,182**		**13,726,716**	**23,714,961**
TOTAL (A + B + C + D)	**6,175,916**	**1,145,473**	**285,972,998**	**22,885,596**	**2,603,296**	**20,215**	**61,467,015**	**380,270,509**

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

(thousands of euro)	Gross exposure	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1) + (2)
							Credit derivatives					Guarantees				
								Other derivatives								
			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	
1. Secured on-balance-sheet credit exposures																
1.1 Fully secured	14,591,413	14,555,852			29,861	5,222,381						9,303,610				14,555,852
– *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	1,660										1,660				1,660
– *of which: non-performing*																
2.2 Partially secured	40,778	40,734										39,154				39,154
– *of which: non-performing*																

A.3.2 On-balance sheet and off-balance sheet secured credit exposures to customers

(thousands of euro)	Gross exposure	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1) + (2)
							Credit derivatives					Guarantees				
								Other derivatives								
			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	
1. Secured on-balance-sheet credit exposures																
1.1 Fully secured	9,720,545	9,678,075	196,942		7,447	741,072						7,107,644	6,872	26,516	1,580,210	9,666,703
– *of which: non-performing*	*158,993*	*136,467*	*13,835*			*328*						*122,285*			*19*	*136,467*
1.2 Partially secured	9,488,126	9,464,241				55,417						6,643,850	13,850	4,984	647,804	7,365,905
– *of which: non-performing*	*9,403*	*5,652*										*5,652*				*5,652*
2. Secured off-balance-sheet credit exposures																
2.1 Fully secured	7,476,847	7,468,343	106,682			75,631						5,597,464		52,744	1,635,562	7,468,083
– *of which: non-performing*	*840*	*799*	*88*									*711*				*799*
2.2 Partially secured	6,038,285	5,987,811				7,801						3,894,541	2,063		709,032	4,613,437
– *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 2023.

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		(14,711)					91,889	(60,069)	849	(94)
– *of which: forborne exposures*								(560)		
A.2 Unlikely to pay	1,217	(29,267)					51,342	(37,199)	383	(34)
– *of which: forborne exposures*	*1,202*	*(802)*					*12,826*	*(31,249)*		
A.3 Non-performing past-due exposures	27,765	(3,904)					33,856	(6,313)	60	(4)
– *of which: forborne exposures*							4,435	(1,109)		
A.4 Performing exposures	299,832,264	(572,421)	7,651,039	(16,869)			24,149,559	(207,023)	24,158	(101)
– *of which: forborne exposures*	*2,996*	*(288)*					*1,470,696*	*(134,477)*		
Total (A)	**299,861,246**	**(620,303)**	**7,651,039**	**(16,869)**			**24,326,646**	**(310,604)**	**25,450**	**(233)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	384	(42)					698	(37)	88	(3)
B.2 Performing exposures	7,196,354	(607,564)	5,733,935	(5,091)			16,810,927	(29,396)	21,393	(97)
Total (B)	**7,196,738**	**(607,606)**	**5,733,935**	**(5,091)**			**16,811,625**	**(29,433)**	**21,481**	**(100)**
TOTAL (A+B) AT 31/12/2023	**307,057,984**	**(1,227,909)**	**13,384,974**	**(21,960)**			**41,138,271**	**(340,037)**	**46,931**	**(333)**
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)**

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	92,738	(74,874)								
A.2 Unlikely to pay	52,942	(66,500)								
A.3 Non-performing past-due exposures	61,681	(10,221)								
A.4 Performing exposures	314,521,198	(767,244)	5,721,373	(7,008)	6,279,492	(12,668)	2,784,543	(2,971)	2,350,414	(6,523)
Total A	**314,728,559**	**(918,839)**	**5,721,373**	**(7,008)**	**6,279,492**	**(12,668)**	**2,784,543**	**(2,971)**	**2,350,414**	**(6,523)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	1,170	(82)								
B.2 Performing exposures	20,348,544	(631,271)	1,527,422	(1,892)	6,741,167	(7,445)	789,165	(840)	356,311	(700)
Total (B)	**20,349,714**	**(631,353)**	**1,527,422**	**(1,892)**	**6,741,167**	**(7,445)**	**789,165**	**(840)**	**356,311**	**(700)**
TOTAL (A + B) AT 31/12/2023	**335,078,273**	**(1,550,192)**	**7,248,795**	**(8,900)**	**13,020,659**	**(20,113)**	**3,573,708**	**(3,811)**	**2,706,725**	**(7,223)**
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)**

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	24,069,111	(50,742)	434,061	(415)			31,135	(577)	297,212	(8,010)
Total (A)	**24,069,111**	**(50,742)**	**434,061**	**(415)**			**31,135**	**(577)**	**297,212**	**(8,010)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures										
B.2 Performing exposures	596,559	(543)	2,116,662						259,895	(299)
Total (B)	**596,559**	**(543)**	**2,116,662**						**259,895**	**(299)**
TOTAL (A + B) AT 31/12/2023	**24,665,670**	**(51,285)**	**2,550,723**	**(415)**			**31,135**	**(577)**	**557,107**	**(8,309)**
Total (A + B) at 31/12/2022	**24,168,622**	**(45,240)**	**4,207,260**	**(211)**			**96**		**536,379**	**(6,415)**

C. SECURITISATION TRANSACTIONS

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. (portfolio extinguished on 31 December 2023);
6. Poste Italiane S.p.A. (extinguished portfolio).

As of December 31, 2023, the final portfolio (RFI S.p.A.) that remained active from the previous year was closed, with collections carried out in accordance with standard procedures. It is important to highlight that the mortgages underlying this transaction were fully eliminated from the financial statements, by applying the IFRS 1 exemption outlined in Appendix B, paragraph B2. This exemption enables a first-time adopter to apply the derecognition requirements prospectively for transactions occurring on or after the date of transition to IFRS (i.e. 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 assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets
CPG - Società di cartolarizzazione a r.l.				19,013						

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 Securitisa-tion	of which: subject to sales agree-ments with repurchase arrange-ments	of which: impaired	Book value	of which: subject to securitisa-tion	of which: subject to sales agree-ments 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	**501,229**		**501,229**		**501,561**		**501,561**
1. Debt securities	501,229		501,229		501,561		501,561
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortised cost	**46,512,105**		**46,512,105**		**42,190,602**		**42,190,602**
1. Debt securities	46,512,105		46,512,105		42,190,602		42,190,602
2. Loans							
TOTAL 31/12/2023	**47,013,334**		**47,013,334**		**42,692,163**		**42,692,163**
Total 31/12/2022	**55,123,602**		**55,123,602**		**50,673,447**		**50,673,447**

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 31/12/2023	Total 31/12/2022
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	**504,976**		**504,976**	**3,526,707**
1. Debt securities	504,976		504,976	3,526,707
2. Equity securities				
3. Loans				
E. Financial assets measured at amortised cost (fair value)	**37,874,979**		**37,874,979**	**45,492,962**
1. Debt securities	37,874,979		37,874,979	45,492,962
2. Loans				
Total financial assets	**38,379,955**		**38,379,955**	**49,019,669**
Total associated financial liabilities	**42,692,163**		**42,692,163**	**50,673,447**
NET VALUE 31/12/2023	**(4,312,208)**		**(4,312,208)**	**X**
Net value 31/12/2022	**(1,653,778)**		**X**	**(1,653,778)**

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. Disposal and full write-off of financial assets

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, no covered bond transactions have been carried out by CDP.

SECTION 2 - MARKET RISKS

2.1 INTEREST RATE RISK AND PRICE RISK - SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

A. General aspects

In 2023, 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.

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 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.

Interest rate risk and inflation risk can impact both the profitability and economic value of CDP. Therefore, the basic approach taken by CDP to measure and manage 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 makes it possible to arrive at a statistical distribution of the value of the balance sheet items considered, as well as summary measures representative of the economic capital necessary for the risk.

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, in particular regarding 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 net worth 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.

Risk Management also carries out stress tests on the risk measures of the equity portfolio, considering sensitivity analyses on the portfolio model parameters and scenario analysis on sector concentration.

A further source of CDP's exposure to price risk is due to CDP's funding operations, namely to the issue of indexed securities (such as "Risparmio Sostenibile" postal savings bonds, whose yield is linked to the performance of the "Stoxx Europe 600 ESG-X" index). In relation to this risk, RM monitors the net exposure resulting from the implemented hedging strategies.

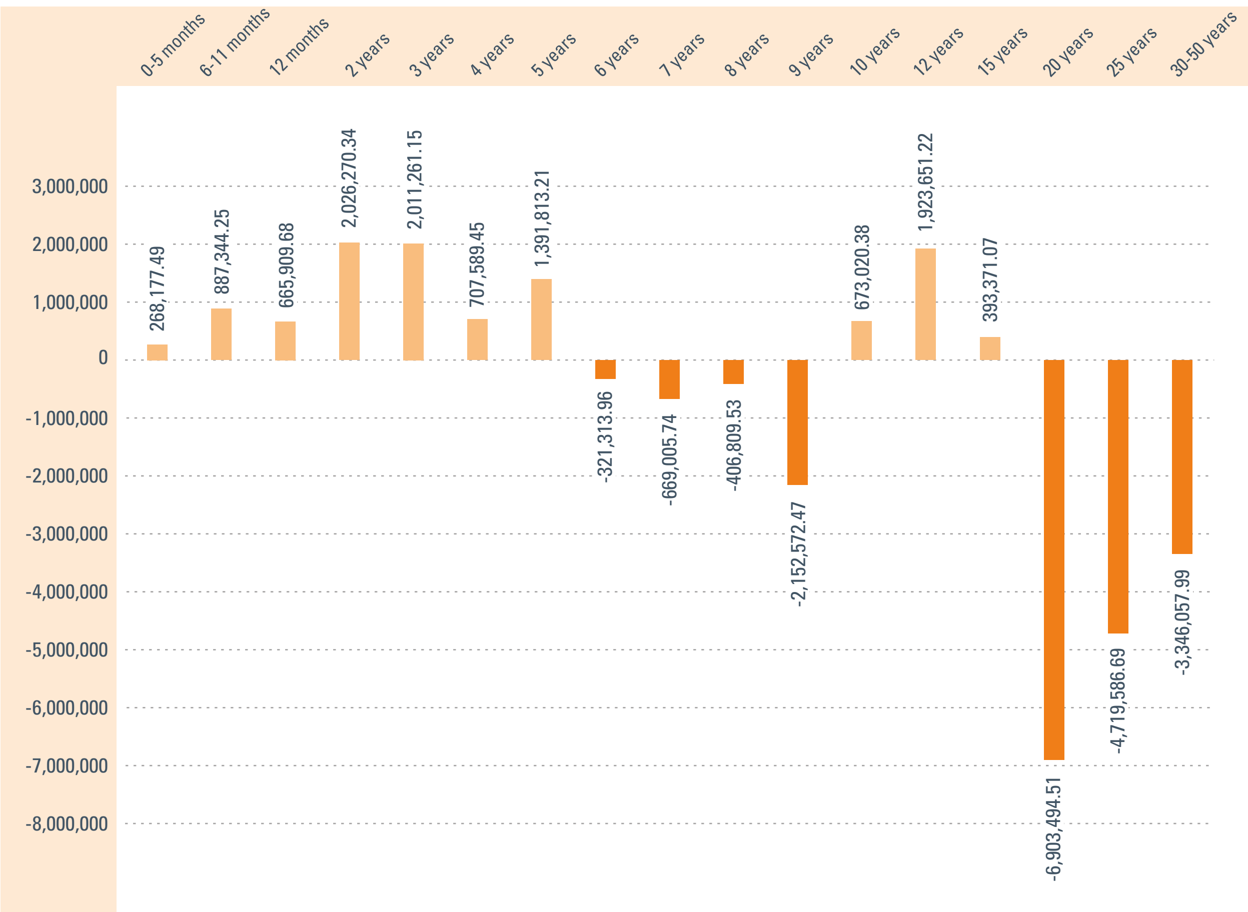
QUANTITATIVE DISCLOSURES

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 29/12/2023



Sensitivity to zero-coupon rates: increase/decrease of 100 basis points

Market figures at 29/12/2023

(million euro) Variation of zero coupon rates	Effect on economic value
Increase of 100 bps	-781
Decrease of 100 bps	+755

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.

Specifically, 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, in order to support Italian exporters (Export Finance) or internationalisation.

B. Hedging exchange rate risk

With regard to the exposure to the US Dollar, there was a residual component of unhedged exchange rate risk as of 31 December 2023, 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.

In addition, there was a residual component of unhedged exchange rate risk as of 31 December 2023, associated with exposures in currencies for deposits on current accounts.

QUANTITATIVE DISCLOSURES

1. Breakdown of asset, liabilities and derivatives by currency

(thousands of euro)	Currency			
Items	US Dollar	Pound Sterling	Yen	Other currencies
A. Financial assets	**5,596,274**			**6**
A.1 Debt securities	423,547			
A.2 Equity securities	17,408			
A.3 Loans to banks	239,677			6
A.4 Loans to customers	4,915,642			
A.5 Other financial assets				
B. Other assets				
C. Financial liabilities	**2,109,251**		**48,145**	
C.1 Due to banks	1,198,773			
C.2 Due to customers	53			
C.3 Debt securities	910,425		48,145	
C.4 Other financial liabilities				
D. Other liabilities				
E. Financial derivatives:	**(3,258,854)**		**47,975**	
– Options				
+ long positions				
+ short positions				
– Other derivatives	(3,258,854)		47,975	
+ long positions		161,095	47,975	
+ short positions	3,258,854	161,095		
Total assets	**5,596,274**	**161,095**	**47,975**	**6**
Total liabilities	**5,368,105**	**161,095**	**48,145**	
Difference (+/-)	**228,169**		**(170)**	**6**

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

(thousands of euro) Underlying assets/Type of derivatives	31/12/2023				31/12/2022			
	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		**4,269,069**	**40,000**			**3,873,269**	**40,000**	
a) Options								
b) Swaps		4,269,069	40,000			3,873,269	40,000	
c) Forwards								
d) Futures								
e) Other								
2. Equity securities and equity indices		**192,700**	**208,106**			**71,250**	**117,419**	
a) Options		192,700	208,106			71,250	117,419	
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**3,384,959**				**3,694,051**		
a) Options								
b) Swaps		1,932,723				1,990,226		
c) Forwards		1,452,236				1,703,825		
d) Futures								
e) Other								
4. Commodities								
5. Other								
TOTAL		**7,846,728**	**248,106**			**7,638,570**	**157,419**	

A.2 Financial derivatives held for trading: gross positive and negative fair value – breakdown by product

(thousands of euro) Type of derivatives	31/12/2023 Over the counter Central counterparties	31/12/2023 Over the counter Without central counterparties With netting arrangements	31/12/2023 Over the counter Without central counterparties Without netting arrangements	31/12/2023 Organised markets	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
1. Positive fair value								
a) Options		36,450				10,063		
b) Interest rate swap		241,045	1,670			275,325	1,828	
c) Cross currency swap		30,524				18,961		
d) Equity swap								
e) Forward		28,428				48,760		
f) Future								
g) Other								
TOTAL		**336,447**	**1,670**			**353,109**	**1,828**	
2. Negative fair value								
a) Options			19,777				7,728	
b) Interest rate swap		241,539				274,313		
c) Cross currency swap		65,195				118,306		
d) Equity swap								
e) Forward		986						
f) Future								
g) Other								
TOTAL		**307,720**	**19,777**			**392,619**	**7,728**	

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			1,670
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			208,106
– positive fair value	X			
– negative fair value	X			19,777
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		1,865,535	1,479,534	924,000
– positive fair value		47,103	41,461	152,481
– negative fair value		149,037	54,824	37,678
2) Equity securities and equity indices				
– notional value		171,800	20,900	
– positive fair value		32,616	3,834	
– negative fair value				
3) Foreign currencies and gold				
– notional value		2,686,317	698,642	
– positive fair value		52,056	6,896	
– negative fair value		62,389	3,792	
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	To 1 year	From 1 to 5 years	More than 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	942,000	2,421,069	946,000	4,309,069
A.2 Financial derivatives on equity securities and equity indices			400,806	400,806
A.3 Financial derivatives on foreign currencies and gold	3,384,959			3,384,959
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
TOTAL AT 31/12/2023	**4,326,959**	**2,421,069**	**1,346,806**	**8,094,834**
Total at 31/12/2022	**4,506,051**	**2,115,269**	**1,174,669**	**7,795,989**

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 2023 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 savings bonds 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 (SOFR Compounded and SOFR Term).

B. Cash flow hedges

Cash flow hedges are risk hedges associated with 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 and repos 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 provision 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, but also increasingly through netting via central counterparties.

E. Hedged items

The existing accounting hedges at the end of 2023 were carried out on asset and liability items, such as loans, receivables, bonds and repos.

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	31/12/2023				31/12/2022			
	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	**18,013,247**	**27,890,654**			**3,834,241**	**36,145,130**		
a) Options								
b) Swaps	18,013,247	27,451,808			3,834,241	35,998,437		
c) Forwards		438,846				146,693		
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		**228,971**				**240,832**		
a) Options								
b) Swaps		228,971				240,832		
c) Forwards								
d) Futures								
e) Other								
4. Commodities								
5. Other								
TOTAL	**18,013,247**	**28,119,625**			**3,834,241**	**36,385,962**		

A.2 Financial derivatives held for hedging: gross positive and negative fair value – breakdown by product

(thousands of euro)	Positive and negative fair value							
	31/12/2023				31/12/2022			
	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	52,276	2,052,894			48,151	4,294,722		
c) Cross currency swap						1,121		
d) Equity swap								
e) Forward								
f) Future								
g) Other								
TOTAL	**52,276**	**2,052,894**			**48,151**	**4,295,843**		
2. Negative fair value								
a) Options								
b) Interest rate swap	630,605	1,008,440			16,671	1,057,724		
c) Cross currency swap		9,829				12,400		
d) Equity swap								
e) Forward		3,732				4,593		
f) Future								
g) Other								
TOTAL	**630,605**	**1,022,001**			**16,671**	**1,074,717**		

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	18,013,247	22,587,602	5,303,052	
– positive fair value	52,276	1,813,037	239,857	
– negative fair value	630,605	607,022	405,150	
2) Equity securities and equity indices				
– notional value				
– positive fair value				
– negative fair value				
3) Foreign currencies and gold				
– notional value		138,473	90,498	
– positive fair value				
– negative fair value		9,385	444	
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	4,527,281	9,670,042	31,706,578	45,903,901
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on foreign currencies and gold	90,498		138,473	228,971
A.4 Financial derivatives on commodities				
A.5 Other financial derivatives				
TOTAL AT 31/12/2023	**4,617,779**	**9,670,042**	**31,845,051**	**46,132,872**
Total at 31/12/2022	**4,210,533**	**9,682,862**	**26,326,808**	**40,220,203**

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	18,013,247	24,453,137	6,782,586	964,000
– net positive fair value	52,276	1,860,139	281,318	154,151
– net negative fair value	630,605	756,058	459,974	37,679
2) Equity securities and equity indices				
– notional value		171,800	20,900	208,106
– net positive fair value		32,616	3,834	
– net negative fair value				19,777
3) Foreign currencies and gold				
– notional value		2,824,790	789,140	
– net positive fair value		52,057	6,896	
– net negative fair value		71,775	4,236	
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”[76] and “funding liquidity risk”.[77].

Since CDP does not engage in trading activities, the exposure to liquidity risk in the sense of asset liquidity risk is limited. Given the dominant weight of demand deposits (savings accounts) and bonds redeemable on demand (postal savings bonds) on the liability side of the Separate Account, 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 originating from 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 Area monitors a lower limit on the stock of liquid assets together with a number of figures that represent the capacity of CDP to cope with potential crisis. Among the operational safeguards for liquidity risk, CDP has adopted a Contingency Funding Plan (CFP) that describes the processes and intervention strategies adopted to manage any liquidity crises, whether systemic in origin - due to a sudden deterioration in the money and financial markets - or caused by the institution’s idiosyncratic difficulties.

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 described monitoring tools, RM performs a stress test to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

[76] 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.
[77] 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.

QUANTITATIVE DISCLOSURES

1. Distribution of financial assets and liabilities based on contractual residual maturity over time

(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	**155,102,368**	**13,799**	**33,128**	**83,176**	**1,214,372**	**1,841,056**	**9,952,848**	**64,209,139**	**121,796,769**	**2,879,602**
A.1 Government securities		6,081	21,745	2,673	933,285	775,310	5,867,551	24,561,807	38,608,103	
A.2 Other debt securities		7,718	4,328	20,589	85,665	690,519	891,636	8,169,756	3,151,555	
A.3 Units in collective investment undertakings	4,154,128									
A.4 Loans:	150,948,240		7,055	59,914	195,422	375,227	3,193,661	31,477,576	80,037,111	2,879,602
– banks	578,022				750	1,375	586,380	4,749,841	9,100,739	2,879,602
– customers	150,370,218		7,055	59,914	194,672	373,852	2,607,281	26,727,735	70,936,372	
B. On-balance-sheet liabilities	**99,365,173**	**19,381,639**	**3,474,114**	**3,707,999**	**10,552,384**	**16,331,308**	**17,886,488**	**159,060,818**	**33,307,228**	
B.1 Deposits and current accounts:	99,007,566	2,768,274	1,210,701	1,855,210	4,978,868	12,977,197	13,185,838	145,592,577	10,572,870	
– banks	123,424							343,085	17,863	
– customers	98,884,142	2,768,274	1,210,701	1,855,210	4,978,868	12,977,197	13,185,838	145,249,492	10,555,007	
B.2 Debt securities			250,000		770,000	1,318,000	300,000	8,994,977	6,701,975	
B.3 Other liabilities	357,607	16,613,365	2,013,413	1,852,789	4,803,516	2,036,111	4,400,650	4,473,264	16,032,383	
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital:										
– long positions			132,163	296,285	1,094,521	2,326,383	90,752		138,695	
– short positions				174,208	1,072,398	2,136,562	90,498	430,000	147,667	
C.2 Financial derivatives without exchange of capital:										
– long positions		60,461	3,590	1,838	89,035	551,320	703,143			
– short positions		147,406	1,050		51,937	178,644	528,885			
C.3 Deposits and loans to receive:										
– long positions										
– short positions										
C.4 Irrevocable commitments to disburse funds:										
– long positions	21,460,995							3,050,000		
– short positions	21,460,995							3,050,000		
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

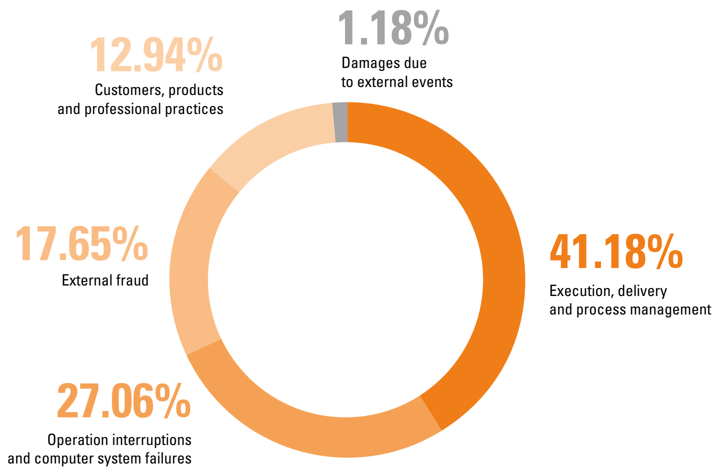
QUALITATIVE DISCLOSURES

Details of the "Qualitative disclosures" can be found in Part E of the Notes to the Consolidated Financial Statements.

QUANTITATIVE DISCLOSURES

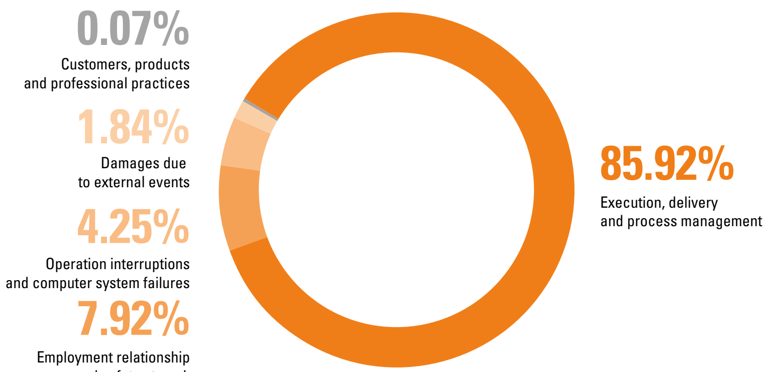
The chart below gives the breakdown by event type, showing the number and the impact in 2023, based on the event type classification scheme established by the New Basel Capital Accord.

% breakdown by number of events (actual and near-miss losses)



In 2023, 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 2023, the most significant type of event, in terms of impact, was "Execution, delivery, and process management".

LEGAL DISPUTES

CIVIL AND ADMINISTRATIVE DISPUTES

At 31 December 2023, there are 113 pending disputes in civil and administrative matters in which CDP is a defendant, of which 80 disputes for a total amount of approximately 551.5 million euro and 33 disputes with an indeterminate amount.

With reference to the above-mentioned disputes, there are 17 disputes with a risk of a ruling against the company estimated to be **probable**. Of these: (i) 10 refer to positions relating to Postal Savings products amounting to approximately 100 thousand euro; (ii) 5 refer to credit positions amounting to approximately 481.4 million euro; and (iii) 2 refer to other civil and administrative law issues amounting to approximately 37.2 million euro.

There are also 45 disputes with a risk of a ruling against the company estimated to be **possible**. Of these: (i) 25 refer to positions relating to Postal Savings products amounting to approximately 277 thousand euro; (ii) 7 refer to credit positions amounting to approximately 8.7 million euro; and (iii) 13 refer to other civil and administrative law issues amounting to approximately 938 thousand euro.

With reference to ongoing disputes, at 31 December 2023 a provision for risks and charges was set up amounting to approximately 45.7 million euro.

LABOUR LAW DISPUTES

At 31 December 2023, there were 16 pending pre-disputes and disputes in labour matters in which CDP is a defendant, for which provisions were made for a total of about 3.9 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

CDP finalised the transfer of CDP Immobiliare S.r.l. in liquidazione to Fintecna S.p.A. in November 2023, as part of the Group's Real Estate Area reorganisation plan, following the capital increase endorsed by Fintecna and entirely subscribed by CDP. Given its primary reorganizational nature, the aforementioned transaction was recognised in the separate financial statements of the relevant companies on a going concern basis. Therefore, in CDP's separate financial statements, this transaction did not impact profit nor equity; but did result in the reallocation of the equity investment value from CDP Immobiliare S.r.l. in liquidazione to Fintecna S.p.A.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

(thousands of euro)	31/12/2023
a) Board of Directors	1,261
b) Board of Statutory Auditors	240
TOTAL	**1,501**

REMUNERATION OF OTHER KEY MANAGEMENT PERSONNEL

(thousands of euro)	31/12/2023
a) Short-term benefits	8,128
b) Post-employment benefits	810
c) Other long-term benefits	
d) Severance benefits	
e) Share-based payments	
TOTAL	**8,938**

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 (*)	Compen-sation and bonuses	
Directors					
Giovanni Gorno Tempini	Chairman	01/01/2023-31/12/2023	2023	295	
Dario Scannapieco	Chief Executive Officer	01/01/2023-31/12/2023	2023	266	(5)
Fabrizia Lapecorella	Director (1)	01/01/202303/04/2023	2023	(**)	
Francesco Di Ciommo	Director (1)	21/04/2023-31/12/2023	2023	-	(6)
Fabiana Massa Felsani	Director	01/01/2023-31/12/2023	2023	45	
Anna Girello Garbi	Director	01/01/2023-31/12/2023	2023	57	(7)
Giorgio Toschi	Director	01/01/2023-31/12/2023	2023	45	
Livia Amidani Aliberti	Director	01/01/2023-31/12/2023	2023	43	(8)
Alessandra Ruzzu	Director	01/01/2023-31/12/2023	2023	45	
Giorgio Righetti	Director (2)	15/02/2023-31/12/2023	2023	40	
Supplementary members for administration of Separate Account (Article 5.8, Decree Law 269/2003)					
Pier Paolo Italia	Director (3)	01/01/2023-31/12/2023	2023	(**)	
Alessandro Rivera	Director (4)	01/01/202323/01/2023	2023	(**)	
Riccardo Barbieri Hermitte	Director (4)	23/01/2023-31/12/2023	2023	(**)	
Paolo Calvano	Director	01/01/2023-31/12/2023	2023	45	
Antonio Decaro	Director	01/01/2023-31/12/2023	2023	45	
De Pascale Michele	Director	01/01/2023-31/12/2023	2023	45	
Statutory Auditors					
Carlo Corradini	Chairman	01/01/2023-31/12/2023	2024	50	
Franca Brusco	Auditor	01/01/2023-31/12/2023	2024	51	(9)
Mauro D'Amico	Auditor	01/01/2023-31/12/2023	2024	(**)	
Patrizia Graziani	Auditor	01/01/2023-31/12/2023	2024	40	
Davide Maggi	Auditor	01/01/2023-31/12/2023	2024	-	(10)

(*) 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) Effective April 3, 2023, Fabrizia Lapecorella resigned from her position, and on April 21, 2023, the Shareholders' Meeting appointed Francesco Di Ciommo as Director to replace her.
(2) On February 15, 2023, the Shareholders' Meeting appointed Giorgio Righetti as Director to replace Matteo Melley, who resigned from office on December 1, 2022.
(3) Delegate of the State Accountant General.
(4) Riccardo Barbieri Hermitte took over the role of Administrator as the new Director General of Treasury, effective Jan. 23, 2023, replacing former Treasury Director General Alessandro Rivera.
(5) The remuneration shown includes MBO for the year 2022.
(6) The compensation accrued for the period from 21/04/2023 to 31/12/2023, amounting to approximately 54 thousands of euro including charges and VAT, has not yet been paid as of December 31, 2023.
(7) The compensation shown, amounting to approximately 57 thousands of euro including charges and VAT, includes the 2022 arrears paid in 2023 and the compensation accrued until September 30, 2023. The remaining remuneration relating to the fourth quarter of 2023, amounting to approximately 14 thousands of euro including charges and VAT, has not yet been paid as of December 31, 2023.
(8) The compensation shown, amounting to approximately 43 thousands of euro including charges and VAT, includes the 2022 arrears paid in 2023 and the compensation accrued in the first half of 2023. The remaining compensation for the second half of 2023, amounting to approximately 29 thousands of euro including charges and VAT, has not yet been paid as of December 31, 2023.
(9) The remuneration indicated, amounting to approximately 51 thousands of euro including charges and VAT, includes the 2022 arrears paid in 2023 and the compensation accrued until September 30, 2023. The remaining remuneration for the fourth quarter 2023, amounting to approximately 13 thousands of euro including charges and VAT, has not yet been paid as of December 31, 2023.
(10) The compensation accrued in 2022 and 2023, amounting to approximately 82 thousands of euro including charges and VAT, has not yet been paid as of December 31, 2023.

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 2023.

(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		4,768	152,481		157,249
Financial assets measured at fair value through other comprehensive income	8,206,926		154,831		8,361,757
Financial assets measured at amortised cost	234,130,649	3,029,995	4,915,096	64,725	242,140,465
Other assets	156,752	27,615	639	772	185,778
Liabilities					
Financial liabilities measured at amortised cost (*)	3,490,702	4,915,063	121,917		8,527,682
Financial liabilities held for trading		47,103	37,679		84,782
Other liabilities	653	453,194	416		454,263
Provisions for risks and charges	44,770	2,699	592		48,061
Off-Balance Sheet					
Commitments and guarantees issued	3,184,274	3,594,464	609,075		7,387,813
Other	2,619,302	1,856,063	152,753		4,628,118
Income statement					
Interest income and similar revenues	7,013,399	144,302	166,731	1,948	7,326,380
Interest expense and similar charges	(94,776)	(127,274)	(3,491)		(225,541)
Commission income	308,688	15,175	7,258		331,121
Commission expense	(4,911)	(1,236,557)			(1,241,468)
Profits (losses) on trading and hedging activities	(8,862)	2,705	17,402		11,245
Gains (Losses) on disposal of financial assets	(25)	711			686
Net adjustments/recoveries for credit risk	(5,893)	2,210	1,794	310	(1,579)
Administrative expenses:					
a) staff costs		8,827	(92)	721	9,456
b) other administrative expenses		(883)	(443)		(1,326)
Net accruals to the provisions for risks and charges	(20,477)	264	2,084		(18,129)
Other operating income (costs)	20,768	6,781	138	(2,111)	25,576

(*) Securities issued shown under liabilities exclusively comprise securities held by the subsidiaries, of which information is available or provided by investee companies in the consolidation process, 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 8.2 billion euro;
- "Financial assets measured at amortised cost", of about 63 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 147.4 billion euro (of which 2 billion euro will be credited after the reporting date) and receivables mainly related to funding activities, of about 23.7 billion euro.

Starting 1 January 2023, the Ministry of Economy and Finance will pay interest to CDP on the liquid assets held with the State Treasury, this interest rate takes into account the cost of postal savings incurred by CDP and the annual return on government securities across short and medium to long-term maturities.

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 3 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 7 billion euro and commission income for approximately 309 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 includes the positive fair value of derivatives in place with CDP Reti S.p.A. and CDPE Investimenti S.p.A., CDP hedged these derivatives through speculative investments.

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 115 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 1.3 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 and advances to customers, which mainly include debt securities and loans, relate to: Ferrovie dello Stato Italiane S.p.A. for about 1.8 billion euro and Autostrade per l'Italia S.p.A. for about 1.3 billion euro.

OTHER ASSETS

The amounts included in Other assets, relate mainly to receivables resulting from joining the "national fiscal consolidation" mechanism, for the supply of outsourcing 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 723 million euro, and CDP Equity, for around 377 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 and securities subscribed by affiliated companies in the context of private placements. These mainly consist of four bonds issued by CDP and subscribed by Poste Italiane S.p.A. for a total value 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 FINANCIAL GUARANTEES ISSUED

This item reports the loan commitments and financial guarantees issued. The most significant exposures refer to: Poste Italiane S.p.A. for 3 billion euro, Ferrovie dello Stato S.p.A. for 500 million euro and to subsidiaries and associates of the Ministry of Economy and Finance.

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 2023 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 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 1.2 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 includes exchange rate differences on financial assets, interest and the effects of changes in the fair value of derivatives.

NET ADJUSTMENTS/RECOVERIES 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 COST

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 ADMINISTRATIVE 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 2023, 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.

There are a few agreements in place for leasing machinery, such as scanners and telephone switchboards, though they constitute a minor portion.

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 rules of the principle that states that *"the underlying asset can only be of low value provided that:*

- *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 neither highly dependent on, nor 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 recognised through profit or loss 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	31/12/2023 Lease payments to be received	31/12/2022 Lease payments to be received
Up to 1 year	120	1,063
More than 1 year to 2 years	120	1,063
More than 2 years to 3 years	120	1,063
More than 3 years to 4 years	120	1,063
More than 4 years to 5 years	120	1,063
More than 5 years	680	2,049
Total lease payments to be received	**1,280**	**7,364**
Reconciliation with finance leases		
Unearned finance income (-)	(116)	(593)
Non-secured residual value (-)		
FINANCE LEASES	**1,164**	**6,771**

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 2 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	31/12/2023 Lease payments to be received	31/12/2022 Lease payments to be received
Up to 1 year	13,666	19,113
More than 1 year to 2 years	13,356	11,932
More than 2 years to 3 years	12,844	11,921
More than 3 years to 4 years	11,839	11,921
More than 4 years to 5 years	11,839	11,921
More than 5 years	241,878	254,370
TOTAL	**305,422**	**321,178**

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 2023, 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 2023, amounting to **3,074,304,290.73** 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 Article 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 **126,278,198.54** euro to the Reserve under Article 6, paragraph 2, of Legislative Decree 38/2005 and to distribute a dividend of **1,618,923,012.08** euro, corresponding to **4.79** euro per share.

Lastly, it is proposed to carry forward the remaining net income of **1,329,103,080.11** euro.

(euro)

Net income for the year	3,074,304,290.73
Reserve — art. 6 c.2 of Legislative Decree 38/2005	126,278,198.54
DISTRIBUTABLE NET INCOME	**2,948,026,092.19**
Dividend	1,618,923,012.08
Retained earnings	1,329,103,080.11
Dividend per share (*)	**4.79**

(*) Excluding treasury shares.

Rome, 4 April 2024

The Chairman

Giovanni Gorno Tempini

ANNEXES

1. ANNEXES TO THE SEPARATE FINANCIAL STATEMENTS

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1.2 DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1 PARAGRAPHS 125-129
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2. ANNEXES TO THE REPORT ON OPERATIONS

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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 (SA)

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 Cooperation & Development Finance 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 2023, the following units operate exclusively under the Separate Account organisation:

- "Public Administration" and its related divisions;
- within the "Infrastructure" division: "Transportation & Social Infrastructure – SA" and "Energy, Utilities & TLC – SA";
- within the "Companies and Financial Institutions" division: "Export Financing", "Large-Scale Financing SA", "Business Accelerators and Capital Structure Advisory", "Subordinated and Convertible Instruments and Turnaround Funds", "Guarantees and Structured Finance Financial Institutions", "Subsidised Financial Instruments", "Liquidity Ceiling";
- within the "International Cooperation & Development Finance" division: "International Development Cooperation & Development Funds and Project Finance", "Sovereign and Sub-Sovereign Financing", "Innovation and Development Centre (CIS) SA Companies and Financial Institutions Financing", "Multilateral Institutions and Public Development Banks Financing";
- reporting to the "Administration, Finance, Control and Sustainability" division: "Postal Savings and Retail Collection".
- reporting to the "Investments" division: "Patrimonio Rilancio Equity" and "Patrimonio Rilancio Renovations".

ORDINARY ACCOUNT (OA)

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 "Companies and Financial Institutions" division: "Internationalisation Financing", "Large-Scale Financing OA", "Northern Companies Financing", "Central-Southern Companies Financing" and "Basket Bond and Digital Lending";

- within the "International Cooperation & Development Finance" division: "Innovation and Development Centre (CIS) OA Business Financing".

JOINT SERVICES

Joint Services include:

- the "Business" division and the following units reporting to it:
  - "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;
- "International Cooperation & Development Finance" and its related divisions, with the exception of those listed above that operate exclusively under the Separate Account and the Ordinary Account;
- "Real Estate" and its direct report;
- "Technical Advisory and Consulting" and its related divisions;
- "Investor Relations & Rating Agencies", reporting to the "Finance" division;
- "Mergers and Acquisitions", "Development and Governance Business Equity" and "Relations with Co-Investors and Fundraising" reporting to the "Investments" division.

With reference to the Organisational Business Units of the "Investments" division (with the exception of the divisions listed above that operate exclusively within the scope of the Separate Account, i.e. "Patrimonio Rilancio Equity" and "Patrimonio Rilancio Restructuring", or that fall exclusively within the scope of Shared Services, i.e. "Mergers and Acquisitions", "Business Equity Development and Governance" and "Relations with Co-Investors and Fundraising") and "Finance" division (with the exception of the divisions listed above of "Investor Relations & Rating Agencies", which falls exclusively within the scope of Joint Services), it should be noted that, for accounting segregation purposes, the costs and revenues related to them are apportioned between the Separate Account, Ordinary Account and Joint Services, based on the specific activity they pertain to.

The Organisational Units of Governance and Control and Operations are designated as entities providing centralised services (Joint Services).

Reclassified Income Statement

(millions of euro)	Separate Account	Ordinary Account	Joint Services	Total CDP
Net interest income	**2,701**	**98**	**(1)**	**2,798**
Dividends	1,953	7		1,960
Other net revenues	49	27	(2)	74
Gross income	**4,703**	**132**	**(3)**	**4,832**
Write-downs	(598)	75		(523)
Operating costs	(20)	(3)	(252)	(274)
OPERATING INCOME	**4,085**	**204**	**(255)**	**4,035**

Reclassified Balance Sheet

(millions of euro)	Separate Account	Ordinary Account	Joint Services	Total CDP
Cash and cash equivalents	153,546	565	(1)	154,109
Loans	116,351	7,606		123,957
Debt securities	70,042	1,938		71,980
Equity investments and shares	37,474	261		37,735
Funding	352,549	9,762		362,311
– *of which: postal funding*	*284,624*			*284,624*
– *of which: funding from banks*	*48,171*	*3,910*		*52,081*
– *of which: funding from customers*	*7,374*			*7,374*
– *of which: bond funding*	*12,380*	*5,852*		*18,232*

1.2 DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1, PARAGRAPHS 125-129

The purpose of this section is to fulfil the disclosure obligations introduced as of 2018, by Law No. 124 of 4 August 2017, as amended by Article 35 of Decree-Law No. 34 of 30 April 2019, regarding disclosure obligations related to public disbursements, and by Law No. 160 of 27 October 2023, which delegates to the Government the authority to revise business incentive systems and simplify relevant procedures, as well as to streamline controls on economic activities.

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.

According to the amendments introduced by Law No. 160 of 27 October 2023, paragraph 125d of Law No. 124/2017, as modified by the aforementioned law, currently stipulates that "in the case of State aid and de minimis aid listed in the National Register of State Aid referred to in Article 52 of Law No. 234 of 24 December 2012, the registration of aid in the said system, along with its subsequent publication in the transparency section provided therein, carried out by the entities granting or managing such aid in accordance with the relevant regulations, shall fulfil the publication obligations imposed on beneficiary companies as outlined in Article 1, paragraphs 125 and 125-*bis*."

Consequently, the requirement to disclose in the footnotes to the financial statements the details of any State aid and de minimis aid received by the entities specified in paragraph 125-*quinquies* of Article 1 of Law No. 124 of 4 August 2017, is no longer applicable.

The disclosure obligations established by Law 124 of 2017, in continuity with what was represented during the first application, are 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 the benefits provided in 2023, the following cases are worth noting:
- donations to the CDP Foundation to support the realisation of projects focused on social, environmental, cultural and economic development goals and contributions made to the Regional Agency for Safety and Civil Protection (Protezione Civile) of Emilia-Romagna in response to the flood emergency:

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Fondazione CDP	Liberal donations for project grants	2,111
CDP S.p.A.	Agenzia Regionale per la Sicurezza e la Protezione Civile dell'Emilia-Romagna	Charitable donation for the Emilia-Romagna flood emergency	94

- 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 2023, for principal and interest, the collection of which was deferred to a future date.

(thousands of euro)

Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
CDP S.p.A.	Metropolitan City of Bologna	Flood events	1,680
CDP S.p.A.	Municipality of Alfonsine	Flood events	125
CDP S.p.A.	Municipality of Bagnacavallo	Flood events	123
CDP S.p.A.	Municipality of Bagnara di Romagna	Flood events	52
CDP S.p.A.	Municipality of Bagno di Romagna	Flood events	328
CDP S.p.A.	Municipality of Bertinoro	Flood events	213
CDP S.p.A.	Municipality of Borgo Tossignano	Flood events	82
CDP S.p.A.	Municipality of Brisighella	Flood events	46
CDP S.p.A.	Municipality of Budrio	Flood events	1,051
CDP S.p.A.	Municipality of Casalfiumanese	Flood events	19
CDP S.p.A.	Municipality of Casola Valsenio	Flood events	11
CDP S.p.A.	Municipality of Castel del Rio	Flood events	82
CDP S.p.A.	Municipality of Castel Guelfo di Bologna	Flood events	27
CDP S.p.A.	Municipality of Casteldelci	Flood events	51
CDP S.p.A.	Municipality of Castrocaro Terme e Terra del Sole	Flood events	89
CDP S.p.A.	Municipality of Cervia	Flood events	539

(thousands of euro) Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Cesena	Flood events	1,605
CDP S.p.A.	Municipality of Cesenatico	Flood events	1,797
CDP S.p.A.	Municipality of Civitella di Romagna	Flood events	172
CDP S.p.A.	Municipality of Conselice	Flood events	109
CDP S.p.A.	Municipality of Cotignola	Flood events	129
CDP S.p.A.	Municipality of Dovadola	Flood events	102
CDP S.p.A.	Municipality of Dozza	Flood events	209
CDP S.p.A.	Municipality of Faenza	Flood events	1,801
CDP S.p.A.	Municipality of Firenzuola	Flood events	137
CDP S.p.A.	Municipality of Fontanelice	Flood events	78
CDP S.p.A.	Municipality of Forli	Flood events	762
CDP S.p.A.	Municipality of Forlimpopoli	Flood events	130
CDP S.p.A.	Municipality of Fusignano	Flood events	96
CDP S.p.A.	Municipality of Galeata	Flood events	414
CDP S.p.A.	Municipality of Gambettola	Flood events	110
CDP S.p.A.	Municipality of Gatteo	Flood events	213
CDP S.p.A.	Municipality of Imola	Flood events	3,391
CDP S.p.A.	Municipality of Loiano	Flood events	23
CDP S.p.A.	Municipality of Londa	Flood events	28
CDP S.p.A.	Municipality of Longiano	Flood events	14
CDP S.p.A.	Municipality of Lugo	Flood events	1,020
CDP S.p.A.	Municipality of Marradi	Flood events	79
CDP S.p.A.	Municipality of Massa Lombarda	Flood events	84
CDP S.p.A.	Municipality of Meldola	Flood events	532
CDP S.p.A.	Municipality of Mercato Saraceno	Flood events	208
CDP S.p.A.	Municipality of Modigliana	Flood events	105
CDP S.p.A.	Municipality of Molinella	Flood events	1,144
CDP S.p.A.	Municipality of Monghidoro	Flood events	111
CDP S.p.A.	Municipality of Monte Grimano Terme	Flood events	82
CDP S.p.A.	Municipality of Montelabbate	Flood events	383
CDP S.p.A.	Municipality of Monterenzio	Flood events	90
CDP S.p.A.	Municipality of Montescudo-Monte Colombo	Flood events	240
CDP S.p.A.	Municipality of Montiano	Flood events	11
CDP S.p.A.	Municipality of Monzuno	Flood events	156
CDP S.p.A.	Municipality of Mordano	Flood events	56
CDP S.p.A.	Municipality of Ozzano dell'Emilia	Flood events	476
CDP S.p.A.	Municipality of Palazzuolo sul Senio	Flood events	47
CDP S.p.A.	Municipality of Pesaro	Flood events	2,390
CDP S.p.A.	Municipality of Pianoro	Flood events	233
CDP S.p.A.	Municipality of Portico e San Benedetto	Flood events	77
CDP S.p.A.	Municipality of Predappio	Flood events	215
CDP S.p.A.	Municipality of Premilcuore	Flood events	27
CDP S.p.A.	Municipality of Ravenna	Flood events	132
CDP S.p.A.	Municipality of Rocca San Casciano	Flood events	91
CDP S.p.A.	Municipality of Roncofreddo	Flood events	56
CDP S.p.A.	Municipality of Russi	Flood events	81
CDP S.p.A.	Municipality of San Benedetto Val di Sambro	Flood events	143

(thousands of euro) Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of San Lazzaro di Savena	Flood events	995
CDP S.p.A.	Municipality of San Leo	Flood events	145
CDP S.p.A.	Municipality of San Mauro Pascoli	Flood events	98
CDP S.p.A.	Municipality of Santa Sofia	Flood events	306
CDP S.p.A.	Municipality of Sant'Agata Feltria	Flood events	220
CDP S.p.A.	Municipality of Sant'Agata sul Santerno	Flood events	66
CDP S.p.A.	Municipality of Sarsina	Flood events	257
CDP S.p.A.	Municipality of Sasso Marconi	Flood events	168
CDP S.p.A.	Municipality of Sassocorvaro Auditore	Flood events	340
CDP S.p.A.	Municipality of Solarolo	Flood events	15
CDP S.p.A.	Municipality of Tredozio	Flood events	115
CDP S.p.A.	Municipality of Urbino	Flood events	779
CDP S.p.A.	Municipality of Valsamoggia	Flood events	959
CDP S.p.A.	Municipality of Verghereto	Flood events	155
CDP S.p.A.	Province of Forlì - Cesena	Flood events	4,821
CDP S.p.A.	Province of Pesaro e Urbino	Flood events	1,110
CDP S.p.A.	Province of Ravenna	Flood events	3,156
CDP S.p.A.	Province of Rimini	Flood events	3,201
CDP S.p.A.	Municipality of Bagnolo di Po	Earthquake 2012	44
CDP S.p.A.	Municipality of Bergantino	Earthquake 2012	40
CDP S.p.A.	Municipality of Bondeno	Earthquake 2012	16
CDP S.p.A.	Municipality of Calto	Earthquake 2012	30
CDP S.p.A.	Municipality of Canaro	Earthquake 2012	215
CDP S.p.A.	Municipality of Castelmassa	Earthquake 2012	223
CDP S.p.A.	Municipality of Castelnovo Bariano	Earthquake 2012	82
CDP S.p.A.	Municipality of Ceneselli	Earthquake 2012	22
CDP S.p.A.	Municipality of Cento	Earthquake 2012	1,550
CDP S.p.A.	Municipality of Fiesso Umbertiano	Earthquake 2012	147
CDP S.p.A.	Municipality of Gaiba	Earthquake 2012	19
CDP S.p.A.	Municipality of Gavello	Earthquake 2012	39
CDP S.p.A.	Municipality of Giacciano Con Baruchella	Earthquake 2012	14
CDP S.p.A.	Municipality of Magnacavallo	Earthquake 2012	135
CDP S.p.A.	Municipality of Melara	Earthquake 2012	72
CDP S.p.A.	Municipality of Pincara	Earthquake 2012	37
CDP S.p.A.	Municipality of Poggio Rusco	Earthquake 2012	129
CDP S.p.A.	Municipality of Quingentole	Earthquake 2012	21
CDP S.p.A.	Municipality of Salara	Earthquake 2012	26
CDP S.p.A.	Municipality of San Felice sul Panaro	Earthquake 2012	311
CDP S.p.A.	Municipality of San Giacomo delle Segnate	Earthquake 2012	95
CDP S.p.A.	Municipality of San Giovanni del Dosso	Earthquake 2012	14
CDP S.p.A.	Municipality of Schivenoglia	Earthquake 2012	70
CDP S.p.A.	Municipality of Sustinente	Earthquake 2012	52
CDP S.p.A.	Municipality of Suzzara	Earthquake 2012	632
CDP S.p.A.	Municipality of Trecenta	Earthquake 2012	317
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

(thousands of euro) Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
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	1,096
CDP S.p.A.	Municipality of Barete	Central Italy Earthquake	61
CDP S.p.A.	Municipality of Belforte del Chienti	Central Italy Earthquake	42
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	75
CDP S.p.A.	Municipality of Camerino	Central Italy Earthquake	679
CDP S.p.A.	Municipality of Campli	Central Italy Earthquake	244
CDP S.p.A.	Municipality of Camporotondo di Fiastrone	Central Italy Earthquake	19
CDP S.p.A.	Municipality of Campotosto	Central Italy Earthquake	45
CDP S.p.A.	Municipality of Cantalice	Central Italy Earthquake	132
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
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	528
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	390
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

(thousands of euro) Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
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	160
CDP S.p.A.	Municipality of Folignano	Central Italy Earthquake	495
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 Isola del Gran Sasso d'Italia	Central Italy Earthquake	106
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	2,170
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
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	56
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 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

(thousands of euro) Grantor	Beneficiary	Motive	2023 instalment amount with collection deferred to a future date
CDP S.p.A.	Municipality of Pollenza	Central Italy Earthquake	234
CDP S.p.A.	Municipality of Preci	Central Italy Earthquake	29
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	46
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 Sellano	Central Italy Earthquake	13
CDP S.p.A.	Municipality of Serravalle di Chienti	Central Italy Earthquake	97
CDP S.p.A.	Municipality of Servigliano	Central Italy Earthquake	71
CDP S.p.A.	Municipality of Smerillo	Central Italy Earthquake	20
CDP S.p.A.	Municipality of Spoleto	Central Italy Earthquake	1,330
CDP S.p.A.	Municipality of Teramo	Central Italy Earthquake	1,771
CDP S.p.A.	Municipality of Tolentino	Central Italy Earthquake	1,599
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	327
CDP S.p.A.	Municipality of Urbisaglia	Central Italy Earthquake	244
CDP S.p.A.	Municipality of Ussita	Central Italy Earthquake	746
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 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	830
CDP S.p.A.	Province of Ascoli Piceno	Central Italy Earthquake	1,223
CDP S.p.A.	Province of Fermo	Central Italy Earthquake	1,420
CDP S.p.A.	Province of Macerata	Central Italy Earthquake	1,154
CDP S.p.A.	Province of Pescara	Central Italy Earthquake	2,778
CDP S.p.A.	Province of Rieti	Central Italy Earthquake	987
CDP S.p.A.	Province of Teramo	Central Italy Earthquake	1,025
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	31/12/2023	Cash and cash equivalents and other treasury investments	Loans	Debt securities
10. Cash and cash equivalents	1,148	1,148		
20. Financial assets measured at fair value through profit or loss	4,492			
30. Financial assets measured at fair value through other comprehensive income	10,995			10,408
40. Financial assets measured at amortised cost:				
a) loans to banks	22,450	2,990	18,845	
b) loans to customers	322,619	149,971	104,933	61,572
50. Hedging derivatives	2,105			
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,001)			
70. Equity investments	33,065			
80. Property, plant and equipment	358			
90. Intangible assets	78			
100. Tax assets	547			
110. Non-current assets and disposal groups held for sale				
120. Other assets	427		179	
TOTAL ASSETS	**396,282**	**154,109**	**123,957**	**71,980**

	Equity investments and funds	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
				0	
	4,154	338			
	517			70	
				615	
				6,008	135
		2,105			
				(2,001)	
	33,065				
			358		
			78		
					547
				(0)	248
	37,735	**2,443**	**435**	**4,692**	**930**

Balance sheet - Liabilities and equity

(millions of euro) LIABILITIES AND EQUITY - Balance sheet items	31/12/2023	Funding detail Funding	 Postal Funding	 Funding from banks
10. Financial liabilities measured at amortised cost:				
a) due to banks	33,683	33,054	474	32,581
b) due to customers	311,594	311,025	284,150	19,501
c) securities issued	18,314	18,232		
20. Financial liabilities held for trading	327			
30. Financial liabilities designated at fair value				
40. Hedging derivatives	1,653			
50. Fair value change of financial liabilities in hedged portfolios				
60. Tax liabilities	503			
70. Liabilities associated with non-current assets and disposal groups held for sale				
80. Other liabilities	1,562			
90. Staff severance pay	2			
100. Provisions for risks and charges	755			
110. Valuation reserves	(17)			
120. Redeemable shares				
130. Equity instruments				
140. Reserves	18,724			
150. Share premium reserve	2,379			
160. Share capital	4,051			
170. Treasury shares	(322)			
180. Net income (loss) for the year	3,074			
TOTAL LIABILITIES AND EQUITY	**396,282**	**362,311**	**284,624**	**52,081**

Funding detail						
Funding from customers	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
			628			
7,374			569			
	18,232		82			
		327				
		1,653				
					503	
			220	1,343		
					2	
					755	
						(17)
						18,724
						2,379
						4,051
						(322)
						3,074
7,374	**18,232**	**1,980**	**1,499**	**1,343**	**1,260**	**27,889**

Income statement

(milions of euro) INCOME STATEMENT - Financial statement items	31/12/2023	Net interest income	Dividends	Other net revenues (costs)
10. Interest income and similar income	11,092	11,092		
20. Interest expense and similar expense	(7,316)	(7,316)		
40. Commission income	436	258		178
50. Commission expense	(1,264)	(1,237)		(28)
70. Dividends and similar revenues	1,960		1,960	
80. Profits (losses) on trading activities	(83)			(83)
90. Net gain (loss) on hedging activities	(19)			(19)
100. Gains (losses) on disposal or repurchase	27			27
110. Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	93			(1)
130. Net adjustments/recoveries for credit risk	66			
140. Gains/losses from changes in contracts without derecognition	(0)			
160. Administrative expenses	(271)			
170. Net accruals to the provisions for risks and charges	(4)			
180. Net adjustments to/recoveries on property, plant and equipment	(16)			
190. Net adjustments to/recoveries on intangible assets	(22)			
200. Other operating income (costs)	50			
220. Gains (losses) on equity investments	(682)			
230. Gains (Losses) on tangible and intangible assets measured at fair value				
240. Goodwill impairment				
250. Gains (losses) on disposal of investments	(0)			
270. Income tax for the year on continuing operations	(973)			
290. Income (loss) after tax on discontinued operations				
TOTAL INCOME STATEMENT	**3,074**	**2,798**	**1,960**	**74**

Gross Income	Write-downs	Operating costs	Operating income	Net provisions for risks and charges	Income taxes	Net income for the year
11,092			11,092			11,092
(7,316)			(7,316)			(7,316)
436			436			436
(1,264)			(1,264)			(1,264)
1,960			1,960			1,960
(83)			(83)			(83)
(19)			(19)			(19)
27			27			27
(1)	94		93			93
	66		66			66
	(0)		(0)			(0)
		(271)	(271)			(271)
	(16)		(16)	12		(4)
		(16)	(16)			(16)
		(22)	(22)			(22)
	15	35	50			50
	(682)		(682)			(682)
				(0)		(0)
					(973)	(973)
4,832	**(523)**	**(274)**	**4,035**	**12**	**(973)**	**3,074**

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 2023 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

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1. Introduction

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 2023 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 had the following members, all appointed by the Shareholders' Meeting of 17 May 2022: Carlo Corradini (Chairman), Franca Brusco, Mauro D'Amico, Patrizia Graziani and Davide Maggi. The 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.

Statutory audit activities were performed during the financial period 2023 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 from 2020 to 2028.

2. Meetings of the Board of Statutory Auditors

In 2023, the Board of Statutory Auditors held 17 meetings. The magistrate (and/or his substitute) 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 15 February, 21 April and 1 June 2023, the 22 meetings of the Board of Directors, the 22 meetings of the Risk and Sustainability Committee, the 2 meetings of the Remuneration Committee and the 6 meetings of the Related Parties Committee. The Board also participated in the induction sessions aimed at Directors and Statutory Auditors (see section 11).

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, 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 – "Manager in Charge" – 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 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 CDP and its subsidiaries (see section 9 below).

The checks performed found no censurable facts with a significant impact.

To the best of the Board's knowledge, the directors, in preparing the financial statements, did not deviate from legal provisions pursuant to Article 2423, paragraph 5, of the Italian Civil Code.

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 and as amended and supplemented – 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 and recommendations to the Board of Directors – also through its delegates – within the ordinary information exchanges between corporate bodies.

The Board also monitored the operation and adequacy of the internal control and risk management systems in order to assess their appropriateness. In particular, the Board of Statutory Auditors: (i) monitored the control activities for the risk management process, including environment-related ones, (ii) examined the progress of the project relating to the identification of the second level control function for the management and supervision of ICT and security risks, (iii) monitored the adequacy of compliance risk controls and (iv) 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, 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 flows to the supervisory authorities and developments in external regulations and company rules concerning anti-money laundering and terrorist financing (among other things, in relation to the "Amendments to the Provisions of the Bank of Italy on organisation, procedures and internal controls for anti-money laundering purposes of 26 March 2019", published by the Bank of Italy on 1 August 2023). 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, it should be noted that, following the request for information and assessment elements sent by the Bank of Italy to CDP on 16 November 2022, the Board of Statutory Auditors verified the insights carried out with the competent structures. In this regard, during 2023, the Board – also through participation in induction sessions and meetings of the Risk and Sustainability Committee and through meetings with the control structures – among others, (i) carried out a more in-depth examination of the regulatory context referring to CDP and the contents of the aforementioned request by the Bank of Italy, (ii) examined the flows sent by the Company to the Bank of Italy, with particular regard to the first report on the internal capital adequacy assessment process (ICAAP) and the liquidity risk governance and management system (ILAAP) – ICAAP/ILAAP Report – referred to 31 December 2022, and (iii) examined in depth and verified the reflections carried out by the Company on the refinement of corporate processes and regulations related to the afore-mentioned obligation, also in view of the preparation of the ICAAP/ILAAP Report referred to 31 December 2023.

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

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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 58 of 24 February 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 drawn up by Deloitte under Article 11 of Regulation (EU) no. 537/2014 – thoroughly discussed in the course of information exchanges between the Board of Statutory Auditors and the Independent Auditors – does not report significant deficiencies in the internal control system for financial reporting.

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

The Board of Statutory Auditors launched the examination of the draft separate financial statements of CDP at 31 December 2023, at the meeting of 3 April 2024, reporting net income of 3,074 million euro and equity of 27,888.9 million euro, including net income for 2023, approved on 4 April 2024 by the Board of Directors of CDP. The Board of Statutory Auditors also continued its final audit activities at the following meetings.

As the Board of Statutory Auditors was not entrusted with the audit function, it oversaw the general approach of the financial statements, their compliance with the law with regard to their formation and structure, without identifying any aspects to be reported. The Board also verified compliance with the laws relating to the preparation of the report on operations, also in this case without any findings to be reported. The directors illustrated in the Financial Report the items that contributed to the economic result and the events that generated the same.

The Board of Statutory Auditors also examined the Independent Auditors' report issued pursuant to Articles 14 and 16 of Legislative Decree no. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, in which it expressed an unqualified opinion without emphasis of matter.

In this regard, the Board reports the following:

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- in application of Legislative Decree 38 of 28 February 2005, the financial statements as at 31 December 2023 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 have been prepared, to the extents 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 38/2005 in the measure of 22 December 2005 bearing Circular no. 262/2005 "*bank financial statements: presentation formats and rules of preparation*" as amended in the eighth update of 17 November 2022 – supplemented by the provisions set out in the communication of the Bank of Italy of 14 March 2023[1], concerning the impacts of the COVID-19 health emergency and measures to support the economy. The IASs/IFRSs endorsed and in effect as of 31 December 2023 (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 accounting separation 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 accounting separation statements are presented as an annex to the financial statements;
- 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 Decree Law no. 34/2020. In this respect, in its reporting, on 18 April 2024, the Independent Auditors have, among others, confirmed that the accompanying separate annual

[1]The communication of 14 March 2023 repeals and replaces the previous communication of 21 December 2021 – *Update of the 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*.

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report give a true and fair view of the financial position of the sub-funds as at 31 December 2023 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 58/1998, with a report attached to the draft separate financial statements and the consolidated financial statements at 31 December 2023, 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.

Notwithstanding the fact that the Board is not required to report or formally express an opinion on the consolidated financial statements, which are instead the responsibility of the Independent Auditors, it was acknowledged that:

- the CDP Group consolidated financial statements report net income of 5,027 million euro (of which 3,307 million euro pertaining to the Parent Company), down on 2022 (consolidated net income of 6,828 million euro, of which 5,443 million euro pertaining to the Parent Company);
- 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 2023 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 subsequently be made, in the specific section of this report, to the main relationships with subsidiaries.

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With reference to 2023, 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 2023, prepared pursuant to Legislative Decree No. 254 of 30 December 2016, and included in the fourth Sustainability Report of the CDP Group, approved by the Board of Directors of CDP on 4 April 2024.

In particular, the Board of Statutory Auditors monitored compliance with the provisions established by Legislative Decree 254/2016 in the preparation of the NFS, exchanging information with the corporate units on preparatory activities in this regard (*i.e.* update of the materiality matrix, 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[2]; *(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 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

[2] It should be noted that the scope of consolidation of the 2023 NFS was not changed compared to that of the 2022 NFS including Simest S.p.A. in the scope of consolidation. However, it should be noted that, in line with the scope of the deployed resources represented in the section of the Report on Operations within the Consolidated Financial Statements - on which the assessment of the sustainability impact is based – the resources deployed by Simest were not included in the Group's total deployed resources.

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standards used by the Company, 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[3] (ESMA) regarding (i) information relating to article 8 of Regulation No. 852/2020 on the so-called European taxonomy, (ii) information concerning climate-related objectives, actions and progress and (iii) information relating to the reporting of so-called Scope 3[4] emissions.

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"[5], issuing, on 18 April 2024, 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 254/2016 and the reporting standards used by the Company (the GRI standards).

With regard to the organisational arrangements, note that the Administration, Finance, Control and Sustainability Department – with the support of the competent business and operating units of the Group – 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.

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 39/2010, the Board of Statutory Auditors monitored independent audit activities.

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[3] See "*European common enforcement priorities for 2023 annual financial reports*" of 25 October 2023.
[4] These are indirect environmental emissions generated by financing and investment activities.
[5] 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 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 Audit Firm's activities. As part of the periodic information exchanges with Deloitte, no relevant aspects emerged which required to be reported. In particular:

– the Board of Statutory Auditors met with Deloitte on the occasion of the preparation of the Half-Yearly Report at 30 June 2023. On 9 August 2023, 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 18 April 2024, Deloitte issued, pursuant to Article 14 of Legislative Decree 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 2023, expressing an unqualified opinion with no emphasis of matter;

– also on 18 April 2024, Deloitte issued to the Board of Statutory Auditors the additional report envisaged under Article 11 of Regulation (EU) no. 537/2014, which, in addition to the foregoing (see paragraph 5 of this report), (i) is consistent, as regards the audit opinion, with the audit report referred to in the previous paragraph and (ii) 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 39/2010.

The Board of Statutory Auditors also verified and monitored the independence of the Independent Auditors, also taking into account the amendments made by the *International Ethics Standards Board for Accountants* (IESBA) to its "*Code of Ethics for Professional Accountants*" regarding the auditor's independence in relation to statutory audit assignments with respect to groups of companies. This in particular with regard to the adequacy of the provision of services other than statutory auditing, in accordance with 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 and paragraph 17 of the ISA Italia 260 audit standard, as well as taking into account the provisions pursuant to Legislative Decree No. 39/2010 and as amended and supplemented from which it emerges 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. On this point, the fees paid to the statutory auditor's network for duties other than the statutory audit of the financial statements, during the 2023 financial year, by the Group companies subject to management and coordination and the other subsidiaries falling within the scope of monitoring of the internal control and audit committee are summarised below.

Type of assignment	CDP *(Fees paid in Euro, net of VAT and supervisory fee to CONSOB or other regulatory authorities, where due)*	CDP Group Companies *(Fees paid in Euro, net of VAT and supervisory fee to CONSOB or other regulatory authorities, where due)*
Audit		14,000
Audit related	346,668[6]	99,600
Professional services		359,000[7]

For the sake of completeness, it should be noted that in the first quarter of 2024, pursuant to the Policy, the Board of Statutory Auditors, in its capacity as the ICAC of the Parent Company, authorised the Company to assign an audit-related mandate to the Independent Auditors, for fees equal to 290,000 euro.

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 39/2010.

9. Most significant transactions, transactions with related parties and atypical or unusual transactions

As part of the information flows referred to in art. 23, paragraph 4, of the Articles of Association, the Board acquired, with the required frequency, information on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries; specific information was given at the meetings of the Board of Directors. These transactions are represented in the report on

[6] Of which 300,000 euro relating to an assignment of CDP already included in the Report of the Board of Statutory Auditors to the 2023 Shareholders' Meeting.
[7] Assignment conferred by CDP Equity S.p.A. upon Deloitte Financial Advisory S.r.l. The amount actually paid for the aforementioned assignment, at the date of this report, is approximately Euro 19,000.

operations prepared by the Board of Directors and in Part H (referred to as "Transactions with related parties") in the notes to the financial statements (to which reference is also made for the purposes of identifying the type of transactions and their economic, equity and financial effects).

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 2023 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. The following topics are described below:

1. *Priorities indicated by ESMA in the Public Statement of 25 October 2023*[8] *(such as issues related to climate change and the impacts of 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.*

10.1 Priorities indicated by ESMA in the Public Statement of 25 October 2023

In preparing the annual financial report at 31 December 2023, in continuity with the measures adopted for the 2021 and 2022 financial report with the respective applicable recommendations, CDP took into consideration the recommendations set out by the ESMA in its Public Statement of October 2023 (*i.e.* "*European common enforcement priorities for 2023 annual financial reports*"), focusing on the risks related to climate change, to the extent that the effects of these risks may be significant.

With reference to the evolution of the macroeconomic context, characterised by factors related to the energy transition and climate change, a scenario exacerbated by growing geopolitical tensions

[8] On 25 October 2023, 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 2023, including the related disclosures in the Notes to the financial statements.

(connected with the continuation of the war in Ukraine and accentuated by events in the Middle East), the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties about future developments, CDP provided the disclosure required by the ESMA recommendation.

The Board of Statutory Auditors verified that:

- in preparing the annual financial statements at 31 December 2023, 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 issues and *(ii)* 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, further 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 annual financial report as at 31 December 2023 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 3,074 million euro, growing compared to the figures recorded in 2022 (2,490 million euro). Specifically:

- net interest income came to 2,798 million euro, up on 2022 (+1,104 million euro), due to the improvement in the spread between interest-bearing assets and liabilities, also thanks to the

[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.

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alignment of the return on liquidity with changed market conditions and the asset-liability management actions undertaken;

- dividends, amounting to 1,960 million euro, increased compared to 2022 (+358 million euro), mainly due to the greater contribution from Group companies;
- Other net revenues, equal to 74 million euro, decreased compared to 2022 (-145 million euro), chiefly due to the impact of the trend in rates on profits (losses) on trading and hedging activities;
- the cost of risk totalled -523 million euro, a deterioration on the figure for 2022 (-383 million euro). The figure for 2023 is attributable to the combined effect of (i) net recoveries on the loan portfolio of +65 million euro, which include the reversal of a significant credit exposure, (ii) changes in the fair value of investment funds for +94 million euro and (iii) impairment of equity investments for -682 million euro, mainly due to the write-down recognised for CDP Equity;
- staff costs and administrative expenses rose to 254 million euro from 231 million euro in 2022, 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.

Total assets amounted to 396 billion euro, down by of about 1% compared to the end of 2022. Specifically:

- cash and cash equivalents and other short-term investments came to 154 billion euro, down on the previous year (about -8%), due to an increase in loans and securities and the reduction in the stock of short-term funding and investments, as part of an ALM management strategy in response to the new interest-rate scenario;
- loans, which amounted to 124 billion euro, increased by of about 3% with respect to the balance at the end of 2022, mainly due to direct and indirect loans to businesses;
- debt securities amounted to 72 billion euro, up on the figure at the end of 2022 (about +9%) as a result of purchases of government bonds during the year;
- the stock of equity investments and funds, equal to 38 billion euro, is substantially in line with 2022 (about +0.1%), mainly due to the drawdowns and changes in the positive fair value of investment funds, net of the write-down recognised for CDP Equity.

Under liabilities, total funding at 31 December 2023 amounted to 362 billion euro, down of about 2% from the figure recorded at the end of 2022. Specifically:

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- postal funding was equal to 285 billion euro, up on 2022 (about +1%) mainly due to interest accrued in the period for savers;
- funding from banks and customers amounting to 59 billion euro, down of about 18% from 2022 mainly due to the decline in short-term funding (particularly repurchase agreements) attributable to the aforementioned asset-liability management strategies;
- bond funding, accounting for 18 billion euro, increased compared to 2022 (about +6%) due to the new bond issues in the year, including the first Green Bond issued by CDP, for 500 million euro, CDP's first issue in US dollars (Yankee Bond) amounting to 1 billion dollars, and the new retail issue of 2 billion euro.

Lastly, equity, amounting to 27.9 billion euro, was up on the end of 2022 (about +8%) mainly due to profit realised in the year, only partially offset by distributed dividends.

10.3 Impairment testing of equity investments held by CDP

The impairment test on equity investments in subsidiaries and associates is governed by the international accounting standard IAS 36, which aims to define rules and principles that ensure that the carrying amount of the assets does not exceed their recoverable amount. As at 31 December 2023, where applicable, the indications of the national and international regulators on aspects of financial reporting relating to risks, uncertainties, estimates, assumptions and valuations were also considered, as well as the difficulties associated with the long-term impacts of the current reference context, characterised by a combination of factors of uncertainty related to the continuation of the Russian-Ukrainian conflict and the breakout of the conflict in the Middle East, the evolution of the inflationary scenario and the consequent monetary policy strategies of central banks, the general slowdown in global economic growth and further geopolitical risks.

With reference to the equity investments held in Eni S.p.A., Poste Italiane S.p.A., CDP Reti S.p.A., Fintecna S.p.A., Redo SGR S.p.A., Elite S.p.A., ITsART S.p.A. in liquidation and Europrogetti e Finanza S.r.l. in liquidation, for which it was necessary to carry out impairment tests, the recoverable amount was found to be in line with or higher than the related book value and the carrying amount of these equity investments was confirmed.

For CDP Equity S.p.A., it was necessary to carry out an impairment test, which resulted in a recoverable amount lower than the carrying amount of the equity investment in CDP's separate financial statements, mainly due to impairments identified on some of the companies in the portfolio of CDP Equity S.p.A. (*i.e.* Open Fiber Holdings S.p.A. and Nexi S.p.A.). Consequently, the carrying value of the equity investment was adjusted to align with its recoverable amount, leading to a decrease in value of 671 million euro.

In the first half of 2023, CDP Immobiliare S.r.l. in liquidation recorded an impairment loss of -11.9 million euro, mainly attributable to liquidation adjustments. In addition, in continuation of the process of streamlining the Group structure, during the second half of the year the equity investment was transferred to Fintecna S.p.A.

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 2023 on the basis of reasonable repayment assumptions, taking account of any guarantees securing these exposures, prompted net writebacks totalling about 39.3 million euro, mainly due to impairment reversals from collection. 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 on-balance sheet and off-balance sheet exposures in Stage 1 in the amount of 345.3 billion euro, in Stage 2 in the amount of 11.2 billion euro and in Stage 3 in the amount of about 208.5 million euro. Stage 3 includes all impaired exposures classified as bad debts (92.7 million euro net), unlikely to pay (53.6 million euro net) and non-performing past-due exposures (62.2 million euro net).

With regard to the collective assessment of loans and other credit exposures, in 2023 a net recovery of about 11.1 million euro was recognised in the income statement (19.8 million euro of recoveries on exposures to customers and 8.7 million euro of net adjustments relating to exposures to banks). The provision for collective impairment totalled about 945.8 million euro (of which 58.3 million euro in respect of banks).

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The provision for collective impairment at 31 December 2023 was equal to about 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 5,027 million euro, down on 2022 (-1,801 million euro), with a share pertaining to the Parent Company of 3,307 million euro (+5,443 million euro in 2022).

The result mainly reflected the impact of measurement with the equity method of Eni S.p.A. (+1,269 million euro from +3,890 million euro in 2022), Poste Italiane S.p.A. (+587 million euro from +479 million euro in 2022), Saipem S.p.A. (+23 million euro from -27 million euro in 2022), Webuild S.p.A. (+7 million euro from +18 million euro in 2022), Nexi S.p.A. (-715 million euro, including the impact of impairment of -712 million euro recognised as a result of the impairment test), Holding Reti Autostradali S.p.A. (+95 million euro compared to +284 million euro in 2022) and Open Fiber Holdings S.p.A. (-164 million euro compared to -88 million euro in 2022).

Net interest income came to 2,267 million euro, an increase compared to the previous year mainly due to the improvement in the spread between interest-bearing assets and liabilities of the Parent Company, also thanks to the alignment of the return on liquidity to changed market conditions and the asset-liability management actions deployed.

Administrative expenses and other operating expenses and income increased compared to 2022 (+814 million euro and +1,513 million euro respectively), mainly reflecting the contribution of the Fincantieri, Ansaldo Energia, Snam, Terna and Italgas groups.

Consolidated assets totalled 475 billion euro, down by around 0.6% (approximately 2.7 billion euro) compared to the figure recorded at the end of the previous financial year.

The dynamics in financial assets represented by cash and cash equivalents, loans and securities were primarily attributable to the performance of the Parent Company's portfolios and connected new rates scenario.

The item equity investments amounts to 26.6 billion euro, with a decrease of 0.1 billion euro, mainly attributable to the following equity investments:

- Eni S.p.A. recorded an increase deriving from net income for the year pertaining to the Group, equal to 1,269 million euro, offset by the change in valuation reserves, mainly from the valuation, for -461 million euro. Added to these effects is the impact of the reversal of the dividend for -852 million euro;

- Poste Italiane S.p.A. recorded an increase of +587 million euro (including the effect of consolidation entries) deriving from net income for the year, as well as the overall positive effects of the change in valuation reserves, the reversal of the dividend and other changes, totalling +205 million euro;
- Saipem S.p.A. recorded an increase deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to 23 million euro, as well as the effects of the change in valuation reserves and other changes totalling +19 million euro;
- Holding Reti Autostradali S.p.A., the parent of Autostrade per l'Italia S.p.A., recorded a decrease due to the overall negative impacts of the change in valuation reserves, the reversal of the dividend and other changes for a total value of -339 million euro, and the repayment of capital equal to 290 million euro, partially offset by net income for the year of +95 million euro;
- Open Fiber Holdings S.p.A., the parent of Open Fiber S.p.A., recorded a decrease arising from net income for the year pertaining to the Group (including the effect of consolidation entries) equal to -164 million euro, as well as the overall negative effects of the change in valuation reserves, other changes and the increase in capital for a total of -50 million euro;
- Nexi S.p.A. recorded a decrease of -11 million euro deriving from net income for the year pertaining to the Group (including the effect of consolidation entries) and an impairment loss of -712 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 +8 million euro;
- Snam S.p.A. acquired a joint equity investment in SeaCorridor S.r.l. (410 million euro).

Property, plant and equipment and intangible assets totalled 59 billion euro, an increase of 3 billion euro over the previous year. The item mainly includes investments made by the Snam group (23.6 billion euro), Terna group (19.6 billion euro), and Italgas group (9.9 billion euro) in their businesses, regulated or otherwise.

Total consolidated funding stands at about 402.7 billion euro at 31 December 2023, a drop of 3.5 billion euro compared to 2022. 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 2023 came to about 41.8 billion euro, an increase of 2.4 billion euro on the previous year (39.4 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.

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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 2023 the Board of Statutory Auditors issued an opinion:

- with regard to the proposals of the Remuneration Committee relating, inter alia, to the setting – for the year 2023 – and the finalisation – for the year 2022 – of the performance targets related to the variable component of the 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.

The Board also contributed to the reflections on the Company's governance, among other things, regarding (i) the possible application of Law no. 49/2023 – containing "*Provisions on fair compensation for professional services*" – to the remuneration due to the members of the corporate bodies of CDP's investee companies and (ii) the possible enrichment of internal reporting on the economic-financial monitoring of CDP's operations and shareholding portfolio. In this context, the control body met with the company's top management in order to evaluate any development lines of CDP's governance system.

In addition, in the fourth quarter of 2023, the Board of Statutory Auditors carried out the self-assessment process relating to the first phase of its mandate, aimed at verifying, among other things, the adequate composition and the correct and effective operation of the body.

During the year, the Board of Statutory Auditors also participated in induction sessions aimed at providing the management body, the board committees and the supervisory body with a more in-depth knowledge of the issues relating, among other things, (i) to the sectoral policies and strategic guidelines – approved by the Board of Directors – conducive to the definition of the specific strategic priorities for CDP's intervention (*i.e.* Transport Sector Policy and Agricultural and Food, Wood and Paper Industry Sector Policy), (ii) CDP Foundation's objectives and governance and (iii) the progress of the 2022-2024 Strategic Plan.

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 2023 the Board promoted and monitored the updating of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 of the Company. No critical issues emerged with respect to the correct implementation of the organisational model that should be highlighted in this report.

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 2023, as prepared by the Board of Directors and to submit 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 and has found no reasons to oppose to the approval, by the shareholders, of the financial statements ended at 31 December 2023 as drawn up by the directors.

Rome, 18 April 2024

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, 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, 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, 2023 include equity investments amounting to Euro 33,065 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, 2023, the Management also considered the indications issued by national and international authorities in relation to the current reference scenario, with a combination of factors related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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, 2023, 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 statements 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; • analysis of the subsequent events after the reporting period; • 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.

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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.

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.

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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 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, 2023, 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, 2023 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

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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, 2023, including their consistency with the related 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 financial statements of Cassa Depositi e Prestiti S.p.A. as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and 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, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the 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 18, 2024

As disclosed by the Directors on page 1, the accompanying financial statements of Cassa Depositi e Prestiti S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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 2023.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the separate financial statements at 31 December 2023 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 2023:

   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, 18 April 2024

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

The Shareholders' Meeting, having heard the Chairman's exposition, having noted the report of the Board of Directors, the report of the Board of Statutory Auditors and the report of the Independent Auditors, by viva voce vote, unanimously

resolved

to allocate the profit of Euro 3,074,304,290.73 as follows:

- Euro 126,278,198.54 to the unavailable reserve pursuant to Article 6, paragraph 2, of Italian Legislative Decree no. 38/05;
- Euro 1,618,923,012.08, equal to Euro 4.79 per share, corresponding to 55% of the distributable profit, as dividend to be distributed to the shareholders, to be paid within 30 days of the date of this meeting;
- Euro 1,329,103,080.11 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	3,074,304,290.73
Dividend	1,618,923,012.08
Unavailable reserve pursuant to Art. 6, para. 2, of Italian Legislative Decree no. 38/05	126,278,198.54
Retained earnings	1,329,103,080.11
Dividend per share (*)	4.79

(*) Excluding treasury shares.

4 2023 CONSOLIDATED FINANCIAL STATEMENTS

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

The consolidated financial statements at 31 December 2023 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 2023

CONSOLIDATED BALANCE SHEET

(thousands of euro)

Assets	31/12/2023	31/12/2022
10. Cash and cash equivalents	3,570,496	6,502,515
20. Financial assets measured at fair value through profit or loss:	3,963,896	3,679,559
a) financial assets held for trading	342,382	356,244
b) financial assets designated at fair value	192,647	194,962
c) other financial assets mandatorily measured at fair value	3,428,867	3,128,353
30. Financial assets measured at fair value through other comprehensive income	12,153,618	12,029,385
40. Financial assets measured at amortised cost:	348,296,883	348,435,188
a) loans to banks	25,287,314	23,207,230
b) loans to customers	323,009,569	325,227,958
50. Hedging derivatives	2,267,140	4,595,099
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,001,492)	(2,986,650)
70. Equity investments	26,616,572	26,736,106
80. Insurance assets:		
a) insurance contracts issued that are assets		
b) reinsurance contracts held that are assets		
90. Property, plant and equipment	45,118,380	42,556,001
100. Intangible assets	13,767,646	13,358,680
of which:		
– *goodwill*	*1,182,340*	*1,201,633*
110. Tax assets:	2,043,994	2,579,168
a) current tax assets	94,151	502,449
b) deferred tax assets	1,949,843	2,076,719
120. Non-current assets and disposal groups held for sale	206,501	155,645
130. Other assets	18,977,059	20,086,227
TOTAL ASSETS	**474,980,693**	**477,726,923**

The data referring to 31 December 2022 have been restated as described in the accounting policies, "Other issues" section.

(thousands of euro)

Liabilities and equity	31/12/2023	31/12/2022
10. Financial liabilities measured at amortised cost:	402,710,718	406,248,889
a) due to banks	49,195,362	50,398,306
b) due to customers	313,470,185	316,994,542
c) securities issued	40,045,171	38,856,041
20. Financial liabilities held for trading	303,986	330,856
30. Financial liabilities designated at fair value	9,393	16,627
40. Hedging derivatives	1,956,344	1,367,670
50. Fair value change of financial liabilities in hedged portfolios (+/-)		
60. Tax liabilities:	2,822,866	2,796,659
a) current tax liabilities	384,834	117,927
b) deferred tax liabilities	2,438,032	2,678,732
70. Liabilities associated with non-current assets and disposal groups held for sale	4,654	26,828
80. Other liabilities	22,274,356	24,584,948
90. Staff severance pay	173,918	172,566
100. Provisions for risks and charges:	2,937,272	2,815,373
a) guarantees issued and commitments	679,763	698,370
b) pensions and other post-retirement benefit obligations		
c) other provisions	2,257,509	2,117,003
110. Insurance liabilities:		
a) insurance contracts issued that are liabilities		
b) reinsurance contracts held that are liabilities		
120. Valuation reserves	(728,019)	(1,028,538)
130. Redeemable shares		
140. Equity instruments		
150. Reserves	17,005,922	12,876,684
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 (+/-)	16,094,441	15,968,043
200. Net income (loss) for the year (+/-)	3,307,402	5,442,878
TOTAL LIABILITIES AND EQUITY	**474,980,693**	**477,726,923**

The data referring to 31 December 2022 have been restated as described in the accounting policies, "Other issues" section.

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

Items		2023	2022
10.	Interest income and similar income	11,335,929	7,901,221
	– *of which: interest income calculated using the effective interest rate method*	*10,733,360*	*8,212,830*
20.	Interest expense and similar expense	(8,090,443)	(5,594,736)
30.	**Net interest income**	**3,245,486**	**2,306,485**
40.	Commission income	550,613	471,298
50.	Commission expense	(1,338,576)	(1,231,043)
60.	**Net commission income (expense)**	**(787,963)**	**(759,745)**
70.	Dividends and similar revenues	77,249	49,738
80.	Profits (losses) on trading activities	(121,218)	64,199
90.	Net gains (losses) on hedge accounting	(28,336)	84,055
100.	Gains (losses) on disposal or repurchase of:	25,330	52,185
	a) financial assets measured at amortised cost	75,274	31,887
	b) financial assets at fair value through other comprehensive income	(49,944)	34,613
	c) financial liabilities		(14,315)
110.	Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	67,875	(72,820)
	a) financial assets and liabilities designated at fair value	(2,582)	(8,793)
	b) other financial assets mandatorily at fair value	70,457	(64,027)
120.	**Gross income**	**2,478,423**	**1,724,097**
130.	Net adjustments/recoveries for credit risk relating to:	57,929	(9,192)
	a) financial assets measured at amortised cost	57,492	(10,351)
	b) financial assets at fair value through other comprehensive income	437	1,159
140.	Gains/losses from changes in contracts without derecognition	(9,857)	(39)
150.	**Financial income (expense), net**	**2,526,495**	**1,714,866**
160.	Insurance service result:		
	a) insurance revenue from insurance contracts issued		
	b) insurance service expenses arising from insurance contracts issued		
	c) insurance revenue arising from reinsurance contracts		
	d) insurance service expenses arising from reinsurance contracts		
170.	Balance of financial income/expenses relating to insurance business:		
	a) net financial expenses/income relating to insurance contracts issued		
	b) net financial income/expenses relating to reinsurance contracts held		
180.	**Net income from financial and insurance operations**	**2,526,495**	**1,714,866**
190.	Administrative expenses:	(13,442,682)	(12,628,745)
	a) staff costs	(2,814,495)	(2,636,797)
	b) other administrative expenses	(10,628,187)	(9,991,948)
200.	Net accruals to the provisions for risks and charges:	(245,757)	41,965
	a) guarantees issued and commitments	(16,572)	45,060
	b) other net accrual	(229,185)	(3,095)
210.	Net adjustments to/recoveries on property, plant and equipment	(2,159,913)	(1,917,809)
220.	Net adjustments to/recoveries on intangible assets	(994,195)	(1,261,559)
230.	Other operating income (costs)	19,326,191	17,812,921
240.	**Operating costs**	**2,483,644**	**2,046,773**
250.	Gains (losses) on equity investments	1,538,500	4,389,670
260.	Net gains (losses) on property, plant and equipment and intangible assets measured at fair value		
270.	Goodwill impairment	(46,037)	(48,337)
280.	Gains (losses) on disposal of investments	136,355	23,259
290.	**Income (loss) before tax from continuing operations**	**6,638,957**	**8,126,231**
300.	Income tax for the year on continuing operations	(1,611,680)	(1,297,302)
310.	**Income (loss) after tax on continuing operations**	**5,027,277**	**6,828,929**
320.	Income (loss) after tax on discontinued operations		(1,013)
330.	**Net income (loss) for the year**	**5,027,277**	**6,827,916**
340.	Net income (loss) for the year pertaining to non-controlling interests	1,719,875	1,385,038
350.	**NET INCOME (LOSS) FOR THE YEAR PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY**	**3,307,402**	**5,442,878**

The data referring to 2022 have been restated as described in the accounting policies, "Other issues" section.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items		2023	2022
10.	**Net income (loss) for the year**	**5,027,277**	**6,827,916**
	Other comprehensive income (net of tax) not transferred to income statement	**212,426**	**(533,403)**
20.	Equity securities designated at fair value through other comprehensive income	207,231	(527,494)
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	(8,470)	26,342
80.	Non-current assets and disposal groups held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method	13,665	(32,251)
100.	Financial income or expenses relating to insurance contracts issued		
	Other comprehensive income (net of tax) transferred to income statement	**88,637**	**(609,418)**
110.	Hedging of foreign investments		
120.	Exchange rate differences	(4,484)	65,405
130.	Cash flow hedges	(155,734)	474,984
140.	Hedging instruments (elements not designated)		
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	334,154	(647,721)
160.	Non-current assets and disposal groups held for sale		
170.	Share of valuation reserves of equity investments accounted for using equity method	(85,299)	(502,086)
180.	Financial income or expenses relating to insurance contracts issued		
190.	Financial income or expenses relating to reinsurance contracts held		
200.	**Total other comprehensive income (net of tax)**	**301,063**	**(1,142,821)**
210.	**Comprehensive income (items 10+200)**	**5,328,340**	**5,685,095**
220.	Consolidated comprehensive income pertaining to non-controlling interests	1,624,630	1,673,926
230.	**CONSOLIDATED COMPREHENSIVE INCOME PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY**	**3,703,710**	**4,011,169**

The data referring to financial year 2022 have been restated as described in the accounting policies, "Other issues" section.

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 31/12/2022	Changes in opening balance	Balance at 01/01/2023	Reserves	Dividends and other allocations (*)	Changes in reserves	Issues of new shares	Purchase of own shares
Share capital:								
a) ordinary shares	7,421,437		7,421,437	(2,910)			9,227	
b) other shares	4,532		4,532					
Share premium reserve	3,953,177		3,953,177	(2,316)			27,950	
Reserves:								
a) income	21,591,554	(342,853)	21,248,701	3,836,720		282,753	426	
b) other	763,936		763,936			(1,980)		
Valuation reserves	(882,777)	(55,425)	(938,202)			(95,841)		
Equity instruments	989,037		989,037					
Interim dividends	(538,091)		(538,091)	538,091				
Treasury shares	(365,936)		(365,936)				5,596	(4,697)
Net income (loss) for the year	6,802,495	25,421	6,827,916	(4,369,585)	(2,458,331)			
TOTAL EQUITY	**39,739,364**	**(372,857)**	**39,366,507**		**(2,458,331)**	**184,932**	**43,199**	**(4,697)**
Equity Group	**23,771,321**	**(372,857)**	**23,398,464**		**(1,368,818)**	**(798)**		
Equity Non-controlling interests	**15,968,043**		**15,968,043**		**(1,089,513)**	**185,730**	**43,199**	**(4,697)**

(*) Dividend per share distributed by the Parent Company equal to 4.05 euro as an ordinary dividend.

The data referring to 31 December 2022 have been restated as described in the accounting policies, "Other issues" section.

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 31/12/2021	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	(342,246)	18,525,642	2,529,889		(357,034)	(3,410)	
b) other	756,883		756,883			(1,084)		
Valuation reserves	257,909	27,040	284,949			(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**	**(315,206)**	**35,126,557**		**(2,309,210)**	**(439,515)**	**5,550**	**210,947**
Equity Group	**21,162,552**	**(315,206)**	**20,847,346**		**(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.

The data referring to financial year 2022 have been restated as described in the accounting policies, "Other issues" section.

	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 31/12/2023	Share-holders' Equity at 31/12/2023	Group's Equity 31/12/2023	Equity Non-controlling interests at 31/12/2023
						(72,059)		7,355,695	4,051,143	3,304,552
								4,532		4,532
						(81,681)		3,897,130	2,378,517	1,518,613
		(66,939)				49,194		25,350,855	17,005,123	8,345,732
					389	24,695		787,040	799	786,241
						3,306	301,063	(729,674)	(728,019)	(1,655)
			31,502					1,020,539		1,020,539
	(561,171)							(561,171)		(561,171)
								(365,037)	(322,220)	(42,817)
							5,027,277	5,027,277	3,307,402	1,719,875
	(561,171)	**(66,939)**	**31,502**		**389**	**(76,545)**	**5,328,340**	**41,787,186**	**25,692,745**	**16,094,441**
						(39,813)	**3,703,710**	**25,692,745**	**25,692,745**	
	(561,171)	**(66,939)**	**31,502**		**389**	**(36,732)**	**1,624,630**	**16,094,441**		**16,094,441**

	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 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)				569,972		21,248,701	12,900,973	8,347,728
					4,728	3,409		763,936	(24,289)	788,225
						561	(1,142,821)	(938,202)	(1,028,538)	90,336
			989,037					989,037		989,037
	(538,091)							(538,091)		(538,091)
								(365,936)	(322,220)	(43,716)
							6,827,916	6,827,916	5,442,878	1,385,038
	(538,091)	**(16,358)**	**989,037**		**4,728**	**647,767**	**5,685,095**	**39,366,507**	**23,398,464**	**15,968,043**
						531,280	**4,011,169**	**23,398,464**	**23,398,464**	
	(538,091)	**(16,358)**	**989,037**		**4,728**	**116,487**	**1,673,926**	**15,968,043**		**15,968,043**

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(thousands of euro)	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**8,927,446**	**(1,640,243)**
Net income for the year (+/-)	5,027,277	6,827,916
Gains (losses) on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	(87,980)	49,961
Gains (losses) on hedging activities (-/+)	4,277	594,844
Net impairment adjustments (+/-)	(41,357)	(35,868)
Net value adjustments to property, plant and equipment and intangible assets (+/-)	3,200,145	3,227,705
Net provisions and other costs/revenues (+/-)	229,185	143,783
Net revenue and expenses of insurance contracts issued and reinsurance contracts held (-/+)		
Unpaid charges, taxes and tax credits (+/-)	(113,824)	(358,823)
Writedowns/writebacks of equity investments (+/-)	(1,468,097)	(4,096,628)
Income (loss) after tax on discontinued operations (+/-)		3,772
Other adjustments (+/-)	2,177,820	(7,996,905)
2. Cash generated by/used in financial assets	**(3,486,574)**	**6,434,041**
Financial assets held for trading	37,492	(278,375)
Financial assets designated at fair value	(267)	236,695
Other financial assets mandatorily measured at fair value	(193,776)	(109,455)
Financial assets measured at fair value through other comprehensive income	450,158	2,469,900
Financial assets measured at amortised cost	(7,836,687)	14,993,194
Other assets	4,056,506	(10,877,918)
3. Cash generated by/used in financial liabilities	**(11,416,282)**	**(26,112,466)**
Financial liabilities measured at amortised cost	(6,801,917)	(7,997,872)
Financial liabilities held for trading	(26,870)	204,505
Financial liabilities designated at fair value	(7,234)	(1,240)
Other liabilities	(4,580,261)	(18,317,859)
4. Cash flows generated by/used in insurance contracts issued and reinsurance contracts held		
Insurance contracts issued that are liabilities/assets (+/-)		
Reinsurance contracts held that are liabilities/assets (+/-)		
Cash generated by/used in operating activities	**(5,975,410)**	**(21,318,668)**
B. INVESTMENT ACTIVITIES		
1. Cash generated by	**2,711,782**	**2,719,462**
Sale of equity investments	654,428	964,416
Dividends from equity investments	1,649,557	1,186,209
Sale of property plant and equipment	176,189	115,472
Sale of intangibles	111,034	431,869
Sales of subsidiaries and business units	120,574	21,496
2. Cash used in	**(6,317,627)**	**(10,224,689)**
Purchase of equity investments	(688,118)	(4,693,469)
Purchase of property, plant and equipment	(4,162,593)	(3,172,231)
Purchase of intangible assets	(1,337,521)	(1,353,557)
Purchases of subsidiaries and business units	(129,395)	(1,005,432)
Cash generated by/used in investing activities	**(3,605,845)**	**(7,505,227)**
C. FINANCING ACTIVITIES		
Issue/purchase of treasury shares	(4,697)	(14,804)
Issue/purchase of equity instruments		989,037
Dividend distribution and other allocations	(2,827,010)	(2,863,658)
Sale/purchase of third-party control		2,860
Cash generated by/used in financing activities	**(2,831,707)**	**(1,886,565)**
CASH GENERATED/USED DURING THE YEAR	**(12,412,962)**	**(30,710,460)**

Key:
(+) generated
(-) used

RECONCILIATION

Items (*)	2023	2022
Cash and cash equivalents at beginning of the year	**163,352,511**	**194,060,741**
Total cash generated/used during the year	(12,412,962)	(30,710,460)
Cash and cash equivalents: foreign exchange effect	13,172	2,230
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**150,952,721**	**163,352,511**

(*) The cash and cash equivalents reported in the Cash flow statement comprise the balance of item 10 "Cash and cash equivalents" (Euro/000 3,570,496 vs Euro/000 6,502,515 as of 31/12/2022), the balance on the current account held with the Central Treasury (Euro/000 147,390,322 vs Euro/000 156,842,624 as of 31/12/2022), and the balance of the cash and cash equivalents reported under item 120 "Non-current assets and disposal groups held for sale" (Euro/000 3,560 vs Euro/000 19,325 as of 31/12/2022), net of current accounts with a negative balance reported under item 10 "Financial liabilities measured at amortised cost" under liabilities (Euro/000 11,657 vs Euro/000 11,953 as of 31/12/2022).

The data referring to 2022 have been restated as described in the accounting policies, "Other issues" section.

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 17 November 2022, 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 14 March 2023[78] on the impact of Covid-19 and measures to support the economy and amendments to IAS/IFRS.

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).

[78] The communication of 14 March 2023 repeals and replaces the previous communication of 21 December 2021 — *Update of the 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.*

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 as well as the Board of Directors' Report on operations.

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.

In the balance sheet and income statements, items with zero balances for both the current and prior financial year are also shown. 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.

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 di 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 2023 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 2023, 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 17 November 2022, 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 items having a zero amount in the reporting and comparative period. 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 and Consob concerning the assessments and disclosure required regarding the impacts deriving from climate-related matters and those related to the macroeconomic scenario[79].

[79] These references are:
- ESMA Public Statement of 25 October 2023 "European common enforcement priorities for 2023 financial reports";
- Consob communication "ESMA: Climate and macroeconomic context - priority issues in the 2023 reporting of listed companies".

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 joint Bank of Italy/Consob/Isvap Document No. 2 of 6 February 2009 concerning disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1 Revised, the CDP Group has conducted an assessment of the company's 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.

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 (including provisions for environmental risks and liabilities related to clean-up obligations, site and/or land restoration and plant decommissioning);
- 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 quantification of revenues related to output-based incentives.

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 macroeconomic scenario is characterized by a combination of factors related to the worsening of geopolitical tensions (connected with the continuing war in Ukraine and exacerbated by events in the Middle East, which continue to impact the global outlook), the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties about future developments.

In this context, therefore, it is necessary to make in-depth forecasts on the timing and extent 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 2023, 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, in the updated version of 17 November 2022.

Exceptions to this are the following companies or subholdings whose data refer to 30 June 2023 (FICC, Melt 1 S.r.l. single member, Stark Two S.r.l.) and 30 September 2023 (Fly One S.p.A.).

The following statement shows the companies consolidated on a line-by-line basis.

1. EQUITY INVESTMENTS IN SUBSIDIARIES

Company name	Operational headquarters	Registered office	Type of relation-ship (1)	Equity investment: Investor	Equity investment: % holding	% of votes (2)
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. Acqua S.r.l.	Milan	Milan	1	Nepta S.p.A.	100.00%	100.00%
6. Agriwatt Castel Goffredo Società Agricola ar.l.	Como	Como	1	Bioenerys Agri S.r.l.	100.00%	100.00%
7. Alfiere S.p.A.	Rome	Rome	1	Fondo Sviluppo Comparto A	100.00%	100.00%
8. Alivieri Power Units Maintenance SA	Athens	Athens	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
9. Ansaldo Energia Gulf	Abu Dhabi	Abu Dhabi	1	Ansaldo Energia S.p.A.	100.00%	100.00%
10. Ansaldo Energia IP UK Ltd	London	London	1	Ansaldo Energia S.p.A.	100.00%	100.00%
11. Ansaldo Energia Iranian LLC	Teheran	Teheran	1	Ansaldo Energia S.p.A.	70.00%	70.00%
				Ansaldo Russia LLC	30.00%	30.00%
12. Ansaldo Energia Netherlands BV	Breda	Breda	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
13. Ansaldo Energia S.p.A.	Genoa	Genoa	1	CDP Equity S.p.A.	99.52%	99.52%
14. Ansaldo Energia Spain S.L.	Zaragoza	Zaragoza	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
15. Ansaldo Energia Switzerland AG	Baden	Baden	1	Ansaldo Energia S.p.A.	100.00%	100.00%
16. Ansaldo Green Tech S.p.A.	Genoa	Genoa	1	Ansaldo Energia S.p.A.	100.00%	100.00%
17. Ansaldo Nigeria Limited	Lagos	Lagos	1	Ansaldo Energia S.p.A.	60.00%	60.00%
18. Ansaldo Nucleare S.p.A.	Genoa	Genoa	1	Ansaldo Energia S.p.A.	100.00%	100.00%
19. Ansaldo Russia LLC	Moscow	Moscow	1	Ansaldo Energia S.p.A.	100.00%	100.00%
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%
				Fincantieri S.p.A.	5.00%	5.00%
24. BYS Società Agricola Impianti S.r.l.	Piacenza	Piacenza	1	Bioenerys Agri S.r.l.	100.00%	100.00%
25. Bacini di Palermo S.p.A.	Palermo	Palermo	1	Fincantieri S.p.A.	100.00%	100.00%
26. Bietifin S.r.l.	Bologna	Bologna	1	Bioenerys Agri S.r.l.	100.00%	100.00%
27. Bioenerys Agri S.r.l.	Pordenone	Pordenone	1	Bioenerys S.r.l.	100.00%	100.00%
28. Bioenerys Ambiente S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys S.r.l.	100.00%	100.00%
29. Bioenerys S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
30. Biogas Bruso Società Agricola a R.L.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	99.90%	99.90%
31. Biowaste CH4 Anzio S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
32. Biowaste CH4 Foligno S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
33. Biowaste CH4 Group S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
34. Biowaste CH4 Legnano	Turin	Turin	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
35. Biowaste CH4 Tuscania S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
36. Biowaste Ch4 Genova S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
37. Bludigit S.p.A.	Milan	Milan	1	Italgas S.p.A.	100.00%	100.00%
38. Bonafous S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l. in liquidazione	100.00%	100.00%
39. Broady Flow Control Ltd.	Kingston Upon Hull	Kingston Upon Hull	1	Valvitalia S.p.A.	100.00%	100.00%
40. Brugg Cables (India) Pvt. Ltd.	Haryana	Haryana	1	Brugg Kabel GmbH	0.26%	0.26%
				Brugg Kabel AG	99.74%	99.74%
41. Brugg Cables (Shanghai) Co. Ltd.	Shanghai	Shanghai	1	Brugg Kabel AG	100.00%	100.00%
42. Brugg Cables (Suzhou) Co. Ltd.	Suzhou	Suzhou	1	Brugg Cables (Shanghai) Co. Ltd.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relation-ship [1]	Equity investment: Investor	Equity investment: % holding	% of votes [2]
43. Brugg Cables Company	Riyadh	Riyadh	1	Brugg Kabel AG	100.00%	100.00%
44. Brugg Cables Italia S.r.l.	Milan	Milan	1	Brugg Kabel Manufacturing AG	100.00%	100.00%
45. Brugg Cables Middles East Contracting LLC	Dubai	Dubai	1	Brugg Kabel AG	100.00%	100.00%
46. Brugg Cables. Inc.	Chicago	Chicago	1	Brugg Kabel AG	100.00%	100.00%
47. Brugg Kabel AG	Brugg	Brugg	1	Brugg Kabel Services AG	90.00%	90.00%
48. Brugg Kabel GmbH	Schwieberdingen	Schwieberdingen	1	Brugg Kabel AG	100.00%	100.00%
49. Brugg Kabel Manufacturing AG	Brugg	Brugg	1	Brugg Kabel Services AG	100.00%	100.00%
50. Brugg Kabel Services AG	Brugg	Brugg	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
51. C.S.I S.r.l.	Follo (SP)	Milan	1	Fincantieri NexTech S.p.A.	75.65%	75.65%
52. C2MAC Group S.p.A.	Montorso Vicentino (VI)	Montorso Vicentino	4	Melt 1 S.r.l. a socio unico	57.00%	57.00%
53. C2Mac - North America	Menomonee Falls, WI	Menomonee Falls, WI	4	C2MAC Group S.p.A.	100.00%	100.00%
54. CDP Equity S.p.A.	Milan	Milan	1	CDP S.p.A.	100.00%	100.00%
55. CDP Immobiliare S.r.l. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
56. CDP Real Asset SGR S.p.A.	Rome	Rome	1	CDP S.p.A.	70.00%	70.00%
57. CDP Reti S.p.A.	Rome	Rome	1	CDP S.p.A.	59.10%	59.10%
58. CDP Technologies AS	Alesund	Alesund	1	Seaonics AS	100.00%	100.00%
59. CDP Technologies Estonia OÜ	Tallinn	Tallinn	1	CDP Technologies AS	100.00%	100.00%
60. CDP Venture Capital SGR S.p.A.	Rome	Rome	1	CDP Equity S.p.A.	70.00%	70.00%
61. CDPE Investimenti S.p.A.	Milan	Milan	1	CDP Equity S.p.A.	77.12%	77.12%
62. CH4 Energy S.r.l.	Palermo	Palermo	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
63. Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Genoa	Genoa	1	Fincantieri NexTech S.p.A.	86.10%	86.10%
64. Changsha Xi Mai Mechanical Construcion Co. Ltd.	China	China	4	Marval S.r.l.	98.78%	98.78%
65. Cinque Cerchi S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l. in liquidazione	100.00%	100.00%
66. Consorzio Stabile Ansaldo Newclear	Genoa	Genoa	1	Ansaldo Energia S.p.A.	20.00%	20.00%
				Ansaldo Nucleare S.p.A.	70.00%	70.00%
				Nuclear Engineering Group Limited	10.00%	10.00%
67. Constructora Finso Chile S.p.A.	Santiago de Chile	Santiago de Chile	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
68. Cubogas S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Greenture S.p.A.	100.00%	100.00%
69. DEDA S.A.	Athens	Athens	1	DEPA Infrastructure S.A.	100.00%	100.00%
70. DEPA Infrastructure S.A.	Athens	Athens	1	Italgas Newco S.p.A.	100.00%	100.00%
71. E-phors S.p.A.	Milan	Milan	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
72. ESPERIA-CC S.r.l.	Rome	Rome	1	Terna S.p.A.	1.00%	1.00%
73. Ecoprogetto Milano S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Renerwaste Lodi S.r.l.	55.00%	55.00%
				Bioenerys Ambiente S.r.l.	45.00%	45.00%
74. Ecoprogetto Tortona S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
75. Emiliana Agroenergia Società Agricola S.r.l.	Piacenza	Piacenza	1	Bioenerys Agri S.r.l.	100.00%	100.00%
76. Empoli Salute Gestione S.c.ar.l.	Florence	Florence	1	Fincantieri Infrastrutture Sociali S.p.A.	95.00%	95.00%
				SOF S.p.A.	4.50%	4.50%
77. Enersi Sicilia	Caltanissetta	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
78. Ensco 1053 Ltd.	United Kingdom	United Kingdom	4	Marval S.r.l.	100.00%	100.00%
79. Enura S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	55.00%	55.00%
80. Ergon Projects Ltd.	Gzira	Gzira	1	SOF S.p.A.	1.00%	1.00%
				Fincantieri Infrastrutture Sociali S.p.A.	99.00%	99.00%
81. Estaleiro Quissamã Ltda	Rio de Janeiro	Rio de Janeiro	1	Vard Promar SA	49.50%	49.50%
				Vard Group AS	50.50%	50.50%
82. Euroavia S.r.l.	Reggio Emilia	Reggio Emilia	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%
83. Eusebi Impianti - Russia	Moscow	Moscow	1	Valvitalia S.p.A.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relationship [1]	Equity investment - Investor	Equity investment - % holding	% of votes [2]
84. Eusebi Impianti Kazakhstan	Aktau	Aktau	1	Valvitalia S.p.A.	75.00%	75.00%
85. Eusebi Impianti Polska	Bielsko	Bielsko	1	Valvitalia S.p.A.	100.00%	100.00%
86. Evolve S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
87. Fincantieri Infrastrutture Sociali S.p.A.	Florence	Florence	1	Fincantieri Infrastructure S.p.A.	90.00%	90.00%
88. Fincantieri Marine Group LLC	Washington, DC	Carson City, NV	1	Fincantieri Marine Group Holdings Inc.	100.00%	100.00%
89. Fincantieri Oil & Gas S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
90. FIV Comparto Extra	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
91. FIV Comparto Plus	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
92. FMSNA YK	Nagasaki	Nagasaki	1	Fincantieri Marine Systems North America Inc.	100.00%	100.00%
93. FNAS - Fondo Nazionale Abitare Sociale	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
94. FNT Fondo Nazionale per il Turismo - Comparto A	Rome	Rome	1	CDP S.p.A.	76.96%	76.96%
95. FOF Private Debt	Milan	Milan	4	CDP S.p.A.	62.50%	62.50%
96. FSRU I Limited	Hamilton	Hamilton	1	Snam FSRU Italia S.r.l.	100.00%	100.00%
97. FT1 Fondo Turismo 1	Rome	Rome	1	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	100.00%
98. FT2 Fondo Turismo 2	Rome	Rome	1	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	100.00%
99. Fincantieri (Shanghai) Trading Co. Ltd	Shanghai	Shanghai	1	Fincantieri S.p.A.	100.00%	100.00%
100. Fincantieri Australia Pty Ltd	Sydney	Sydney	1	Fincantieri S.p.A.	100.00%	100.00%
101. Fincantieri Dragaggi Ecologici S.p.A.	Rome	Rome	1	Fincantieri S.p.A.	55.00%	55.00%
102. Fincantieri Holding B.V.	Amsterdam	Amsterdam	1	Fincantieri S.p.A.	100.00%	100.00%
103. Fincantieri India Private Limited	New Delhi	New Delhi	1	Fincantieri Holding B.V.	99.00%	99.00%
				Fincantieri S.p.A.	1.00%	1.00%
104. Fincantieri Infrastructure Florida Inc.	Miami, FL	Miami, FL	1	Fincantieri Infrastructure USA. Inc.	100.00%	100.00%
105. Fincantieri Infrastructure Opere Marittime S.p.A.	Rome	Trieste	1	Fincantieri Infrastructure S.p.A.	100.00%	100.00%
106. Fincantieri Infrastructure S.p.A.	Verona	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
107. Fincantieri Infrastructure USA. Inc.	Middletown, DE	Middletown, DE	1	Fincantieri Infrastructure S.p.A.	100.00%	100.00%
108. Fincantieri Marine Group Holdings Inc.	Washington, DC	Wilmington, DE	1	Fincantieri USA Inc.	87.44%	87.44%
109. Fincantieri Marine Repair LLC	Wilmington, DE	Wilmington, DE	1	Fincantieri Marine Systems North America Inc.	100.00%	100.00%
110. Fincantieri Marine System LLC	Wilmington, DE	Wilmington, DE	1	Fincantieri Marine Systems North America Inc.	100.00%	100.00%
111. Fincantieri Marine Systems North America Inc.	Chesapeake, VI	Wilmington, DE	1	Fincantieri USA Inc.	100.00%	100.00%
112. Fincantieri Naval Services - Sole Proprietorship LLC	Abu Dhabi	Abu Dhabi	1	Fincantieri S.p.A.	100.00%	100.00%
113. Fincantieri NexTech S.p.A.	Follo (SP)	Milan	1	Fincantieri S.p.A.	100.00%	100.00%
114. Fincantieri S.p.A.	Trieste	Trieste	1	CDP Equity S.p.A.	71.32%	71.32%
115. Fincantieri SI Impianti S.c.ar.l.	Milan	Milan	1	Fincantieri SI S.p.A.	60.00%	60.00%
116. Fincantieri SI S.p.A.	Trieste	Trieste	1	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	100.00%
117. Fincantieri Services Doha LLC	Qatar	Qatar	1	Fincantieri S.p.A.	100.00%	100.00%
118. Fincantieri Services Middle East LLC	Doha (QFC)	Doha (QFC)	1	Fincantieri S.p.A.	100.00%	100.00%
119. Fincantieri Services USA LLC	Miami, FL	Plantation, FL	1	Fincantieri USA Inc.	100.00%	100.00%
120. Fincantieri USA Holding LLC [3]	Washington, DC	Wilmington, DE	1	Fincantieri S.p.A.	100.00%	100.00%
121. Fincantieri USA Inc.	Washington, DC	Wilmington, DE	1	Fincantieri USA Holding LLC	35.00%	35.00%
				Fincantieri S.p.A.	65.00%	65.00%
122. Finso Albania S.h.p.k.	Tirana	Tirana	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
123. Fintecna S.p.A.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relationship [1]	Equity investment		% of votes [2]
				Investor	% holding	
124. Fly One S.p.A.	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	67.30%	67.30%
125. Flytop S.r.l. in liquidazione	Rome	Rome	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
126. Fondmatic Hydraulic Machining S.r.l.	Crevalcore (BO)	Crevalcore (BO)	4	C2MAC Group S.p.A.	100.00%	100.00%
127. Fondo Italiano Consolidamento e Crescita (FICC)	Milan	Milan	4	CDP S.p.A.	65.99%	65.99%
128. Fondo Italiano d'Investimento SGR S.p.A.	Milan	Milan	1	CDP Equity S.p.A.	55.00%	55.00%
129. Fondo Sviluppo Comparto A	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
130. GNL Italia S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
131. Gannouch Maintenance S.àr.l.	Tunis	Tunis	1	Ansaldo Energia Switzerland AG	1.00%	1.00%
				Ansaldo Energia Netherlands BV	99.00%	99.00%
132. Gasrule Insurance D.A.C.	Dublin	Dublin	1	Snam S.p.A.	100.00%	100.00%
133. Geoside S.p.A.	Casalecchio di Reno (BO)	Casalecchio di Reno (BO)	1	Toscana Energia S.p.A.	32.78%	32.78%
				Italgas S.p.A.	67.22%	67.22%
134. Gestione Bacini La Spezia S.p.A.	La Spezia	La Spezia	1	Fincantieri S.p.A.	99.89%	99.89%
135. Grandry Technicast	Sable-sur-Sarthe	Sable-sur-Sarthe	4	C2MAC Group S.p.A.	100.00%	100.00%
136. Greenture S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
137. HMS IT S.p.A.	Rome	Rome	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
138. Halfbridge Automation S.r.l.	Rome	Rome	1	LT S.r.l.	70.00%	70.00%
139. IDS Australasia PTY Ltd	Brendale	Hendra	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
140. IDS Ingegneria Dei Sistemi (UK) Ltd	Fareham	Fareham	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
141. IDS Ingegneria Dei Sistemi S.p.A.	Pisa	Pisa	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
142. IDS Korea Co. Ltd	Daejeon	Daejeon	1	IDS Ingegneria dei Sistemi S.p.A.	100.00%	100.00%
143. IDS North America Ltd	Ottawa	Ottawa	1	IDS Ingegneria dei Sistemi S.p.A.	100.00%	100.00%
144. IDS Technologies US Inc.	Littleton	Littleton	1	IDS Ingegneria dei Sistemi S.p.A.	100.00%	100.00%
145. Idrolatina S.r.l.	Milan	Milan	1	Acqua S.r.l.	100.00%	100.00%
146. Idrosicilia S.p.A.	Milan	Milan	1	Acqua S.r.l.	98.70%	98.70%
147. Immogas S.r.l.	Florence	Florence	1	Toscana Energia S.p.A.	100.00%	100.00%
148. Infrastrutture Trasporto Gas S.p.A.	Milan	San Donato Milanese (MI)	1	Asset Company 2 S.r.l.	100.00%	100.00%
149. Isotta Fraschini Motori S.p.A.	Bari	Bari	1	Fincantieri S.p.A.	100.00%	100.00%
150. Issel Nord S.r.l.	Follo (SP)	Follo (SP)	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
151. Italgas Newco S.p.A.	Milan	Milan	1	Italgas S.p.A.	90.00%	90.00%
152. Italgas Reti S.p.A.	Turin	Turin	1	Italgas S.p.A.	100.00%	100.00%
153. Italgas S.p.A.	Milan	Milan	2	CDP Reti S.p.A.	25.99%	25.99%
				Snam S.p.A.	13.47%	13.47%
154. LT S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	75.00%	75.00%
155. Marine Interiors Cabins S.p.A.	Pordenone	Trieste	1	Marine Interiors S.p.A.	100.00%	100.00%
156. MI S.p.A.	Arluno	Trieste	1	Marine Interiors S.p.A.	100.00%	100.00%
157. MST S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
158. MTM S.c.ar.l.	Venice	Venice	1	Fincantieri S.p.A.	41.00%	41.00%
159. MZ Biogas S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	99.90%	99.90%
160. Maiero Energia S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
161. Marina Bay S.A.	Luxembourg	Luxembourg	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
162. Marine Interiors S.p.A.	Ronchi dei Legionari (GO)	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
163. Marinette Marine Corporation	Marinette, WI	Green Bay, WI	1	Fincantieri Marine Group LLC	100.00%	100.00%
164. Marval S.r.l.	Turin	Turin	4	Stark Two S.r.l.	69.47%	69.47%
165. Mecaer America Inc.	Montreal	Montreal	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%
166. Mecaer Aviation Group Inc.	Philadelphia	Philadelphia	4	Mecaer Aviation Group S.p.A.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relationship [1]	Equity investment		% of votes [2]
				Investor	% holding	
167. Mecaer Aviation Group S.p.A.	Borgomanero (NO)	Borgomanero (NO)	4	Fly One S.p.A.	75.77%	75.77%
168. Medea S.p.A.	Sassari	Sassari	1	Italgas Reti S.p.A.	51.85%	51.85%
169. Melt 1 S.r.l. a socio unico	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	100.00%	100.00%
170. Moglia Energia Società Agricola ar.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
171. Nepta S.p.A.	Caserta	Milan	1	Italgas S.p.A.	100.00%	100.00%
172. Niehlgas GmbH	Oberursel	Oberursel	1	Ansaldo Energia Switzerland AG	100.00%	100.00%
173. Nuclear Engineering Group Limited	Warrington/Egremont	Wolverhampton	1	Ansaldo Nucleare S.p.A.	100.00%	100.00%
174. Nuova Torneria Zanotti S.r.l.	Castel San Pietro Terme (BO)	Crevalcore	4	C2MAC Group S.p.A.	100.00%	100.00%
175. OPERAE a Marine Interiors Company S.r.l.	Treviso	Trieste	1	Marine Interiors S.p.A.	85.00%	85.00%
176. Pentagramma Piemonte S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l. in liquidazione	100.00%	100.00%
177. Pentagramma Romagna S.p.A. in liquidazione unipersonale	Rome	Rome	1	CDP Immobiliare S.r.l. in liquidazione	100.00%	100.00%
178. Perucchini S.p.A.	Omegna (VB)	Omegna (VB)	4	C2MAC Group S.p.A.	100.00%	100.00%
179. Power4Future S.p.A.	Calderara di Reno (BO)	Calderara di Reno (BO)	1	Fincantieri SI S.p.A.	52.00%	52.00%
180. REICOM S.r.l.	Padua	Milan	1	Fincantieri NexTech S.p.A.	100.00%	100.00%
181. 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%
182. Renerwaste Cupello S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	85.00%
183. Renerwaste Lodi S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
184. Renovit Public Solutions S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
185. Renovit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	60.05%	60.05%
				CDP Equity S.p.A.	30.00%	30.00%
186. Residenziale Immobiliare 2004 S.p.A.	Rome	Rome	1	Fondo Sviluppo Comparto A	100.00%	100.00%
187. Rete S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
188. Rob.Int S.r.l.	Pisa	Pisa	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
189. S.L.S. - Support Logistic Services S.r.l.	Guidonia Montecelio (RM)	Guidonia Montecelio (RM)	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
190. Snam Rete Gas S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
191. Snam S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	2	CDP Reti S.p.A.	31.35%	31.35%
192. SOF S.p.A.	Florence	Florence	1	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	100.00%
193. SPE Transmissora de Energia Linha Verde I S.A.	Belo Horizonte	Belo Horizonte	1	Terna Plus S.r.l.	75.00%	75.00%
194. Scaranello S.r.l.	Rovigo	Rovigo	4	C2MAC Group S.p.A.	100.00%	100.00%
195. Seanergy a Marine Interiors Company S.r.l.	Cordignano (TV)	Pordenone	1	Marine Interiors Cabins S.p.A.	80.00%	80.00%
196. Seaonics AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
197. Seaonics Polska SP.Z O.O.	Gdansk	Gdansk	1	Seaonics AS	100.00%	100.00%
198. SIMEST S.p.A.	Rome	Rome	1	CDP S.p.A.	76.01%	76.01%
199. Skytech Italia S.r.l.	Rome	Rome	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
200. Snam FSRU Italia S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
201. Snam International B.V.	Amsterdam	Amsterdam	1	Snam S.p.A.	100.00%	100.00%
202. Società Agricola Agrimetano Pozzonovo S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
203. Società Agricola Agrimetano Ro S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
204. Società Agricola Agrimetano S.r.l.	Faenza (RA)	Faenza (RA)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
205. Società Agricola Agrimezzana Biogas S.r.l.	San Rocco al Porto (LO)	San Rocco al Porto LO)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
206. Società Agricola Asola Energie Biogas S.r.l.	Asola (MN)	Asola (MN)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
207. Società Agricola Biostellato 1 S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
208. Società Agricola Biostellato 2 S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
209. Società Agricola Biostellato 3 S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
210. Società Agricola Biostellato 4 S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri 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	
211. Società Agricola Carignano Biogas S.r.l.	Bologna	Bologna	1	Bioenerys Agri S.r.l.	100.00%	100.00%
212. Società Agricola G.B.E. Gruppo Bio Energie S.r.l.	Pordenone	Pordenone	1	Società Agricola Sangiovanni S.r.l.	100.00%	100.00%
213. Società Agricola La Valle Green Energy S.r.l	Cerea (VR)	Cerea (VR)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
214. Società Agricola SQ Energy S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
215. Società Agricola San Giuseppe Agroenergia S.r.l.	Bologna	Bologna	1	Bioenerys Agri S.r.l.	100.00%	100.00%
216. Società Agricola Sangiovanni S.r.l.	Pordenone	Pordenone	1	Società Agricola SQ Energy S.r.l.	50.00%	50.00%
				Bioenerys Agri S.r.l.	50.00%	50.00%
217. Società Agricola Santo Stefano Energia S.r.l.	Casalmoro (MN)	Casalmoro (MN)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
218. Società Agricola T4 Energy S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
219. Società Agricola Tessagli Agroenergia S.r.l.	Commessaggio (MN)	Commessaggio (MN)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
220. Società Agricola Zoppola Biogas S.r.l.	Pordenone	Pordenone	1	Società Agricola Sangiovanni S.r.l.	100.00%	100.00%
221. Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
222. Soragna Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	Sorbolo Mezzani (PR)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
223. Stark Two S.r.l.	Milan	Milan	4	Fondo Italiano Consolidamento e Crescita (FICC)	75.14%	75.14%
224. Stogit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
225. Terna Crna Gora d.o.o.	Podgorica	Podgorica	1	Terna S.p.A.	100.00%	100.00%
226. Terna Plus S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
227. Terna Rete Italia S.p.A.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
228. TRS Sistemi S.r.l.	Rome	Rome	1	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	100.00%
229. Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	Magarpatta City, Hadapsar, Pune	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
230. Tamini Transformers USA L.L.C.	Sewickley	Sewickley	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
231. Tamini Trasformatori S.r.l.	Legnano (MI)	Legnano (MI)	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
232. Team Turbo Machines SAS	La Trinité De Thouberville	La Trinité De Thouberville	1	Fincantieri S.p.A.	85.00%	85.00%
233. Tecnomeccanica S.r.l.	Volta Mantovana (MN)	Volta Mantovana (MN)	4	C2MAC Group S.p.A.	100.00%	100.00%
234. Tep Energy Solution S.r.l.	Milan	Rome	1	Renovit S.p.A.	100.00%	100.00%
235. Terna 4 Chacas S.A.C.	Lima	Lima	1	Terna Chile S.p.A.	0.01%	0.01%
				Terna Plus S.r.l.	99.99%	99.99%
236. Terna Chile S.p.A.	Santiago de Chile	Santiago de Chile	1	Terna Plus S.r.l.	100.00%	100.00%
237. Terna Energy Solutions S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
238. Terna Forward S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
239. Terna Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	65.00%	65.00%
				Terna Rete Italia S.p.A.	5.00%	5.00%
240. Terna Peru S.A.C.	Lima	Lima	1	Terna Chile S.p.A.	0.01%	0.01%
				Terna Plus S.r.l.	99.99%	99.99%
241. Terna S.p.A.	Rome	Rome	2	CDP Reti S.p.A.	29.85%	29.85%
242. Terna USA LLC	New York	New York	1	Terna Plus S.r.l.	100.00%	100.00%
243. Tlux S.r.l.	Piancogno (BS)	Piancogno (BS)	1	Renovit Public Solutions S.p.A.	100.00%	85.00%
244. Toscana Energia S.p.A.	Florence	Florence	1	Italgas S.p.A.	50.66%	50.66%
245. Vard Marine Gdansk sp. z o. o.	Gdansk	Gdansk	1	Vard Group AS	100.00%	100.00%
246. Valvitalia (Suzhou) Valves co. Ltd.	Suzhou	Suzhou	1	Valvitalia S.p.A.	100.00%	100.00%
247. Valvitalia Algerie EURL	Algiers	Algiers	1	Valvitalia S.p.A.	100.00%	100.00%
248. Valvitalia Canada Ltd.	Edmonton (Alberta)	Edmonton (Alberta)	1	Valvitalia S.p.A.	100.00%	100.00%
249. Valvitalia S.p.A.	Milan	Milan	1	CDPE Investimenti S.p.A.	75.00%	75.00%
250. Valvitalia USA Inc	Houston, TX	Houston, TX	1	Valvitalia S.p.A.	100.00%	100.00%

Company name	Operational headquarters	Registered office	Type of relation-ship (1)	Equity investment: Investor	Equity investment: % holding	% of votes (2)
251. Vard Accommodation Tulcea S.r.l.	Tulcea	Tulcea	1	Vard Accommodation AS	99.77%	99.77%
				Vard Electro Romania S.r.l.	0.23%	0.23%
252. Vard Design AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
253. Vard Design Liburna Ltd.	Rijeka	Rijeka	1	Vard Design AS	51.00%	51.00%
254. Vard Electrical Installation and Engineering (India) Private Limited	New Delhi	New Delhi	1	Vard Electro AS	99.50%	99.50%
				Vard Electro Romania S.r.l.	0.50%	0.50%
255. Vard Electro AS	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
256. Vard Electro Brazil (Instalaçoes Eletricas) Ltda	Niteroi	Niteroi	1	Vard Electro AS	99.00%	99.00%
				Vard Group AS	1.00%	1.00%
257. Vard Electro Canada Inc	Vancouver	Vancouver	1	Vard Electro AS	100.00%	100.00%
258. Vard Electro Italy S.r.l.	Trieste	Trieste	1	Vard Electro AS	100.00%	100.00%
259. Vard Electro Romania S.r.l.	Tulcea	Tulcea	1	Vard Electro AS	100.00%	100.00%
260. Vard Electro US Inc.	Delaware	Delaware	1	Vard Electro Canada Inc	100.00%	100.00%
261. Vard Engineering Constanta S.r.l.	Costanta	Costanta	1	Vard Braila SA	30.00%	30.00%
				Vard RO Holding S.r.l.	70.00%	70.00%
262. Vard Group AS	Alesund	Alesund	1	Vard Holdings Limited	100.00%	100.00%
263. Vard Holdings Limited	Singapore	Singapore	1	Fincantieri Oil & Gas S.p.A.	98.37%	98.37%
264. Vard Infraestrutura Ltda	Ipojuca	Ipojuca	1	Vard Promar SA	99.99%	99.99%
				Vard Group AS	0.01%	0.01%
265. Vard Interiors AS (ex Vard Accommodation AS)	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
266. Vard International Services S.r.l.	Costanta	Costanta	1	Vard Braila SA	100.00%	100.00%
267. Vard Marine Inc.	Vancouver	Vancouver	1	Vard Group AS	100.00%	100.00%
268. Vard Marine US Inc.	Houston	Dallas	1	Vard Marine Inc.	100.00%	100.00%
269. Vard Niteroi RJ S.A.	Rio de Janeiro	Rio de Janeiro	1	Vard Group AS	99.99%	99.99%
				Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	0.01%
270. Vard Promar SA	Ipojuca	Ipojuca	1	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.001%	0.001%
				Vard Group AS	99.999%	99.999%
271. Vard RO Holding S.r.l.	Tulcea	Tulcea	1	Vard Group AS	100.00%	100.00%
272. Vard Shipholding Singapore Pte Ltd	Singapore	Singapore	1	Vard Holdings Limited	100.00%	100.00%
273. Vard Singapore Pte. Ltd.	Singapore	Singapore	1	Vard Group AS	100.00%	100.00%
274. Vard Shipyards Romania SA	Tulcea	Tulcea	1	Vard Group AS	2.89%	2.89%
				Vard RO Holding S.r.l.	97.11%	97.11%
275. Vard Vung Tau Ltd	Vung Tau	Vung Tau	1	Vard Singapore Pte. Ltd.	100.00%	100.00%
276. Yeni Aen Insaat Anonim Sirketi	Istanbul	Istanbul	1	Ansaldo Energia S.p.A.	100.00%	100.00%
277. Zibello Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	Sorbolo Mezzani (PR)	1	Bioenerys Agri S.r.l.	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.
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).

The main changes in the scope of line-by-line consolidation compared with 31 December 2022 are shown below.

During the first half of 2023, CDP Equity, operating through its subsidiary CDPE Investimenti, took part in the financial and capital reinforcement initiative alongside the Valvitalia Group. The primary objective was to address the financial structure's imbalances. The overall operation, which ended on 31 March 2023, included:

- the granting, by CDPE Investimenti, of loans for a total of 70 million euro in favour of Valvitalia S.p.A., intended to (i) address its liquidity requirements, (ii) strengthen its capital structure and (iii) enable the realisation of the objectives outlined in its new business plan;
- the full conversion by CDPE Investimenti of the remaining Convertible Bond ("CB") issued by Valvitalia Finanziaria S.p.A;
- the involvement of the lending credit institutions of Valvitalia S.p.A. by issuing cash and unsecured credit lines, as well as the Patrimonio Rilancio (established by CDP S.p.A. pursuant to Article 27 of Legislative Decree no. 34/2020, converted, with amendments, by Law no. 77/2020);
- the review of the governance of Valvitalia S.p.A. and Valvitalia Finanziaria S.p.A.

Following the full conversion of the CB by CDPE Investimenti, which was completed on 31 March 2023, CDPE Investimenti's equity investment in the share capital of Valvitalia Finanziaria S.p.A. increased from 50% to 75%, resulting in a change from joint to sole control.

Finally, following the reverse merger of Valvitalia Finanziaria S.p.A. into Valvitalia S.p.A., and the subsequent removal of Valvitalia Finanziaria S.p.A. from the Companies' Register on 3 October 2023; CDPE Investimenti's shareholding relationship is now with Valvitalia S.p.A.

Compared to the position as at 31 December 2022, there was also an increase from 88.3% to 99.5% in the equity investment in Ansaldo Energia (AEN) by CDP Equity, which during the first half of 2023 participated in the financial and capital strengthening of AEN through: (i) the transfer of the equity commitment share to AEN in two phases, one on 31 January 2023, and the other on 13 February 2023, in accordance with the decision previously taken by the Board of Directors of CDP Equity during the capital increase of CDP Equity in AEN in April 2020, and (ii) the distribution of additional equity commitments totalling 455 million euro, with 230 million euro disbursed on 1 June 2023, and 225 million euro disbursed on 28 June 2023, in line with the decision made by the Board of Directors of CDP Equity on 31 March 2023, regarding CDP Equity's contribution to the financial and capital strengthening of AEN. Furthermore, as part of this strategy, the maturity date of the shareholder loan extended by CDP Equity to AEN in 2019, amounting to 200 million euro, was deferred from 30 June 2026, to 30 June 2029, with all other terms and conditions of the loan remaining unchanged.

With reference to the Terna group, changes in the scope of consolidation pertain to:

- the completion, on 29 March 2023, of the full acquisition of Omnia S.r.l., a company operating in the O&M segment of photovoltaic plants via its subsidiary, LT S.r.l. This strategic acquisition further strengthens the LT group's leadership in the domestic market for the development and management of photovoltaic installations;
- the incorporation of Rete Nord S.r.l. to the company's portfolio.

In 2023, as part of its investments in the biogas/biomethane sector, the Snam group expanded its consolidation scope by acquiring eight companies operating in this field (Agriwatt Goffredo, Zibello Agroenergie, Bietfin, MST, Agrimetano Ro, Agrimetano Pozzonovo, Moglia Energia, and Soragna Agroenergie). Additionally, control of two companies involved in the Biogas/Biomethane Waste sector (CH4 Energy and Biowaste CH4 Legnano) was obtained during the same period.

Lastly, Euravia S.r.l., a firm specialising in services for rotary and fixed-wing aircraft, was acquired in its entirety by Mecaer Aviation Group (MAG), and Tecnomeccanica S.r.l. was also acquired in its entirety by C2Mac Group. Both companies now fall under the full scope of consolidation of the CDP Group through the entities controlled by the FICC.

Please refer to "Part G - Business combinations" for detailed information regarding the entry of new subsidiaries in the scope of consolidation in 2023.

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 (remaining however valued at cost) 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) reporting package and/or financial statements of the companies, approved by the respective governing bodies.

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 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. These subsidiaries are therefore valued at cost.

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 2023.

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%	70.09%	534,281
2. Snam S.p.A.	81.43%	68.58%	758,791
3. Italgas S.p.A.	82.14%	60.53%	211,209

(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.	23,485,302	183,722	2,005,442	18,463,845	12,274,929	6,343,248	(110,095)	(146,636)	1,346,109	1,220,195	861,715	2,537	864,252	(11,523)	852,729
2. Snam S.p.A.	33,607,473	529,041	1,019,332	20,389,909	16,667,106	7,680,860	(192,075)	(216,285)	1,314,022	1,535,220	1,146,446		1,146,446	(49,002)	1,097,444
3. Italgas S.p.A.	11,427,338	248,911	60,880	9,158,649	6,920,357	2,600,744	(96,915)	(99,892)	682,034	586,096	467,471		467,471	(16,664)	450,807

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 4 April 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The other significant events after the reporting date are described below.

FINCANTIERI

On 22 January 2024, the Windward Offshore consortium exercised options outlined in the contract signed with Vard in October 2023, choosing to proceed with the design and construction of two hybrid commissioning service operation vessels (CSOVs). As part of the order, the number of units commissioned from the Fincantieri group's Norwegian subsidiary increased to four.

Fincantieri group, via its subsidiary Vard, entered into an agreement on 15 February 2024, to develop and construct a hybrid, cutting-edge, tailor-made service operation vessel (SOV) for Cyan Renewables, a prominent operator focusing on offshore wind energy vessels in Asia.

On 15 February 2024, Fincantieri finalised the purchase of 100% of Remazel Engineering S.p.A. from Advanced Technology Industrial Group S.A. The total consideration for the acquisition is approximately 65 million euro. Through this initiative, Fincantieri aims to expedite the enhancement of its capabilities in technology, engineering, and construction within the offshore and subsea sectors. This transaction enables the Fincantieri group to obtain highly specialised expertise in the design and provision of state-of-the-art topside equipment, thereby reinforcing its position as a key partner to major international players in the marine and subsea energy sectors. Moreover, it enhances oversight of post-sales operations, with a specific emphasis on digital services and complex logistical support.

On 21 February 2024 Fincantieri and EDGE, one of the world's leading advanced technology and defence groups, signed a term sheet. This agreement outlines plans for a joint venture aimed at harnessing shipbuilding opportunities across the globe, with a primary focus on producing various military ships. The joint venture is expected to set up operations in the UAE, estimated to be valued at around 30 billion euro. The joint venture will see EDGE holding a controlling equity interest of 51%, with Fincantieri assuming managerial duties. The joint venture, headquartered in Abu Dhabi, will have pre-emption rights for non-NATO orders, leveraging the appeal of the UAE's Government-to-Government (G2G) agreements and export credit financing packages. Additionally, it will capitalise on strategic orders placed by chosen NATO member nations.

TERNA

On 10 January 2024 Terna S.p.A. successfully launched a single tranche, fixed-rate euro bond issue for 850 million euro. The issue was received with enthusiasm by the market, with demand exceeding three times the supply and attracting a high quality and wide geographical diversification of investors. The green bond issue was launched as part of Terna's Euro Medium Term Notes (EMTN) Programme worth 9,000,000,000 euro and rated "BBB+" by Standard and Poor's and "(P)Baa2" by Moody's. The bond has a nominal value of 850 million euro, a term of seven years and maturity on 17 January 2031, paying an annual coupon of 3.50%, and will be issued at a price of 99.385%, with a spread of 100 basis points compared to mid-swap.

On 6 February 2024, the Ministry of the Environment and Energy Security authorised the construction of the Adriatic Link, Terna's submarine power pipeline that will link the Marche and Abruzzo, by decree of 31 January 2024. The development work, included among the PNIEC (Integrated National Energy and Climate Plan) interventions and also recognised as strategic for the country system by the Regulatory Authority, will strengthen energy exchange in the central part of the Peninsula by meeting the security and flexibility needs of the national electricity system and the objectives of increasing energy from renewable sources. The technologically and environmentally advanced power link will consist of two submarine cables of about 210 km, laid at a maximum depth of 100 metres, and two land cables of 40 km. The conversion stations will be built in the vicinity of the existing power stations in Cepagatti (PE), Abruzzo, and Fano (PU), Marche. The connection will increase the exchange capacity between the Central-South and Central-Northern areas of the country by about 1,000 MW, by enabling the integration and transfer of energy produced from wind and photovoltaic plants in the South to consumption centres in the North.

On 7 February 2024, all disputes related to the outstanding arbitrations between Linha Verde I and Linha Verde II, on the one hand, and Québec Group, on the other hand, and any other disputes, including potential disputes pertaining to the relationship between the parties were resolved favourably. In addition, concurrently with this agreement, Terna Plus S.r.l. finalised the acquisition of a minority stake in the Brazilian company "SPE Transmissora de energia Linha Verde I S.A.", which has now become a wholly owned subsidiary of Terna Plus S.r.l.

On 8 February 2024 just prior to the second edition of the EIB Forum in Luxembourg, which brings together heads of state, European Commissioners, business leaders, academics and civil society representatives, the European Investment Bank (EIB) and Terna signed the contract for the last tranche of the 1.9 billion euro financing for the Tyrrhenian Link, the undersea electricity link that will connect the Italian peninsula to Sicily and the latter to Sardinia. Connecting Sicily with Sardinia and the Italian peninsula via a double submarine cable 970 kilometres in length and 1,000 MW in capacity, Tyrrhenian Link will help foster the development of renewable sources, grid reliability and promote energy security in Italy. For this infrastructure, which is crucial for the security of the Italian electricity system, Terna plans a total investment of about 3.7 billion euro, about 50% of which will be financed by the EIB, demonstrating the project's strategic nature. The Tyrrhenian Link will be fully operational in its full capacity in 2028, and 250 companies will be involved in its implementation, with major spin-offs for the territories involved. This loan, like the previous tranches of EIB financing dedicated to the Tyrrhenian Link, has a maturity of about 22 years from the first disbursement date and is characterised by a longer duration and more competitive costs than those found in the money-market, thus falling within Terna's policy of optimising its financial structure. This new transaction brings total outstanding EIB loans to Terna to approximately 3.8 billion euro.

On 19 February 2024, it was announced that during 2023, 23 interventions for the development of the national electricity transmission network were authorised by the Ministry of the Environment and Energy Security and the competent regional councils, for a total value of over three billion euro in investments. This is a significant achievement for the Terna group, confirming the company's central role in the country's energy transition process and the constant collaboration between the company and institutions.

ITALGAS

On 31 January 2024, Italgas, through its subsidiary Italgas Reti, acquired the stake equivalent to approximately 47.9% of the share capital of Acqua Campania S.p.A. held by Vianini Lavori S.p.A., following the exercise of its pre-emption right.

After the tender was awarded in 2020 and the Service Contract was signed, the handover of the management of the natural gas distribution networks of ATEM Belluno to Italgas Reti was formalised on 1 February 2024. The concession has a duration of 12 years and provides major investment programme initiatives totalling approximately 135 million euro.

On 1 February 2024, as part of its EMTN Programme renewed by resolution of the Board of Directors on 29 September 2023, Italgas successfully completed the launch of a bond issue maturing on 8 February 2029, with a fixed rate and a total amount of 650 million euro, and an annual coupon of 3.125%.

On 8 March 2024, Italgas signed a 600 euro million Sustainability Linked loan agreement with a pool of Italian and international banks with a maturity of up to five years. This is a Revolving Credit Facility that will provide the Group with a new source of financing to support future needs.

On 12 March 2024, Italgas S.p.A. announced the new revised structure of its share capital (fully subscribed and paid up), subsequent to the completion of the first tranche of the free share capital increase approved by the Shareholders' Meeting of 20 April 2021 for a maximum amount of 5,580,000.00 euro through the issuance of a maximum number of 4,500,000 new ordinary shares to be allocated — pursuant to art. 2349 of the Civil Code, for a corresponding maximum amount taken from the retained earnings reserve — exclusively to the beneficiaries of the 2021-2023 Co-Investment Plan approved by the same Shareholders' Meeting. The first tranche of the aforementioned capital increase was carried out on 12 March 2024, following the resolution of the Board of Directors, by issuing 497,089 new ordinary shares of the Company, for a nominal amount of 616,390 euro, assigned to the beneficiaries of the 2021-2023 Co-Investment Plan.

CDP EQUITY

Further capital injections were provided in February 2024 in support of GreenIT and PSN's development plans.

On 8 March 2024, CDP Equity completed its additional investment in Euronext's capital by acquiring 535,531 shares previously owned by Euroclear.

CDP EQUITY INVESTIMENTI

The divestment of the entire 23% shareholding in Rocco Forte Hotels was finalised on 17 January 2024, concurrently with the termination of the forward contract for the sale of pound sterling.

ANSALDO ENERGIA

The Board of Directors approved the new 2024-2028 Business plan on 14 March 2024, aligning with the fresh strategic directives set forth by the renewed senior management of the company. The revised plan outlines a diverse industrial mix, characterised by a significantly more selective approach towards EPC projects (Turnkey and Engineering Procurement and Construction Projects).

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2023 AND IN FORCE SINCE 2023

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 2023, are provided below:

- 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;
- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EC) no. 2023/1803 as regards International Accounting Standard 12.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET EFFECTIVE (EFFECTIVE FOR THE FINANCIAL YEARS BEGINNING 1 JANUARY 2024)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements as at 31 December 2023:

- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT THE REPORTING DATE OF 31 DECEMBER 2023

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:

- Amendment to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments - Disclosures: Supplier Finance Arrangements" (issued on 25th May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability" (issued on 15th August 2023).

AMENDMENT TO IAS 12: INTERNATIONAL TAX REFORM - PILLAR TWO MODEL RULES

Directive no. 2022/2523 - on the basis of the paper "Tax Challenges Arising from the Digitalisation of the Economy- Global Anti-Base Erosion Model Rules (Pillar Two)" issued by the OECD on 14 December 2021 - introduced a minimum effective tax regime for national and multinational groups to the amount of 15% for each jurisdiction in which they are located, providing for the application of a supplementary tax in cases where the effective tax rate per country, with the adjustments provided for by the application rules, is lower than the minimum tax rate of 15%. This legislation has been transposed into national law with Italian Legislative Decree no. 209 of 27 December 2023 ("Pillar II" or "global minimum tax") effective from the 2024 tax period.

In this regard, during 2023, the CDP Group initiated a project, with the support of a leading advisor, focusing on: (i) mapping relevant entities for Pillar II purposes; (ii) collecting information required to determine the Transitional Country-by-Country safe harbour; (iii) gathering information relevant for calculating Globe Income and Adjusted Covered Taxes, necessary for the computation of the 15% minimum rate; (iv) preparing the Gap Analysis. This activity was carried out with reference to the tax year 2022.

On 23 May 2023, the IASB published an amendment called *"Amendments to IAS 12 Income taxes: International Tax Reform — Pillar Two Model Rules"*. The document, whose process of adoption by the EU ended on 8 November 2023, introduces a temporary exception (of which CDP took advantage of) to the recognition and reporting obligations of deferred tax assets and liabilities relating to the Pillar II Model Rules and provides for specific reporting obligations for the entities subject to the related International Tax Reform. In particular, the document provides for the immediate application of the temporary exception, while the disclosure obligations will only be applicable to annual financial statements starting on or after 1 January 2023.

Due to the progress made thus far concerning the year 2022, and considering the available data, the mapping exercise has included roughly 390 entities spread across approximately 60 jurisdictions, with an effective tax rate typically exceeding 15%. Out of these, approximately 20 smaller entities are identified as residing in five countries where the effective tax rate is below 15%, and their estimated additional tax burden at the Group level is deemed insignificant.

Nevertheless, in order to evaluate the overall consequences that may arise from the implementation of the global minimum tax, it will be essential to factor in i) the resolution of technical and procedural gaps, as well as the interpretation and enforcement of regulations, (ii) the corporate landscape as at 31 December 2024, and (iii) any regulatory modifications and interpretive advancements, both internationally and domestically.

The CDP Group's Pillar II compliance initiative will extend into 2024, focusing on addressing emerging gaps through the establishment of a management framework for (i) gathering pertinent data, (ii) computing the global minimum tax, and (iii) meeting regulatory reporting requirements, facilitated by a specialised technological platform.

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 ("AFRs") 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 implemented these regulations through Delegated Regulation 2019/815 (the "ESEF Regulation") and assigned the European Securities and Markets Authority ("ESMA") the responsibility of formulating technical standards to define the unified electronic reporting format. This initiative was intended to enable annual financial reports to be comprehensible to both humans and automated systems, thereby enhancing the comparability and analytical capability of the information contained within the Annual Financial Reports ("AFRs").

According to the ESEF Regulations, entities that prepare consolidated financial statements in compliance with IAS/IFRS are obliged to prepare and disclose their AFR in the eXtensible Hypertext Markup Language ("XHTML") format, utilising Inline Extensible Business Reporting Language ("iXBRL"). Additionally, the regulations require detailed tagging of the consolidated financial statements, starting from AFR 2021, and block tagging of notes, known as "block tagging", of the information contained within the Notes to the consolidated financial statements (starting from AFR 2022).

Delegated Regulation (EU) 2022/352 was released on 29 November 2021, amending the ESEF Regulation to incorporate the 2021 revision of the taxonomy outlined in Regulatory Technical Standards ("RTS"), and providing further guidance on the tagging of IFRS financial statements. ESMA on 24 August 2022 published the RTS reflecting the updates in terms of taxonomy and guidance for the tagging of financial statements. 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. 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.

For all annual financial reports (AFRs) with a financial year beginning on 1 January 2023, the 2022 taxonomy was mandatory. However, the disclosure, could also be applied earlier, on a voluntarily basis, from financial years beginning on 1 January 2022. It is important to mention that CDP Group has opted to exercise the prescribed option, implementing the 2022 taxonomy for the tagging of AFR 2022.

In September 2023, ESMA released the yearly update of the Reporting Manual on ESEF, aiming to implement various technical improvements, rectify previously known errors, and provide instructions on meeting block-tagging obligations, including defining the expected readability standards for information extracted through block tagging. 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, in fact, not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Conversely, the modification of the technical standards to include the formal update of the IFRS 2023 taxonomy has been deferred until 2024.

While preparing the AFR in ESEF format and conducting the tagging process, CDP also considered the methodological note published by XBRL Italia, as well as the outcomes of the collaboration among XBRL Italia, ABI, ANIA, regulatory authorities and leading banks and insurance companies in Italy.

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.

RESTATEMENT OF THE COMPARATIVE FIGURES

To incorporate the impacts of the introduction and implementation of IFRS 17 (that resulted in the Poste Italiane group having to restate its consolidated financial statements), the Group was required to restate the Balance sheet as of January 1 and 31 December 2022 as well as the 2022 comparative income statement.

IFRS 17 "Insurance Contracts", which fully replaced the provisions of IFRS 4, was introduced effective 1 January 2023, in accordance with Regulation (EU) No. 2021/2036 issued by the Commission on 19 November 2021. The new standard introduces new rules for the recognition, measurement and valuation of contracts that meet the definition of an insurance contract and applies to insurance contracts issued, reinsurance contracts held, as well as investment contracts incorporating discretionary participation elements. Specifically, for the Poste Italiane group, a company owned by Cassa Depositi e Prestiti, the new principle is applicable to insurance contracts and investment contracts with discretionary profit-sharing elements issued by Poste Vita S.p.A., Poste Assicura S.p.A., Net Insurance S.p.A., and Net Insurance Life S.p.A.

In compliance with the standard, the Poste Italiane group has established a procedure for consolidating contracts falling within scope of IFRS 17. This process involves the initial classification of contracts into Life and Non-Life categories, followed by further classification into separate Unit of Accounts. Unit of Accounts refer to contracts sharing similar contractual and risk characteristics, which are managed collectively. With regard to the Life business segment, contracts are grouped based on product types (e.g., standalone term, multi-line, temporary, death benefit, etc.), whereas for the Non-Life business segment, aggregation aligns with business lines (e.g., as defined for Solvency II reporting). For certain entities like Net Insurance S.p.A. and Net Insurance Life S.p.A., further segmentation is required to align with the unique attributes of specific products.

The following tables summarise the impacts recognised as at 31 December 2022:

(thousands of euro) Assets	31/12/2022	31/12/2022 Restated	Differences
10. Cash and cash equivalents	6,502,515	6,502,515	
20. Financial assets measured at fair value through profit or loss:	3,679,559	3,679,559	
a) financial assets held for trading	356,244	356,244	
b) financial assets designated at fair value	194,962	194,962	
c) other financial assets mandatorily measured at fair value	3,128,353	3,128,353	
30. Financial assets measured at fair value through other comprehensive income	12,029,385	12,029,385	
40. Financial assets measured at amortised cost:	348,435,188	348,435,188	
a) loans to banks	23,207,230	23,207,230	
b) loans to customers	325,227,958	325,227,958	
50. Hedging derivatives	4,595,099	4,595,099	
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,986,650)	(2,986,650)	
70. Equity investments	27,108,963	26,736,106	(372,857)
80. Insurance assets:			
a) insurance contracts issued that are assets			
b) reinsurance contracts held that are assets			
90. Property, plant and equipment	42,556,001	42,556,001	
100. Intangible assets	13,358,680	13,358,680	
of which:			
– *goodwill*	*1,201,633*	*1,201,633*	
110. Tax assets:	2,579,168	2,579,168	
a) current tax assets	502,449	502,449	
b) deferred tax assets	2,076,719	2,076,719	
120. Non-current assets and disposal groups held for sale	155,645	155,645	
130. Other assets	20,086,227	20,086,227	
TOTAL ASSETS	**478,099,780**	**477,726,923**	**(372,857)**

(thousands of euro) Liabilities and equity	31/12/2022	31/12/2022 Restated	Differences
10. Financial liabilities measured at amortised cost:	406,248,889	406,248,889	
a) due to banks	50,398,306	50,398,306	
b) due to customers	316,994,542	316,994,542	
c) securities issued	38,856,041	38,856,041	
20. Financial liabilities held for trading	330,856	330,856	
30. Financial liabilities designated at fair value	16,627	16,627	
40. Hedging derivatives	1,367,670	1,367,670	
50. Fair value change of financial liabilities in hedged portfolios (+/-)			
60. Tax liabilities:	2,796,659	2,796,659	
a) current tax liabilities	117,927	117,927	
b) deferred tax liabilities	2,678,732	2,678,732	
70. Liabilities associated with non-current assets and disposal groups held for sale	26,828	26,828	
80. Other liabilities	24,584,948	24,584,948	
90. Staff severance pay	172,566	172,566	
100. Provisions for risks and charges:	2,815,373	2,815,373	
a) guarantees issued and commitments	698,370	698,370	
b) pensions and other post-retirement benefit obligations			
c) other provisions	2,117,003	2,117,003	
110. Insurance liabilities:			
a) insurance contracts issued that are liabilities			
b) reinsurance contracts held that are liabilities			
120. Valuation reserves	(973,113)	(1,028,538)	(55,425)
130. Redeemable shares			
140. Equity instruments			
150. Reserves	13,219,537	12,876,684	(342,853)
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	15,968,043	
200. Net income (loss) for the year (+/-)	5,417,457	5,442,878	25,421
TOTAL LIABILITIES AND EQUITY	**478,099,780**	**477,726,923**	**(372,857)**

(thousands of euro) Items	2022	2022 Restated	Differences
10. Interest income and similar income	7,901,221	7,901,221	
– *of which: interest income calculated using the effective interest rate method*	*8,212,830*	*8,212,830*	
20. Interest expense and similar expense	(5,594,736)	(5,594,736)	
30. Net interest income	**2,306,485**	**2,306,485**	
40. Commission income	471,298	471,298	
50. Commission expense	(1,231,043)	(1,231,043)	
60. Net commission income (expense)	**(759,745)**	**(759,745)**	
70. Dividends and similar revenues	49,738	49,738	
80. Profits (losses) on trading activities	64,199	64,199	
90. Net gains (losses) on hedge accounting	84,055	84,055	
100. Gains (losses) on disposal or repurchase of:	52,185	52,185	
a) financial assets measured at amortised cost	31,887	31,887	
b) financial assets at fair value through other comprehensive income	34,613	34,613	
c) financial liabilities	(14,315)	(14,315)	
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(72,820)	(72,820)	
a) financial assets and liabilities designated at fair value	(8,793)	(8,793)	
b) other financial assets mandatorily at fair value	(64,027)	(64,027)	
120. Gross income	**1,724,097**	**1,724,097**	
130. Net adjustments/recoveries for credit risk relating to:	(9,192)	(9,192)	
a) financial assets measured at amortised cost	(10,351)	(10,351)	
b) financial assets at fair value through other comprehensive income	1,159	1,159	
140. Gains/losses from changes in contracts without derecognition	(39)	(39)	
150. Financial income (expense), net	**1,714,866**	**1,714,866**	
160. Insurance service result:			
a) insurance revenue from insurance contracts issued			
b) insurance service expenses arising from insurance contracts issued			
c) insurance revenue arising from reinsurance contracts			
d) insurance service expenses arising from reinsurance contracts			
170. Balance of financial income/expenses relating to insurance business:			
a) net financial expenses/income relating to insurance contracts issued			
b) net financial income/expenses relating to reinsurance contracts held			
180. Net income from financial and insurance operations	**1,714,866**	**1,714,866**	
190. Administrative expenses:	(12,628,745)	(12,628,745)	
a) staff costs	(2,636,797)	(2,636,797)	
b) other administrative expenses	(9,991,948)	(9,991,948)	
200. Net accruals to the provisions for risks and charges:	41,965	41,965	
a) guarantees issued and commitments	45,060	45,060	
b) other net accrual	(3,095)	(3,095)	
210. Net adjustments to/recoveries on property, plant and equipment	(1,917,809)	(1,917,809)	
220. Net adjustments to/recoveries on intangible assets	(1,261,559)	(1,261,559)	
230. Other operating income (costs)	17,812,921	17,812,921	
240. Operating costs	**2,046,773**	**2,046,773**	
250. Gains (losses) on equity investments	4,364,249	4,389,670	25,421
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value			
270. Goodwill impairment	(48,337)	(48,337)	
280. Gains (losses) on disposal of investments	23,259	23,259	
290. Income (loss) before tax from continuing operations	**8,100,810**	**8,126,231**	**25,421**
300. Income tax for the year on continuing operations	(1,297,302)	(1,297,302)	
310. Income (loss) after tax on continuing operations	**6,803,508**	**6,828,929**	**25,421**
320. Income (loss) after tax on discontinued operations	(1,013)	(1,013)	
330. Net income (loss) for the year	**6,802,495**	**6,827,916**	**25,421**
340. Net income (loss) for the year pertaining to non-controlling interests	1,385,038	1,385,038	
350. NET INCOME (LOSS) FOR THE YEAR PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY	**5,417,457**	**5,442,878**	**25,421**

DISCLOSURE ON THE IMPACTS OF CLIMATE-RELATED MATTERS

In recent years, evidence of the impact of climate change on various industrial sectors has increased. 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 the 2023 edition of the International Energy Agency's (IEA) World Energy Outlook (WEO), the global energy landscape is described as undergoing substantial changes, influenced by the swift advancement of the energy transition and geopolitical factors.

In general, climate risks are systemic risks that cascade across the whole of society. In its annual "Global Risks Report" of 2024, the World Economic Forum considers extreme climate conditions and lack of action to address the climate crisis among the greatest dangers for humanity, both in the short term (two years) as well as long term (10 years). The fight against climate change for an increasingly decarbonised economy is the main challenge facing the world.

In particular, the Parent Company CDP and the companies subject to its management and coordination[80] 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 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, Terna group, Fincantieri group, Snam group, Italgas group and 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.

The objective of the CDP Group's activities is to provide a contribution to the revitalisation of the Italian economy through an increasingly selective investment and financing assessment model geared towards Environmental Social & Governance (ESG) criteria.

In line with the 2022-2024 Strategic Plan, which identifies the fight against climate change as one of the country's main challenges, and given the fundamental role of finance in achieving the objectives of international agreements on climate change, in the first half of 2023, the Board of Directors of CDP approved the first target carbon footprint reduction carbon for the financing portfolio. More precisely, as part of the ESG Plan, the target aims to reduce the emission intensity (tCO_2e/million euro) of the portfolio by 30% by 2030, compared to the levels observed in 2022. This objective concerns CDP's portfolio of direct financing to the private sector, specifically targeting direct financing to businesses, infrastructure and international cooperation initiatives.

Furthermore, as part of the ESG Plan, 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.

Aligned with its strategic objectives, the CDP Group identifies the energy transition as a key component in addressing climate change and promoting the generation of clean energy within communities, providing financial support and investments to businesses and communities, directing resources towards key sectors vital for the energy transition, including energy and utilities, transportation and logistics, aviation and automotive sectors, as well as raw materials and manufacturing.

80 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.

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.

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.

In 2023, the CDP Group implemented a new Group Policy named "ESG Risk Assessment and Management", which is applicable to all subsidiaries subject to Management and Coordination. This policy outlines the principles and metrics that the group must adhere to when evaluating environmental, social, and governance risks associated with new operations. The main ESG risks associated with CDP Group's operations and material topics have been identified and organisational measures, controls and dedicated tools have been designed with the aim of reducing those risks, minimising any impacts.

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.

On the basis of the specific business areas of the CDP Group Companies, the following cases are noted:
- With regard to CDP Equity S.p.A. and CDP Equity Investimenti S.p.A., being investment entities, the climate change-related risk profiles are primarily indirect. These risks pertain to potential factors that could affect the valuation of the equity investments held within the portfolio. The Risk Department at CDP Equity has carried out its operations in adherence to the risk management principles outlined in internal regulations, following three main guidelines: (i) assessing risk during investment and divestment decisions, (ii) monitoring the risk profile of the equity portfolio, and (iii) issuing quarterly update reports on risk management activities for the Board of Directors. In relation to monitoring the portfolio's risk profile, the Risk Department has conducted ongoing monitoring, utilising both periodic reports submitted by companies and managers, as well as publicly available information. Additionally, the management has undertaken detailed examinations of investee companies, taking into account their operating environment (such as assessing investee companies' exposure to interest rate risk) as well as reviewing subscribed funds. Specifically, the Risk Department conducted tailored ESG risk assessments for both direct investments and funds. The analyses conducted have enabled the updating of the risk profile associated with portfolio investments.
- CDP Real Asset SGR S.p.A., in alignment with the Action Plan developed in response to the "Supervisory expectations on climate and environmental risks" issued by the Bank of Italy for the 2023-2025 period, has embarked on a virtuous path aimed at defining and continually updating its commitment to integrating ESG issues across all aspects of its business operations. Within the framework of the document "General Policy - ESG Governance Model", clear responsibilities are outlined for the integration of climate and environmental considerations. These responsibilities relate to: (i) Business Development and Sustainability, which involves supporting the preparation and updating of Fund Policy Documents, assisting company management in identifying ESG-linked investments, collaborating in defining the company's sustainability policy according to Parent Company guidelines as well as managing the investigation and monitoring phase of ESG-linked investments/divestments ii) obligations for the fund investment team to integrate climate risks into investment decisions, structuring and managing funds with positive environmental impacts, adopting sustainability guidelines as well as implementing and monitoring fund ESG activities; (iii) the Risk Department duties which include monitoring SGR's exposure to climate and environmental risks, ensuring the ongoing maintenance and update of risk driver mappings as well as facilitating dialogue with investment teams to embed sustainability risks into investment decisions; and iv) obligations for Human Resources, Organization, ICT, and Logistics to assess skills and resources related to environmental and climate factor management and integrating them to support business functions.

- Fintecna S.p.A. and CDP Immobiliare S.r.l. in liquidazione, in accordance with CDP's Sustainability Framework, have started a process of mapping, measuring and reporting on the social and environmental impact related to business activities. In line with the various CDP Group companies, Fintecna too has been working, albeit in a manner dictated by the specific characteristics of its business model, to align its model towards promoting sustainable growth.
- SIMEST S.p.A. is undergoing an internal transformation aimed at adopting a business and operational model focused on generating sustainable value, in accordance with the CDP Group approach and the objectives outlined in the 2023-2025 Strategic Plan. This involves launching initiatives to incorporate sustainability analysis and ESG risk assessment into the evaluation procedures of eligible operations and broadening the scope of traditional analysis parameters related to economic, financial and reputational sustainability of counterparties (such as ratings, concentration, reputational risks, etc.).
  In addition, SIMEST is defining and implementing policies, principles and systems to enable effective monitoring and impact assessment which recognises the importance of control systems to ensure environmental impact monitoring and the proper management of any risks and adverse effects.
  Regarding the organisational structure, in 2023, a dedicated division called "ESG Area" was established to oversee: (i) the implementation of ESG policies and strategies (aligned with guidelines from the Parent Company), (ii) the evaluation of the economic, environmental, and social impact of SIMEST's support initiatives, and (iii) the monitoring and reporting of ESG objectives and associated KPIs. This area operates in coordination with and receives support from various business units.
  In terms of governance, to establish an efficient risk management and control framework, SIMEST delegated roles and responsibilities related to ESG matters to Internal Committees throughout 2023, supporting the decision-making process.
  In particular, among its duties, the Risk Governance Committee has the responsibility for:
  - assisting in formulating corporate risk management strategies and policies (covering non-compliance, reputation, money laundering risks, as well as ESG factors) by assisting the Board of Directors in defining and periodically evaluating risk tolerance levels and operating limits, consistent with strategic directives.
  - evaluating recommendations for establishing corporate management policies and potential measures to transfer and mitigate risks, including non-compliance, reputation, money laundering and ESG risks.
  - analysing, assessing, and providing feedback on risk methodologies and models, with a focus on ESG and sustainability aspects.

  As mentioned earlier, the progressive implementation of ESG sustainability and risk analyses is planned to enhance the initial assessments for transaction evaluations in terms of risks, economic-financial and capital sustainability and strategic coherence. These assessments are conducted by the Risk Assessment Committee, which serves as a technical advisory body supporting the decision-making process.
  With reference to risk aspects, during the second half of 2023 the Board of Directors of SIMEST formally adopted the Group Policy "ESG Risk Assessment and Management", which describes the principles and metrics that CDP and the Group Companies must follow in assessing ESG risks and the related scope of application, providing for a transitional period during which the company undertakes to adapt its business and organisational processes to the CDP Group's forecasts.
  Consequently, within the broader framework of a project addressing ESG issues (assessment and reporting), supported by a consulting firm, an initiative was launched to outline and establish an ESG risk assessment methodology consistent with Policy guidelines. This methodology integration, following a phased and adaptable strategy, is intended to be incorporated into the governance framework and operational procedures.
- 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 may affect the assessment of the value of controlling equity investments held in the portfolio. Overall, due to its nature as a holding company, CDP Reti S.p.A.'s exposure to climate change risks is currently limited. In fact, to date, there has been no impact on the estimated recoverable amount (nor, reasonably speaking, any material impact is expected in the short term either) of the equity investments held in the portfolio arising from climate-related matters.
  CDP Reti's subsidiaries (Snam, Terna, Italgas), which operate within the energy sector, are ramping up their investments in energy transition initiatives to align with the emission targets mandated by the European Union. Specifically:
  - Snam group has developed Energy and climate scenarios, incorporating the group's business activities and encompassing various risks and opportunities that need to be identified, assessed and managed effectively and promptly. Assessment of the factors that can influence the business is, in fact, a fundamental condition in order to continue operating sustainably over the long term, directing the strategies and monitoring the changes to the relative conditions of the same.

The risks and opportunities identified are considered in the definition of the company strategy, with particular reference to the objectives in the field of energy transition and decarbonisation, as well as the reduction of greenhouse gas and methane emissions. 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, such as:

- physical risks, arising from weather and climate fluctuations, are categorised into acute risks (such as heightened severity of extreme weather events leading to potential infrastructure damage and service disruptions), and chronic risks, (such as temperature increases resulting in reduced gas demand). In this context, continuous monitoring of infrastructure integrity and environmental conditions in relevant areas is conducted, with ongoing enhancements to processes and systems to proactively identify critical issues and with the adoption of new technologies the group seeks to mitigate environmental impacts associated with these activities. Furthermore, to mitigate the impact of unforeseeable extreme natural events, comprehensive intervention strategies and innovative action plans are formulated to swiftly ensure safety and expedite the restoration of operations.
- 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).

To deal with these risks, Snam has begun the repurposing and modernisation of infrastructures, consolidating the development of the energy transition businesses, linked to the use of green and decarbonised gases, investing in innovation and digitalisation, and forging a large number of partnerships.

In this scenario, in January 2024, Snam presented the new 2023-2027 Strategic Plan and the Medium/Long-term Vision for 2023-2032, taking into consideration the developments to 2040, 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 Strategic Plan foresees investments in the next four years that mainly include maintenance, modernisation and development of the infrastructure, as well as the development of green gases, in particular biomethane and hydrogen, and CCS technologies.

Specifically, Snam plans to reduce greenhouse gas emissions Scope 1 and Scope 2 related to the regulated business perimeter by 25% by 2027, 40% by 2030 and 50% by 2032 (vs. 2022), to target carbon neutrality by 2040 and Net Zero by 2050 across the entire operations of the Snam group. Additionally, targets have been set for reducing natural gas emissions by -64.5% by 2027, -70% by 2030, and -72% by 2032 (compared to 2015 levels); these targets are consistent with the objective of limiting global warming to 1.5 °C, as outlined in the Paris Agreement according to the standard methodology of the Science-Based Targets initiative (SBTi).

Regarding GHG Scope 3 emissions targets, Snam has established a new unified goal, aiming for an absolute reduction of emissions by 30% and 35% by 2030 and 2032, respectively, compared to 2022 levels within the regulated business perimeter. These targets, aligned with the standard SBTi methodology, are consistent with the goals of the Paris Agreement to limit global warming to between 1.5 °C and well below 2 °C.

Lastly, through the new Strategic Plan, Snam group has set itself a net zero target emissions by 2050 for all direct and indirect emissions of the group, namely a 90% reduction in emissions and the remaining 10% through off-setting projects.

Moreover, due to the systematic monitoring of its assets, and of the areas where they are located, Snam is able to identify in advance possible situations that could potentially lead to contingent liabilities related to climate risks.

- Terna group, in quality of Transmission System Operator ("TSO") operating in the transmission and dispatching services, is a player in supporting the system in achieving the challenging objectives related to the reduction of CO_2 emissions. Indeed, in addition to emissions related to the consumption of electricity, the most significant component related to indirect emissions of Terna is linked to grid losses which in turn entail the indirect need to produce CO_2 to compensate for these losses with new energy. In itself, the emissions of a TSO (Scope 1 and 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.

  No specific impacts from climate-related risks are noted in the short term: however, 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.
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 Maintenance and Renewal Plan initiatives are directed towards enhancing the reliability of electrical assets by identifying and proactively resolving basic indicators that may escalate into faults. 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. In particular, the Resilience Plan includes infrastructural preventive actions, as well as capital-light technological solutions, to limit risks on the network, plus solutions to restore and monitor the electrical system.
In addition to the operations included in the "standard maintenance campaign", in fact, the 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, 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, continuing remote control activities of electric stations and major infrastructures through the installation of sensor systems, monitoring and diagnostics, including predictive systems to enhance network and territorial safety.
Terna group also considers that there may be a 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 conflict between Russia and Ukraine and by 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). Consequently, the supply chain's development undergoes constant monitoring and is currently not deemed critical. As regards loans and bonds, it's worth noting that the group has some bank loans containing "ESG-linked" provisions, (in addition to a "commercial paper" programme enabling it to issue so-called ESG Notes) and has also placed some Green bond issues. As regards ESG-linked bank loans, a reward/penalty mechanism is in place, applicable to the payment of accrued interest, linked to the achievement of specific environmental, social and governance indicators. Considering this, there is a notion that there could be a risk, albeit minor, linked to the inability to meet ESG objectives. This may result in a minor increase in the cost of debt, though the effect of this risk on financial expenses is considered completely negligible.

- Italgas group, with regard to environmental risk, although it carries out its activity in compliance with laws and regulations, cannot ruled out, with certainty, the possibility of incurring costs or liability of even significant proportion cannot be ruled out with certainty: in fact, it is 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 group closely monitors the various risks and their potential financial impacts stemming from environmental and climate change-related issues and in recent years, its business strategy, has increasingly incorporated considerations related to climate change and it has launched several initiatives geared towards reducing GHG emissions by establishing targets for decreasing: (i) Scope 1 and 2 emissions (market-based) by 34% by 2028 and 42% by 2030, Scope 3 emissions (supply chain) by 30% by 2028 and 33% by 2030, and ii) energy consumption by 27% by 2028 and 33% by 2030 (2020 baseline). In addition to these objectives, which concern the entire scope of operation (thus including all of the Italian and Greek consolidated companies), it is worth noting the commitment to Net-Zero-Carbon by 2050 for Scopes 1, 2 (market-based) and 3. The 2023-2029 Strategic Plan provides a roadmap for the overall strategy, with a strong focus on digital transformation and technological innovation; in fact, the plan outlines a comprehensive macro scenario encompassing Energy and Environmental Policies frameworks and trends. Additionally, it also introduces the Sustainable Value Creation Plan, which comprises tangible initiatives and ambitious objectives aimed at generating value for stakeholders of the Italgas group and the local communities where it operates.
  In the short term, the main elements that influence the development of the 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.

Additionally, in its report titled "Driving innovation for energy transition" Italgas delved deeper into the correlation between the group's operations and the repercussions of climate change in line with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD): the report serves as a platform to explore not only emerging opportunities arising from the climate transition and potential risks but it also evaluates the effectiveness of the group's climate strategy in addressing these aspects.

- Ansaldo Energia group has a dedicated ERM (Enterprise Risk Management) 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.
  In order to create stronger synergies with the Enterprise Risk Management (ERM) framework and facilitating decision-making processes, the Joint Board-Advisory Committee on Risks and Sustainability was established in 2023 and is tasked with conducting investigations, taking proactive measures and providing advisory support on evaluations and decisions regarding risk and sustainability issues. 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. The Group Risk Assessment identified business risks, starting from the business context in which the company operates, mapping them based on their significance, with financial aspects prioritised according to their impacts during the Budget and Business Plan period.
  With regard to the issue of climate change, it is necessary to highlight the risk related to the contraction of core business and/or loss of competitive advantage due to inadequate business model, due to changes in the macroeconomic, regulatory or technological environment.
  To mitigate the identified risk, Ansaldo Energia has set up specific actions including: (i) adapting the existing product portfolio for hydrogen use, (ii) streamlining product offerings for the New Units market, and (iii) evaluating solutions to enhance the efficiency of machines involved in Service activities and their potential implications on New Units products.
  To relaunch and diversify its operations, the group is exploring opportunities in counter-cyclical sectors associated with power generation from fossil fuels, with a specific emphasis on technologies facilitating the energy transition through its subsidiary, Ansaldo GreenTech with the objective to develop, manufacture and promote products geared towards the energy transition. This has led to the study of several opportunities to diversify the product portfolio in the field of renewable energy, such as hydrogen production technologies, energy storage solutions and the construction of hybrid plants. Ansaldo Energia's steam turbine engineering was also involved in supporting projects in the field of Energy Transition, especially in the development of an expander for an Energy Storage plant using CO_2 as its operational fluid.
  In addition, new projects in the nuclear field were addressed, in particular in the field of Small Modular Reactor, intended to lead the transition to a new generation of Nuclear Energy.
  To ensure greater sustainability of its existing portfolio, the Ansaldo Energia group is also 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.
- Fincantieri group has implemented Enterprise Risk Management processes and systems to evaluate risk exposure and devise mitigation strategies, incorporating sustainability and climate-related risks both in terms of physical risks and transitional risks. The group considered the potential effects of climate risks and the mitigation measures outlined as part of the process mentioned above. In this regard, no significant financial impacts have been identified from the primary estimation processes. The strategies detailed in the group's Business Plan and Sustainability Plan are in line with development trajectories expected to address these risks, aimed at capitalising on market opportunities. Lastly, acute physical risks that may directly affect Fincantieri group production sites are mitigated using current insurance policies, with ongoing monitoring to ensure their adequacy.

IMPAIRMENT TEST

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 related to climate change, alongside the prevailing environment (characterised by heightened geopolitical tensions, tightening monetary policy conditions, a general downturn in economic conditions and uncertainties regarding future developments), have been factored into inputs and/or via sensitivity analyses on the variables determining recoverable amounts.

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:

- CDP Equity S.p.A. conducted impairment tests on equity investments showing potential impairment indicators, utilising valuation metrics that account for uncertainties and concurrently obtaining updated financial information from the investee companies. Specifically, attention has been given to issues and risks linked to climate change, particularly when the impacts of these risks could be substantial.
- 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[81].
- Terna group, in order to mitigate climate risk, has to plan the maintenance of National Transmission Grid (NTG) plants in order to guarantee the quality of service, the safety of managed assets (lines and power stations) and the maintenance of their performance. In addition to the operations included in the group's maintenance campaign, the group is increasingly finding itself intervening on the grid, with specific replacement works that, regardless of the age of the grid, make it possible to mitigate the risk arising from the increased intensity and frequency of damaging climatic events. Nonetheless, these investments do not impact alter or reduce the anticipated economic benefits associated with the utilisation of the network as recognised in tangible assets, as such, there was no need for a thorough reassessment of their useful economic life. Furthermore, the aforementioned intervention activities do not have a negative impact on the determination of fair value net of disposal costs, as a market participant would include these investments in the Fair Value Measurement process.
- Italgas group does not foresee, at present, that climate change may generate a significant impact on the expected cash flows of a given asset or Cash Generating Unit and consequently on its recoverable amount, as: (i) there are no indicators that suggest that these assets have reduced in value, (ii) there are no significant impacts of climate change on the assumptions used by the Italgas group in estimating their recoverable amount and (iii) there is no need to conduct sensitivity analyses to assess the impacts of climate risk within the adopted assumptions.
- Ansaldo Energia group has conducted impairment tests to determine if there were any impairment losses on assets and the analyses conducted did not indicate any impairment reductions on the fair value of assets reported in the company's financial statements attributable to climate change.
- With regard to the Fincantieri group, with reference to the estimation of the recoverable amount of financial assets, the plans used to carry out impairment tests take into account the assumptions made by management on the issue of climate change, in line with the strategic initiatives included in the approved Group Business Plan and Sustainability Plan. Although no significant medium-term impacts on the group's operations have been identified in these documents, Management is closely monitoring the evolution of climate risks and possible effects on valuation processes.

DISCLOSURE OF IMPACTS OF THE MACROECONOMIC ENVIRONMENT

The current reference context is represented by a combination of factors related to the worsening of geopolitical tensions (connected with the continuing war in Ukraine and exacerbated by events in the Middle East, which continue to impact the global outlook), the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties over future developments. The global economy has shown a high degree of resilience in terms of both growth and financial stability, although the escalation of conflict in the Middle East and in the Red Sea and the possibility of its regionalisation pose serious risks to the future evolution of the global outlook.

The IMF estimates that the war in Ukraine reduced global GDP by 0.6% in 2023. Geopolitical instability remains a pressing concern, driving up gas prices and fostering uncertainty over its availability, along with disruptions in the supply chain, consequently, market instability prevails, dampening expectations for new investments among potential customers and additionally, tensions in Palestine introduce additional uncertainties, potentially affecting oil prices.

[81] For further insights into the specific aspects regarding foreign investee companies, please see the "Information on the Impacts of the Macroeconomic Scenario" included in this section.

Starting from the fourth quarter of 2023, the inflation trend began showing initial signs of improvement and as a result, during the last two meetings of the year, held in October and December 2023 respectively, the ECB halted the cycle of six consecutive rate hikes implemented in the first nine months of the year and instead, it opted to retain the prevailing interest rates, generating expectations of an upcoming market phase characterised by less restrictive monetary policies from central banks.

Price trends indicated an overall increase in the HICP (Harmonized Index of Consumer Prices) on average throughout 2023 compared to the previous year; nonetheless, a significant portion of this change can be attributed to the price surge experienced in 2022, so much so that by December 2023, prices had increased by just 0.5% compared to the same month of the prior year. This increase was largely offset by the decline in energy prices, which compensated for the rise observed in other sectors such as food, recreational-cultural services and transportation.

The extraordinary European investment plan for the protection of energy security and the diversification of gas supply sources, also favoured by the mild weather conditions of the last winter season, contributed decisively to the continuation of the downward trend in energy commodity prices.

During 2023, in accordance with directives from national and international regulatory bodies, CDP and its Group companies were required to conduct assessments and provide disclosures regarding the potential impacts of environmental factors and associated uncertainties on financial statements as well as specific operational activities.

The main risks to which the CDP Group 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.

With regard to the specificities of the CDP Group companies, the following information is provided:

- CDP Real Asset SGR monitors, through careful cash flow planning, liquidity risk, understood as the inability of the funds under management and the SGR to meet its commitments to its creditors and shareholders, given the nature of the assets primarily held by the funds, which include investments in real estate or infrastructure, known for their relatively lower liquidity compared to other financial instruments. Regarding this risk, there is a possibility that the company could experience cash deficits due to a decrease in the management fees earned from the funds under management;
- with regard to Fintecna S.p.A., it should be noted that, despite the fact that the current macroeconomic scenario doesn't present significant concerns, inflationary trends could potentially impact the operational functions of the Separate Assets and of the subsidiary CDP Immobiliare S.r.l. in liquidazione (as a result of the transfer transaction carried out by CDP S.p.A. in November 2023), leading to elevated management expenses; conversely, the current rise in interest rates presents positive prospects for leveraging available liquidity. For CDP Immobiliare S.r.l. in liquidazione the impacts associated with the current economic environment characterised by a combination of factors linked to the ongoing geopolitical crises (Russian-Ukrainian conflict, crisis in the Middle East) in terms of GDP trends and high levels of inflation and interest rates have been take into account throughout. By way of example and not limited to, the impacts on the business might include increased challenges in securing financing under conditions akin to those of the prior environment by prospective property buyers coupled with elevated asset management costs;
- with regard to SIMEST S.p.A., the company continued up to 31 October 2023 with the provision of subsidised loans from the "394 Fund" to aid Italian exporting companies with operations in countries affected by the conflict between Russia and Ukraine.
  With reference to the Italian scenario, due to the wave of bad weather that hit Italy in 2023 with floods that damaged the territory and the economic-productive fabric, the Government issued the 'Flood Decree' in order to allow the timely recovery of economic activities in the affected territories. As required by the Decree, SIMEST launched a new package of extraordinary measures, including non-repayable refunds and support measures under Fund 394/81, to support exporting companies in Emilia-Romagna and Tuscany damaged by the floods of May and November 2023.
  The current 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); (iii) fraud, anti-money laundering and reputational risks, also linked to the public resources managed.
  To better monitor the risks associated with the reference context, SIMEST's control functions have continued to consolidate the risk monitoring and control framework, in order to capture any changes in the scenario in terms of credit risk, liquidity, interest rate and other risks in an even more timely manner, ensuring reactivity and adaptability.
  With particular reference to credit risk, the company continued to consolidate its models and tools for measuring and monitoring it by applying conservative provisioning policies at both portfolio (collective) and individual counterparty (analytical) levels;
- CDP Equity S.p.A., CDP Equity Investimenti S.p.A. and CDP Reti S.p.A., as financial holding companies, are by their very nature indirectly exposed to the business risks of their investees and to the main elements of uncertainty that affect their financial performance and expected returns on their investments and commitments; for this reason, it constantly monitors the economic results achieved and expected by its investees, evaluating management recommendations and proposal in alignment with sector dynamics, market conditions as well as the broader political, economic and social landscape;
- for Snam group, which is one of the key players operating in the regulated sector, the current macroeconomic framework suggests a forthcoming stabilisation in the trajectory of interest rate increases by central banks, however, persistent uncertainties and challenges to both internal and European economic growth remain linked to the current geopolitical tensions, amplified by the conflict that has erupted in the Middle East and the general slowdown in economic activity at a global level. The protracted Russian-Ukrainian conflict and the possible widening of the Middle Eastern front, could compromise or delay the progressive stabilisation of the world economy; in particular, significant effects on international trade, Italian imports and exports, and supply chains could occur in the event of further and repeated attacks on commercial vessels transiting the Red Sea.
  In this context, Snam group was able to operate without interruption in 2023 and carry out the planned investments. In light of the prevailing macroeconomic conditions, the series and substantial rises in reference rates by major central banks have resulted in a general increase in the cost of debt.
  Within the Transportation, Regasification and Storage business, both operational and investment activities continued uninterrupted during 2023; in particular, the acquisition of the entire capital of FSRU I Limited was completed in December 2023. For the foreign subsidiaries of Snam, the trend observed in 2022 is confirmed, i.e. the almost total interruption of Russian gas supplies:

TAG (joint venture) and GCA (associate) are the companies most exposed to these supplies. In particular, TAG recorded a significant reduction in gas flows from Russia in 2023, with a consequent reduction in imported volumes. The reduction in supplies and a regulatory framework that exposes the company to volume risk (not guaranteeing full recovery of the delta between actual revenues and recognised revenues) generate uncertainties about the expected returns. In this scenario, both TSOs are actively working with the relevant Austrian authorities to define the regulatory framework applicable from 2025 in light of the changed environment in which the company operates, with the main focus on volume risk. The company GCA is less exposed to uncertainties on returns as it can still benefit from long-term transport capacity contracts, with gradual maturities until 2031.
With reference to the situation in the Middle East, the conflict does not currently have a direct impact on Snam's assets and on the operation of the pipeline that connects Israel and Egypt, which is operating in an ordinary manner;

- for Terna group, based on the current regulation to which it is subjected, which provides for indexation of the operating costs recognised in the tariff and of the Regulated Asset Base (RAB), no negative economic impacts are expected from the increase in the price index, although the aforementioned recognition is reflected in the financial statements with a lag of about one year. Furthermore, the assessment of the current macroeconomic scenario and the effects linked to the current conflicts have not generated trigger events calling for the need to test the existence of write-downs of the value of property, plant and equipment owned by the Terna group and of intangible assets with finite useful life. In particular, with regard to the recoverable amount of property, plant and equipment and the intangible assets with finite useful life belonging to the scope of the RAB, the assessment 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 triggering events requiring testing for impairment. The bulk of Terna group's revenue comes from regulated operations in Italy, where income generation compensates for both operational costs and invested capital, these components are annually adjusted based on inflation and deflator trends respectively; moreover, the remuneration of invested capital is determined by a periodically reviewed Weighted Average Cost of Capital (WACC) set by ARERA, facilitating updates to the parameters governing the calculation of risk and debt capital costs. With regard to possible risks of higher contract prices due to the high inflationary environment and higher costs due to rising material, energy and wage prices, and the possibility that the issuing units might not be able to reflect these in the prices of their services or goods, no critical issues arise, as the price revisions granted by law are covered by the dynamics of tariff updates, which provide for an inflation-linked adjustment;
- Italgas group, having no production activities or personnel located in the areas affected by the ongoing conflicts, nor having commercial and/or financial relations with the countries involved, continues not to detect any materially relevant restrictions in the execution of financial transactions or in the sources of procurement. However, in a market that continues to undergo restrictions and slowdowns especially regarding the purchase of components, it cannot be ruled out that the political and economic tension caused by the conflicts could increase these difficulties and affect, in a way that cannot yet be estimated or predicted, the efficiency and timeliness of procurement ability;
- for Ansaldo Energia group, geopolitical instability, which has caused a rise in gas prices, uncertainty over gas availability and tension in the supply chain, continues to generate instability in the market dampening the group's outlook for securing new investments from potential clients, while tensions in the Middle East remain a potential factor influencing oil prices.
The increase in direct and indirect production costs led to a revision of the lifetime values and margins of sales projects, with a consequent impact on the economic results; these impacts were considered in the 2024-2028 Business Plan. Following the start of the conflict between Russia and Ukraine, Ansaldo Energia's Compliance Office diligently oversaw operations, continuously ensuring adherence to regulations and directives issued by relevant authorities concerning import and export on Russian territory and possibly impacting the scope of work of new and existing contracts; despite the difficult context, the Russian company achieved its budgeted economic targets. In addition, Ansaldo Energia set up a dedicated *cross-functional task force team* that provided the minimum services to keep the gas turbines under long-term contracts in Russia running, always under strict control and in full compliance with the sanctions regime in place and the export control policy established by the Italian government. On the other hand, the main indirect impacts resulting from the conflict in 2023 continue to be those noted for the previous year, i.e. those related to the availability of materials (delivery delays and raw material price increases) and the tension in the gas market in terms of price uncertainty and future availability of gas;
- for Fincantieri group, the uncertainty stemming from the current geopolitical scenario makes it necessary for the group to maintain an ongoing commitment to implementing policies aimed at mitigating price risks associated with the procurement of copper, gas, energy, and naval fuel. Additionally, diversification of suppliers, including the exploration of new international partnerships, particularly for critical materials like steel, is crucial.

Likewise, the interest rate risk management strategy, implemented through the negotiation of derivative financial instruments (interest rate swap), made it possible to contain the economic-financial impact of rising interest rates; as a result of the strategy described, a significant portion of the Parent company's financial debt outstanding at the close of 2023 benefited from fixed-rate arrangements.

Moreover, with reference to the effects of ongoing conflicts, Fincantieri group has no current activities or investments in Russia and Ukraine, nor financing relationships with companies or financial entities operating in those countries, nor employees based in those areas. Fincantieri group's exposure to the Middle East area affected by the recent conflict is contained and limited to Israel alone, and to date no critical situations have emerged that could have a significant impact.

EXPOSURE TO INTEREST RATE RISK, LIQUIDITY RISK AND COMMODITY PRICE RISK

CDP conducts in-depth analyses of its exposure and risk profile, meticulously examining interest rate-sensitive assets and liabilities (both on and off balance sheet) quantifying, in terms of economic value, the response to minor disruptions (sensitivity analysis) and major disruptions (stress tests) in risk factors. Moreover, CDP evaluates the income-related impact of interest rate risk over shorter time horizons, especially focusing on the repercussions of parallel shifts in the yield curve on net interest income.

Given the economic backdrop of 2023, CDP has adopted a cautious strategy, closely monitoring its exposures to identify any signals warranting the implementation of precise risk mitigation measures within its standard ALM framework. The impacts of the macroeconomic framework on the exposure to interest rate risk have 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 funding trends, both on capital markets and through the postal savings channel.

While direct exposure to commodity price fluctuations is minimal, indirect exposure exists through certain assets held within the equity or credit portfolio.

With specific reference to the Parent Company CDP S.p.A., 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" of the separate financial statements.

With regard to the specificities of the CDP Group companies, the following is highlighted:

- CDP Real Asset SGR is potentially exposed to the risk of cash shortfalls caused by the reduction of the management fees received on the funds under management; the latter, in fact, are calculated as a percentage of the fund's Total Net Asset Value, as a percentage of the Total Asset Value or as a percentage of the lower of historical cost and the market value of assets.
  Any value fluctuation for the real estate funds and/or assets held in their portfolios might consequently affect the management fees. This risk appears to be insignificant at the present, and from an operational point of view, it is monitored through careful planning of the company's cash flows (financial forecast);
- SIMEST S.p.A. continued its monitoring activities throughout 2023, focusing on risk indicators specifically designed to align with its business model, such as the short-term liquidity indicator and the structural liquidity indicator, both of which were found to be effective. Amidst the increasing interest rate environment, interest rate risk monitoring was intensified in the first quarter of 2023 which resulted in the publication of the Interest Rate Risk Policy, aligning with industry norms and Group standards and introducing updated methodologies and warning thresholds for risk assessment. Under the new system, the "Repricing Gap" methodology is employed to measure interest rate risk, calculating the variance between asset and liability items susceptible to interest rate changes over specified time intervals. The Repricing Gap on the different maturities, combined with an assumption of rate changes, allows the potential impacts on the income statement to be quantified, identifying the relative limits on two levels: soft limit and hard limit.
  Regarding public funds and with particular reference to the operation of the 295/73 Fund, efforts persisted in managing and overseeing interest rate risk; furthermore, in early 2023 a collaborative working group, involving MEF and MAECI was established to reassess the framework governing the measurement and mitigation of interest rate risk for the Fund. As a result, regulatory

changes were introduced in the Budget Law 2024, which, among other things, describes the guidelines for establishing a monitoring mechanism to evaluate the Fund's solvency, incorporating scenario analyses and specify, in detail, the methodology for defining provisioning standards;

- for Terna's group, it should be noted that the significant change in the macroeconomic parameters to which the Group is exposed (interest rates, inflation, yield of Italian government bonds and European cost of debt indices), which occurred during the last period, will lead to an increase in the allowed cost of capital in 2024 that would offset the impacts generated by those variables. In this regard, it should be noted that the regulator had envisaged a mechanism for updating the WACC if, following the updating of certain parameters, the WACC undergoes an increase or decrease of more than 50 bps.
  Moreover, it is important to note that Terna group currently has financing sources, consisting of liquidity and committed credit lines (thus immediately available) that, together with the ability to generate cash flows, ensure coverage of the group's financial requirements for the next 18/24 months, to face any further stress on the debt market;
- Ansaldo Energia group financial results, during the 2022 financial year, were significantly impacted by geopolitical and market conditions thus intensifying scrutiny on liquidity risk. A decline in cash flow and breach of 2022 covenants prompted the Group to execute a financial manoeuvre, completed between the previous year's end and the beginning of 2023, which involved revising terms on the term loan and securing a bank loan with SACE S.p.A.' support. Lastly, to hedge against cash flow risk linked to variable interest rate curve shifts, Ansaldo Energia implemented two hedging instruments structured as Interest Rate Caps.
  Given Ansaldo Energia's considerably high level of financial debt, the effect of interest rates was notably significant, impacting the discount rates applied during impairment testing. In addition, the parent company uses factoring and reverse factoring contracts, thanks to which net working capital is optimised as a result of the early closure of trade receivables on the one hand, and the deferred closure of trade payables on the other hand, relative to the positions concerned; in fact, Ansaldo Energia, through the agreements with banking institutions, has the possibility of deferring the debt from the date of invoice issue, while the supplier has the guarantee of collecting the recognised receivables on the due date and the possibility of requesting advances on future receivables. In the fiscal year 2023, this financial instrument for factoring both receivables and payables incurred financial costs and expenses.

IMPAIRMENT TEST

Equity investments

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 geopolitical risks 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.

Specifically, as at 31 December 2023, impairment triggers were activated on some of the key equity investments accounted for using the equity method (Eni, Poste Italiane, Nexi, Open Fiber Holdings, Saipem, Webuild and GPI), essentially for the actual results and/or the performance of market prices.

When estimating the recoverable amount of equity investments, which is determined as the higher value between fair value less costs to sell and value in use, CDP has implemented several fundamental principles with due consideration given to (i) the current historical context characterised by a combination of factors including heightened geopolitical tensions, which are exacerbated by ongoing conflicts such as the war in Ukraine and events in the Middle East, amidst tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties regarding future developments, and (ii) the guidance provided by both national and international regulatory bodies, alongside directives from industry organisations. 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. revisions of inflation and interest rate expectations)[82];

[82] 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.

- 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;
- incorporating the most up-to-date and relevant survey data on Country Risk Premiums, as appropriate, rather than relying solely on averages from previous surveys.

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 hydrocarbons (e.g. oil) 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, profitability and long-term growth rate, if applicable, based on the value estimation method used;
- stock prices for listed companies, also in order to take into account potential unfavourable share price trends linked to the generalised context of uncertainty that could increase market volatility.

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. 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, 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 related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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.

In reference to the distinctive features defining CDP Group entities, attention should be drawn to the following aspects:
- CDP Equity S.p.A. and CDP Equity Investimenti S.p.A. paid particular attention to the dynamics and variables that characterise the current macroeconomic scenario, being mindful of the ripple effects these factors have on financial markets and the global economy and consequently, they have taken proactive measures to incorporate the implications of these events into the valuation of their equity investment portfolio, ensuring that their approach aligns with the unique characteristics of each investee.
  The assessment of trigger events and objective evidence of impairment is made on the basis of publicly available information or any additional information received as an investor. In line with IAS 36, moreover, the trigger event for certain investees is represented by the fact that these investments have already been impaired in past years. Impairment tests on equity investments for which indicators of possible impairment emerged were performed by considering valuation parameters that incorporated the elements of uncertainty, while acquiring updated public financial information from the investees;
- 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 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;

- with specific reference to Snam group, it should be noted that the macroeconomic context was marked, also in the last twelve months, by the presence of a significant inflationary phenomenon, to which the main central banks, including the ECB, responded with significant and repeated increases in their respective reference interest rates. The markets in which these phenomena took place (including the Eurozone), present a 2023 snapshot marked by widespread indications of exogenous impairment indicators. In light of this situation, a thorough impairment test was conducted for all primary CGUs and CGU groupings, indicating that the recoverable amount exceeded the net book value, except in the case of the Biomethane Waste CGU.
  In particular, as at 31 December 2023, the operation of managing the OFMSW (Organic Fraction of Municipal Solid Waste) treatment plants faced challenges due to various external factors, including fluctuations in OFMSW prices, which adversely impacted the projected delivery tariffs established by the company, along with a substantial increase in surplus disposal costs[83].
  A comparison between the recoverable amount and the carrying value of the Biomethane Waste CGU revealed a difference in value that led to the full write-down of goodwill, as well as of part of the tangible and intangible assets for the remaining amount.
  The impairment testing conducted on the CGUs, included a sensitivity analysis of the recoverable amount which, in the worst-case scenario involved a 0.5% point increase in the discount rate used in the impairment test and this stress test did not produce significantly different results and only resulted in an impairment loss for the Biomethane Waste CGU.

FINANCIAL INSTRUMENTS AND EXPECTED CREDIT LOSSES ("ECL")

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. Even considering the relatively small effects of the changing economic environment on the 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:

- for CDP Equity S.p.A. and CDPE Investimenti S.p.A., the changes in fair value recognised on certain financial assets and the measurement of the expected credit loss reflect the uncertainties associated with the macroeconomic scenario, as well as factors related to climate change;
- for SIMEST S.p.A., in accordance with accounting standards, the impairment model quantifies the effects of historical, current and prospective situations for the purpose of calculating the collective impairment of the portfolio of equity loans, taking into account (i) in a Through-the-Cycle logic, historical information and conservative elements aimed at ensuring its adequacy even in periods of severe crisis (ii) the cyclical component aimed at producing forward-looking estimates of Point-in-Time parameters, (iii) the growth of market variables (interest rates). For those assets classified at amortised cost, the model, based on Expected Credit Loss, involved (i) the updating of risk parameters, including ratings on individual entities (so called "single name") subject to ongoing review and performance monitoring and (ii) the application of prudential classification logic at Stage 2 for the portion of the portfolio most exposed to the macroeconomic situation;
  For those assets measured at fair value, the impairment values, calculated using updated market parameters, factor in i) interest rate trends and ii) updated risk parameters such as ratings. With regard to individual impairment, the measurements were conducted at the level of the individual counterparty/transaction on the basis of the expected cash flows, the presence of guaran-

[83] Waste materials originating from waste treatment that can be subjected to further refining or directed to landfill processes.

tees and the recovery timing and percentages, also depending on the economic context. During 2023, there was an increase in analytical write-downs associated with counterparties already part of the NPL portfolio, along with the addition of new defaulting entities.
As part of the Public Funds, during 2023 the monitoring activities of the portfolio of the Venture Capital Fund and the 394/81 Fund continued;

- for Terna group, neither the effects of the changed macroeconomic scenario, nor those arising from the ongoing geopolitical crises, have increased credit risk, nor have they had impacts on the measurement of expected credit losses. The group's trade receivables, in fact, fall within the "Held to collect" business model, predominantly mature within 12 months and do not have a significant financial component. Moreover, these effects did not even generate changes in reference to the business model identified for financial instruments, not involving changes in the chosen classification.
  Furthermore, the fair value measurement of the financial assets and liabilities held by the Terna group has not changed in terms of an increase in the risks associated with them (market, liquidity and credit). Similarly, modification of the underlying assumptions did not generate any deviations in regard to the sensitivity analyses related to their measurement.
  The main counterparties of the Terna group (holders of withdrawal or injection dispatch contracts and distributors) are considered solvent by the market and with high credit standing, therefore credit positions did not deteriorate during 2023.
- Ansaldo Energia group performs an analysis on trade receivables and estimates the probability of recoverability using all available information from internal and external sources.
  Ansaldo Energia operates in a business characterised by a small number of large customers (typically state-owned companies) where trade receivables are normally settled within one year. Technical risks that could potentially lead to delays in the collection of trade receivables are carefully evaluated by management, including those at the project level.
  In addition, a country default risk is incorporated into the cost budgets for specific trade receivables. In accordance with IFRS 9, the company also conducted a detailed analysis on receivables that were not past due or past due for less than one year, considering the risk of country default (where the specific risk of default of the customer was not available), and this analysis confirmed the appropriateness of the impairment on receivables. For derivatives, ECL analysis was included in the valuations of the fair value of the instruments; management also performed ECL analysis on short-term cash and cash equivalents by analysing the default risk of banking institutions, not detecting significant impacts.

* * *

In relation to the above, it should be noted that for the purposes of the estimates, data relating to quotations and market parameters have been used, which are subject to fluctuations, even significant ones, due to the persistent turbulence and volatility of the markets, connected to the tensions of the international geo-political situation fuelled by the continuation of the Russian-Ukrainian conflict, the outbreak of the conflict in the Middle East and the evolution of the macroeconomic scenario (evolution of the inflationary scenario and consequent monetary policy strategies of the central banks). The valuations were also made using forward-looking 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 even 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.

TAX CREDITS ON BUILDING INTERVENTIONS AS OUTLINED IN THE "CURA ITALIA" AND "RILANCIO" DECREE LAWS

For information regarding tax credits related to building interventions outlined in the "Cura Italia" and "Rilancio" Decree-Laws, which were acquired by CDP Parent Company via non-recourse assignment from prior purchasers, please consult the corresponding information found in the Notes to the Separate Financial Statements, Part A — Accounting Policies, Section 4 — Other issues.

In relation to the operations of the Snam and Italgas groups, it's important to highlight that, as part of their engagement in the energy efficiency sector, they actively participate in the acquisition of Ecobonus tax credits. These credits are subsequently reclassified from trade receivables and recognised in other assets upon obtaining the necessary affidavits mandated by existing tax regulations.

A.2 - THE MAIN FINANCIAL STATEMENT ITEMS

The consolidated financial statements of the CDP Group as of and for the year ended 31 December 2023 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 2023, 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:
- "Financial assets held for trading" including debt securities, equities, loans, units of UCITS included in Business Model Other/Trading, 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 at fair value 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 cash 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;
- if separated, they meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

Derivatives that are not part of effective hedge accounting relationships, but are held for the purpose of hedging the assets and/or liabilities related to them, are considered operational hedging derivatives.

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 UCITS 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 of financial assets and/or liabilities measured at fair value through profit and loss. 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) has been irrevocably exercised[84].

[84] 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 through profit or loss 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.

The carrying value of these instruments includes the provision for expected credit losses required by IFRS 9, with consequent recognition through profit or loss of an impairment loss. 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)[85].

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 CDP Group includes in that item the investments that are made with strategic objectives over the long term.

[85] 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 through profit or loss.

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[86] 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.

[86] 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, when substantial in nature, lead to its derecognition and the recognition of a new asset, also for Originated Credit Impaired positions.

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 contract which provides for a 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;
- substantial change in the discounted value of cash flows (the change is considered substantial when the present value of cash flows from the new asset, discounted using the original effective interest rate, differs significantly from the present value of the remaining cash flows of the original financial asset);
- changes granted to performing customers, which provide for the use of market parameters to redetermine the financial terms of the loan agreement, including modifications granted as part of renegotiations made on terms that would apply to new loans[87];
- 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.

In the event of changes not deemed significant, which therefore do not come under the case of derecognition, but for which the modification is applied, 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.

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.

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 envisaged 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.

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.

[87] Specifically for CDP, this includes the changes made to the contractual terms as part of renegotiations, including "massive" renegotiations, carried out under the "financial equivalence" regime to public entities other than non-performing and, for local authorities, other than those in a situation of financial distress.

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 and the consolidated financial statements of the 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. Hedging relationships that meet the eligibility criteria are subject to the following accounting treatment:

- 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 hedges, 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” include investments in associates (IAS 28) and in joint ventures (IAS 28 and 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 ventures 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 accounted for 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 equity 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[88] 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 equity 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)[89] 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;

[88] The recognition of losses may not be considered relevant if it is 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.

[89] 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.

- a downgrade of the rating of at least four notches from the time when the equity investment was made, if assessed as relevant together with other available information[90];
- 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 through profit or loss 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)[91], 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 through profit or loss.

Subsequent measurement is at cost, net of depreciation and impairment (the latter in accordance with IAS 36).

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[90] 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.
[91] Lease liabilities recognised by the Group as the lessee in lease transactions are recorded under financial liabilities measured at amortised cost.

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 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%	5.0%
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	3.0%	33.0%
Other plant and equipment	2.0%	33.0%

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 through profit or loss 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 through profit or loss.

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, in accordance with IFRS 16, 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 recognised 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 assets acquired, 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 through profit or loss 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 amount 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 equity investments in associated companies and joint ventures is included in the carrying amount of such companies. Negative goodwill is recognised through profit or loss 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 equity 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 CDP 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 pensions 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 technical form (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 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, for fixed rate postal savings bonds, the effective interest rate calculated at the issue of each series as the discount rate, and kept unchanged. 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 in 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.

Positive and negative exchange 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 - 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[92], 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.

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.

92 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.

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.

Revenues from contracts with customers are recognised on the basis of when control of the goods and/or the services is transferred to the customer for an amount that reflects the consideration to which the entity believes it is entitled. In the event that control is transferred as the asset is built or the services are rendered, the revenues are recognised "over time", i.e. with the gradual progress of activities; if, on the other hand, control is not transferred as the asset is built or the services are rendered, the revenues are recognised "at a point in time", i.e. at the time of the final delivery of the asset or on completion of the provision of the services. To evaluate the progress of orders "over time", the Group chose the criterion of the percentage of progress evaluated with the cost-to-cost methodology. When the total lifetime contract costs are likely to exceed the total lifetime corresponding revenues, the potential loss is recognised immediately in the Income Statement.

Revenue from regulated activities is governed by the regulations issued by the Italian Energy Networks and Environment Regulator (ARERA) and in Greece by the Regulatory Authority for Energy (RAE). 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 RAE 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.

With reference to the Gas Transportation, Regasification and Storage segments and, in Italy, Natural Gas Distribution and Metering, revenues recognised in the income statement coincide with the revenue cap set by the regulator. Any difference between the revenues recognised by the regulator and the revenues accrued is recorded, if positive, as an asset on the balance sheet and if negative as a liability, given that any such difference will be subject to monetary settlement with the Cassa per i Servizi Energetici e Ambientali (CSEA).

With reference to Natural Gas Distribution and Metering in Greece, the difference between the revenues recognised by the regulator and the revenues actually accrued is recorded, if positive, under other non-financial assets or, if negative, under other non-financial liabilities, since the operator has fulfilled the relative performance obligation and has the right to recover, or the obligation to return, in subsequent regulatory periods, or at the end of the concession, the amounts not charged or overcharged to customers during the year.

As regards the recognition of revenues relating to "start-up municipalities", located mainly on the island of Sardinia, the remuneration mechanism provides for a revenue cap on tariffs for investments in distribution networks for locations in which the first year of supply is after 2017, to the extent determined by Resolution no. 704/2016/R/gas. The payment of the fee by ARERA is made on the basis of a "three-phase" arrangement, which provides for a first phase lasting three years (beyond the first year of supply) in which the investments are fully recognised, a second phase in which a cap is applied, calculated on the basis of a prospective assessment of the redelivery points that could potentially be connected to the network, and finally a third phase that starts from the sixth year of service management, in which, if the cap is exceeded, the investments recognised as of the first year of service management are retroactively curtailed. Resolution no. 525/2022/R/gas subsequently governed the operational procedures for applying the cap to the recognition of capital costs in start-up locations and the application procedures of the mechanism, addressing in particular the determination of the service dissemination index and the procedures for checking whether the maximum unit expenditure threshold has been exceeded, for the second and third phases of the mechanism. In relation to these municipalities, revenue is recognised on the basis of the RAB expected at the sixth year of supply, considering it highly probable that on the basis of the expected re-delivery points (PdR, punti di riconsegna) there will be no significant reversal of accumulated revenues after uncertainty has been resolved.

Revenues also include output-based incentives, set out by ARERA both in terms of transmission and dispatching activities. The incentive mechanisms are framed within the scope of IFRS 15. In the event that the counterparties through which an incentive is collected are not the same as those operating on the market in the year audited for the delivery of the objectives underlying the incentive programme, IFRS 15 is applied through the analogy approach provided for by IAS 8, also considering the guidance provided by the Conceptual Framework for Financial Reporting. In the event that the mechanism includes a significant financial component, the amounts recognised in the financial statements are subject to discounting. Based on the specific characteristics of each mechanism, it is assessed whether the performance obligation is fulfilled over a period of time or at a point of time, also taking into account the need for confirmation or verification by ARERA for the purposes of determining the existence of the right.

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. In particular, revenues and costs of a "passing" nature that originate from transactions with electricity market operators for the purchase and sale of energy are included. The regulatory framework provides that these costs and revenues should always have a net-zero balance, through the pro-rata charging to each consumer of the net charge resulting from the valuation of imbalances and purchase and sale transactions carried out on the Dispatching Services Market, through a specific Uplift fee. The company remunerated for this activity is entitled to a special "margin" revenue, which is the consideration for the dispatching activity. Considering that companies operating in this market do not have the power to set prices for DSM transactions, revenues are expressed net of costs, on a net basis.

INTEREST INCOME AND EXPENSE

Interest income and expense is recognised through profit or loss, 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 through profit or loss 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.

EMISSION RIGHTS

The European-wide system for the management and trading of emission rights sets a maximum limit on the greenhouse gas emissions to be produced over a year, which corresponds to the allowances contained in the bonus allocation, by the competent national authorities, of a certain number of emission rights. During the year, depending on the actual greenhouse gas emissions produced, each company has the right to sell or the obligation to purchase emission allowances on the market for a consideration.

The rights purchased for a consideration to cover the emissions released into the atmosphere during the year are recognised in the income statement; any rights purchased in excess of requirements are recorded under "Other assets", while any bonus allowances allocated that are not used in the year of allocation are not recognised in the financial statements, as they will be used to cover emissions the following year. Where there is a deficit of emission rights not covered by purchases made on the market at the balance sheet date, the charge and corresponding liability are recognised at the end of the year at market value.

BUSINESS COMBINATIONS

A business combination is a transaction or other event in which an entity acquires control of one or more businesses.[93]).

Control of one or more businesses may be obtained: (i) by transferring cash, cash equivalents or other assets; (ii) by issuing equity interests; (iii) by assuming liabilities; (iv) without transferring consideration (for example, through a contractual agreement).

Business combinations are recognised in accordance with the acquisition method, by which the assets transferred and liabilities assumed by the CDP Group at the acquisition date are recognised at fair value. Transaction costs are generally recognised through profit or loss in the years when those costs are incurred or the services are rendered.

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 determining 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).

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;

[93] IFRS 3, in Appendix A defines a business as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other members, shareholders or participants".

- 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 17;
- 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 investment 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 investment 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.

Business combinations do not include joint venture transactions, as well as those transactions aimed at obtaining control of one or more companies that do not constitute a business activity and those for which the business combination is carried out for reorganisation purposes, and thus between two or more entities belonging to the same group, and which do not cause changes in the control structure independently of the percentage of non-controlling interests before and after the transaction (referred to as "Business combination under common control"). These transactions are in fact considered to have no economic substance.

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.

Redemption profile sensitivity analysis

(million of euro) Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded options postal saving bond Risparmio Sostenibile	1.98	(1.98)

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)	31/12/2023			31/12/2022		
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:		484,046	3,479,850	5	526,402	3,153,152
a) financial assets held for trading		327,292	15,090		356,237	7
b) financial assets designated at fair value			192,647			194,962
c) other financial assets mandatorily at fair value		156,754	3,272,113	5	170,165	2,958,183
2. Financial assets at fair value through other comprehensive income	11,860,646	97	292,875	11,769,043	97	260,245
3. Hedging derivatives		2,267,140			4,595,099	
4. Property, plant and equipment						
5. Intangible assets						
TOTAL	**11,860,646**	**2,751,283**	**3,772,725**	**11,769,048**	**5,121,598**	**3,413,397**
1. Financial liabilities held for trading		284,210	19,776		323,128	7,728
2. Financial liabilities at fair value			9,393			16,627
3. Hedging derivatives		1,956,344			1,367,670	
TOTAL		**2,240,554**	**29,169**		**1,690,798**	**24,355**

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)

(thousands of euro)	Financial assets measured at fair value through profit or loss							
	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 comprehen-sive income	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**3,153,152**	**7**	**194,962**	**2,958,183**	**260,245**			
2. Increases	**823,668**	**15,090**		**808,578**	**38,620**			
2.1 Purchases	625,941			625,941	5,050			
2.2 Profits taken to:	184,179	15,090		169,089	27,693			
2.2.1 Income statement	184,179	15,090		169,089				
– *of which: capital gains*	*178,857*	15,090		*163,767*				
2.2.2 Equity		X	X	X	27,693			
2.3 Transfers from other levels								
2.4 Other increases	13,548			13,548	5,877			
3. Decreases	**496,970**	**7**	**2,315**	**494,648**	**5,990**			
3.1 Sales	6,240			6,240	4			
3.2 Repayments	219,563			219,563				
3.3 Losses taken to:	123,077		2,315	120,762	5,411			
3.3.1 Income statement	123,077		2,315	120,762				
– *of which: capital losses*	*111,853*			*111,853*				
3.3.2 Equity		X	X	X	5,411			
3.4 Transfers to other levels								
3.5 Other decreases	148,090	7		148,083	575			
4. CLOSING BALANCE	**3,479,850**	**15,090**	**192,647**	**3,272,113**	**292,875**			

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	**7,728**	**16,627**	
2, Increases	**14,208**	**2,575**	
2.1 Issues	11,940		
2.2 Losses taken to:	2,268	1,100	
2.2.1 Income statement	2,268	1,100	
– *of which: capital losses*	2,268		
2.2.2 Equity	X		
2.3 Transfers from other levels			
2.4 Other increases		1,475	
3, Decreases	**2,160**	**9,809**	
3.1 Repayments		9,550	
3.2 Buybacks			
3.3 Profits taken to:	2,160		
3.3.1 Income statement	2,160		
– *of which: capital gains*	*2,160*		
3.3.2 Equity	X		
3.4 Transfers to other levels			
3.5 Other decreases		259	
4, CLOSING BALANCE	**19,776**	**9,393**	

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

	31/12/2023				31/12/2022			
(thousands of euro)	Carrying amounts	Level 1	Level 2	Level 3	Carrying amounts	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	348,296,883	55,170,269	6,725,654	279,402,982	348,435,188	45,001,635	6,477,485	283,006,972
2. Investment property, plant and equipment	849,290		634,026	224,027	840,947		619,236	221,711
3. Non-current assets and disposal groups held for sale	206,501				155,645			
TOTAL	**349,352,674**	**55,170,269**	**7,359,680**	**279,627,009**	**349,431,780**	**45,001,635**	**7,096,721**	**283,228,683**
1. Financial liabilities measured at amortised cost	402,710,718	30,298,742	16,051,377	355,801,209	406,248,889	26,083,654	10,691,748	366,547,038
2. Liabilities associated with non-current assets and disposal groups held for sale	4,654				26,828			
TOTAL	**402,715,372**	**30,298,742**	**16,051,377**	**355,801,209**	**406,275,717**	**26,083,654**	**10,691,748**	**366,547,038**

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)	31/12/2023	31/12/2022
a) Cash	7,046	1,231
b) Current accounts and demand deposits with Central banks	1,010,224	2,450,136
c) Bank current accounts and demand deposits	2,553,226	4,051,148
TOTAL	**3,570,496**	**6,502,515**

Included in the item is the positive balance of current accounts held with banks and the liquidity deposited by the Parent company in the ECB via overnight Deposit Facility operations, amounting to about 1,010 million euro.

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE

	31/12/2023						31/12/2022		
	Prudential consolidation			Other entities					
(thousands of euro) 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
4. Loans									
4.1 Repurchase agreements									
4.2 Other									
Total A					**102**			**104**	**7**
B. Derivatives									
1. Financial derivatives		286,246			40,944	15,090		356,133	
1.1 Trading		286,246			40,944			355,034	
1.2 Associated with fair value option									
1.3 Other						15,090		1,099	
2. Credit derivatives									
2.1 Trading									
2.2 Associated with fair value option									
2.3 Other									
Total B		**286,246**			**40,944**	**15,090**		**356,133**	
TOTAL (A + B)		**286,246**			**41,046**	**15,090**		**356,237**	**7**

As at 31 December 2023, financial assets measured at fair value through profit or loss totalled around 342 million euro (compared to 356 million euro as at 31 December 2022) and are mainly derived from entities included in the scope of prudential consolidation pursuant to Article 18 of the Capital Requirements Regulation (CRR) amounting to 286 million euro. They consist primarily of the positive fair value of interest rate and currency derivatives, along with the fair value of options purchased by the Parent Company to hedge, for management purposes, the optional component embedded in the Risparmio Sostenibile postal saving bonds, linked to the Stoxx Europe 600 ESG-X index. This option component was separated from the host instrument and was classified among financial liabilities held for trading.

The contribution of other companies to the balance amounts to 56 million euro, primarily deriving from the positive fair value of financial derivatives from Terna, Fincantieri and CDP Equity; with reference to the latter, the InvestEU derivative of 15.1 million euro as at 31 December 2023 was included in the item following the activation of the InvestEU Guarantee during the year.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY DEBTOR/ISSUER/COUNTERPARTY

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2023	31/12/2022
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				
3. Units in collective investment undertakings				**9**
4. Loans				
Total A		**102**	**102**	**111**
B. DERIVATIVES				
a) Central Counterparties				
b) Others	286,246	56,034	342,280	356,133
Total B	**286,246**	**56,034**	**342,280**	**356,133**
TOTAL (A + B)	**286,246**	**56,136**	**342,382**	**356,244**

2.3 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2023			31/12/2022		
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			192,647			194,962
2.1 Structured						
2.2 Other			192,647			194,962
TOTAL			**192,647**			**194,962**

Included in the item is the fair value assessment of Fintecna's investments in the separate assets EFIM and IGED, which were consolidated 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	31/12/2023	31/12/2022
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		**192,647**	**192,647**	**194,962**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies		192,647	192,647	194,962
f) Households				
TOTAL		**192,647**	**192,647**	**194,962**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2023						31/12/2022		
	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
1.1 Structured securities									
1.2 Other debt securities								18	63
2. Equity securities						45,932	5		17,272
3. Units in collective investment undertakings			2,738,743		156,754	428,506		170,147	2,828,271
4. Loans						58,932			112,577
4.1 Repurchase agreements									
4.2 Other						58,932			112,577
TOTAL			**2,738,743**		**156,754**	**533,370**	**5**	**170,165**	**2,958,183**

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 1,314 million euro, Infrastructure Funds for 445 million euro, International Cooperation Funds for 184 million euro and Real Estate Funds for the remaining part.

With regard to Other companies, the total amount of 690 million euro derives mainly from investments in units of collective investment undertakings for 585 million euro, from investments in equity securities other than equity investments for 46 million euro and from other loans for 59 million euro.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY DEBTOR/ISSUER

(thousands of euro) Items/Values	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Equity securities		**45,932**	**45,932**	**17,277**
– *of which: banks*				
– *of which: other financial companies*		*4,429*	*4,429*	*10,769*
– *of which: non-financial companies*		*41,503*	*41,503*	*6,508*
2. Debt securities				**81**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				63
– *of which: insurance companies*				
e) Non-financial companies				18
3. Units in collective investment undertakings	**2,738,743**	**585,260**	**3,324,003**	**2,998,418**
4. Loans		**58,932**	**58,932**	**112,577**
a) Central banks				
b) General governments				
c) Banks				
d) Other financial companies				
– *of which: insurance companies*				
e) Non-financial companies		58,932	58,932	112,577
f) Households				
TOTAL	**2,738,743**	**690,124**	**3,428,867**	**3,128,353**

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)	31/12/2023			31/12/2022		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,797,899			10,887,804		
1.1 Structured securities						
1.2 Other debt securities	10,797,899			10,887,804		
2. Equity securities	1,062,747	97	292,875	881,239	97	260,245
3. Loans						
TOTAL	**11,860,646**	**97**	**292,875**	**11,769,043**	**97**	**260,245**

Financial assets measured at fair value through other comprehensive income amounted to 12,154 million euro as at 31 December 2023 and derived mainly from entities included in the scope of prudential consolidation.

Specifically, debt securities totalling 10,798 million euro refer to investments of the Parent Company worth 10,478 million euro, which includes Italian government bonds worth about 8,207 million euro.

Investments in equity securities amount to approximately 1,356 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 THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	31/12/2023			31/12/2022		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	10,478,292			10,518,942		
1.1 Structured securities						
1.2 Other debt securities	10,478,292			10,518,942		
2. Equity securities	442,403		74,201	325,261		69,915
3. Loans						
TOTAL	**10,920,695**		**74,201**	**10,844,203**		**69,915**

3.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	31/12/2023			31/12/2022		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	319,607			368,862		
1.1 Structured securities						
1.2 Other debt securities	319,607			368,862		
2. Equity securities	620,344	97	218,674	555,978	97	190,330
3. Loans						
TOTAL	**939,951**	**97**	**218,674**	**924,840**	97	**190,330**

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	31/12/2023	31/12/2022
1. Debt securities	**10,478,292**	**319,607**	**10,797,899**	**10,887,804**
a) Central banks				
b) General governments	8,485,650	319,607	8,805,257	9,499,734
c) Banks	1,233,406		1,233,406	696,824
d) Other financial companies	284,632		284,632	256,420
– *of which: insurance companies*				
e) Non-financial companies	474,604		474,604	434,826
2. Equity securities	**516,604**	**839,115**	**1,355,719**	**1,141,581**
a) Banks	70,431		70,431	65,089
b) Other issuer:	446,173	839,115	1,285,288	1,076,492
– other financial companies		634,207	634,207	659,897
– *of which: insurance companies*				
– non-financial companies	446,173	141,184	587,357	349,910
– other		63,724	63,724	66,685
3. Loans				
TOTAL	**10,994,896**	**1,158,722**	**12,153,618**	**12,029,385**

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	Accu-mulated partial write-offs (*)
Debt securities	10,810,224					(12,325)				
Loans										
TOTAL 31/12/2023	**10,810,224**					**(12,325)**				
Total 31/12/2022	**10,900,565**					**(12,761)**				

(*) Value to be shown for information purposes.

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 31/12/2023						Total 31/12/2022					
	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	**2,892,820**					**2,891,001**	**2,997,709**					**2,993,972**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,879,600			X	X	X	2,983,028			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	13,220			X	X	X	14,681			X	X	X
B. Loans to banks	**22,394,494**			**469,023**		**21,196,895**	**20,209,521**			**303,932**		**18,300,181**
1. Loans	17,771,693					16,999,790	15,908,665					14,390,767
1.1 Current deposit	10,972			X	X	X	11,074			X	X	X
1.2 Time deposits	2,826,206			X	X	X	2,361,512			X	X	X
1.3 Other financing:	14,934,515			X	X	X	13,536,079			X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	14,934,515			X	X	X	13,536,079			X	X	X
2. Debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
2.1 Structured												
2.2 Other debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
TOTAL	**25,287,314**			**469,023**		**24,087,896**	**23,207,230**			**303,932**		**21,294,153**

Loans and advances to banks amounted to 25,287 million euro as at 31 December 2023 and derived mainly from the Parent Company's contribution through:

- loan financing of approximately 14,850 million euro (up by 2,780 million euro compared to 2022);
- the balance on the management account of the Reserve requirement, which decreased to around 2,880 million euro (around -103 million euro compared to 2022);
- deposits for Credit Support Annexes (cash collateral) held with banks hedging counterparty risk on derivatives, for approximately 111 million euro (approximately -1,383 million euro compared to 2022);
- debt securities for approximately 4,623 million euro (+322 million euro approximately with respect to 2022).

Term deposits (2,826 thousand euro) relating to the loans of the Group's industrial companies, in particular Terna, Snam and Fincantieri are also recorded.

4.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Type of transactions/ Values	Total 31/12/2023						Total 31/12/2022					
	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	**2,892,820**					**2,891,001**	**2,997,709**					**2,993,972**
1. Time deposits				X	X	X				X	X	X
2. Reserve requirement	2,879,600			X	X	X	2,983,028			X	X	X
3. Repurchase agreements				X	X	X				X	X	X
4. Other	13,220			X	X	X	14,681			X	X	X
B. Loans to banks	**19,589,862**			**469,023**		**18,392,263**	**17,856,767**			**303,932**		**15,947,427**
1. Loans	14,967,061					14,195,158	13,555,911					12,038,013
1.1 Current deposit				X	X	X				X	X	X
1.2 Time deposits	32,671			X	X	X	19,986			X	X	X
1.3 Other financing:	14,934,390			X	X	X	13,535,925			X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	14,934,390			X	X	X	13,535,925			X	X	X
2. Debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
2.1 Structured												
2.2 Other debt securities	4,622,801			469,023		4,197,105	4,300,856			303,932		3,909,414
TOTAL	**22,482,682**			**469,023**		**21,283,264**	**20,854,476**			**303,932**		**18,941,399**

4.1 OF WHICH: PERTAINING TO OTHER COMPANIES

	Total 31/12/2023						Total 31/12/2022					
	Carrying amounts			Fair value			Carrying amounts			Fair value		
(thousands of euro) 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												
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	**2,804,632**					**2,804,632**	**2,352,754**					**2,352,754**
1. Loans	2,804,632					2,804,632	2,352,754					2,352,754
1.1 Current deposit	10,972			X	X	X	11,074			X	X	X
1.2 Time deposits	2,793,535			X	X	X	2,341,526			X	X	X
1.3 Other financing:	125			X	X	X	154			X	X	X
– repurchase agreements				X	X	X				X	X	X
– finance lease				X	X	X				X	X	X
– other	125			X	X	X	154			X	X	X
2. Debt securities												
2.1 Structured												
2.2 Other debt securities												
TOTAL	**2,804,632**					**2,804,632**	**2,352,754**					**2,352,754**

Loans and advances to banks pertaining to Other companies mainly include term deposits (2,794 million euro), primarily attributable to the Terna group (1,656 million euro), the Snam group (854 million euro) and the Fincantieri group (123 million euro).

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS TO CUSTOMERS

(thousands of euro)	Total 31/12/2023						Total 31/12/2022					
	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
1. Loans	**254,380,113**	**210,270**		**176,873**		**251,919,076**	**263,383,783**	**428,389**		**144,749**		**258,144,622**
1.1 Current accounts	13,577			X	X	X	9,458			X	X	X
1.1.1 Cash and cash equivalents held with Central State Treasury	147,390,322			X	X	X	156,842,617			X	X	X
1.2 Repurchase agreements				X	X	X	229,412			X	X	X
1.3 Loans	100,351,315	199,314		X	X	X	100,128,001	419,842		X	X	X
1.4 Credit cards, personal loans and loans repaid by automatic deductions from wages	218			X	X	X	250			X	X	X
1.5 Finance lease	124,415			X	X	X	126,179			X	X	X
1.6 Factoring				X	X	X				X	X	X
1.7 Other	6,500,266	10,956		X	X	X	6,047,866	8,547		X	X	X
2. Debt securities	**68,416,361**	**2,825**		**54,524,373**	**6,725,654**	**3,396,010**	**61,395,889**	**19,897**		**44,552,954**	**6,477,485**	**3,568,197**
2.1 Structured securities												
2.2 Other debt securities	68,416,361	2,825		54,524,373	6,725,654	3,396,010	61,395,889	19,897		44,552,954	6,477,485	3,568,197
TOTAL	**322,796,474**	**213,095**		**54,701,246**	**6,725,654**	**255,315,086**	**324,779,672**	**448,286**		**44,697,703**	**6,477,485**	**261,712,819**

Loans to customers, which primarily 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 table provides a breakdown of the positions by technical form.

Cash and cash equivalents held with Central State Treasury, current account no. 29814 called "Cassa DP SPA - Gestione Separata", into which the liquidity related to CDP's Separate Account operations is deposited, amount to approximately 147,390 million euro (down by 9,452 million euro compared to the end of 2022). The reduction from the previous year is mainly attributable to (i) the financing of CDP's business operations, (ii) the continued reduction in the stock of short-term lending and funding implemented in response to the new interest rate scenario, and (iii) the increase in the investment securities portfolio (HTC) in order to support prospective profitability, while maintaining assets that are easily convertible into cash and can serve as collateral for repurchase agreements.

Starting 1 January 2023, the Ministry of Economy and Finance will pay interest to CDP on the liquid assets held with the State Treasury, this interest rate takes into account the cost of postal savings incurred by CPP and the annual return on government securities across short and medium to long-term maturities[94].

As at 31 December 2023, there were no active repo transactions outstanding (at the end of 2022, there were approximately 229 million euro outstanding), following the strategy mentioned earlier to decrease short-term lending positions.

For the Group, the volume of mortgages and other loans amounted to approximately 107,062 million euro, which was substantially unchanged compared to the same period last year.

The amount of debt securities reported in this category totalled around 68,419 million euro (+7,003 million euro compared to the end of 2022), with 62,905 million euro in Italian government bonds subscribed by the Parent Company, reflecting a rise compared to the prior year (+6,794 million euro) due to acquisitions executed in line with the portfolio strategy.

4.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY DEBTOR/ISSUER OF LOANS TO CUSTOMERS

(thousands of euro) Type of transactions/Values	Total 31/12/2023			Total 31/12/2022		
	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets	Stage 1 & 2	Stage 3	Purchased or originated credit impaired financial assets
1. Debt securities	**68,416,361**	**2,825**		**61,395,889**	19,897	
a) General governments	63,483,225			56,734,625		
b) Other financial companies	1,155,711			1,008,891		
– *of which: insurance companies*						
c) Non-financial companies	3,777,425	2,825		3,652,373	19,897	
2. Loans	**254,380,113**	**210,270**		**263,383,783**	**428,389**	
a) General governments	227,958,942	28,981		238,597,327	66,759	
b) Other financial companies	5,792,316			5,547,385		
– *of which: insurance companies*						
c) Non-financial companies	20,601,282	179,997		19,212,356	360,222	
d) Households	27,573	1,292		26,715	1,408	
TOTAL	**322,796,474**	**213,095**		**324,779,672**	**448,286**	

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: GROSS VALUE AND ACCUMULATED IMPAIRMENT

(thousands of euro)	Gross value					Accumulated impairment				
	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-offs (*)
Debt securities	72,718,893		541,392	28,246		(97,938)	(123,185)	(25,421)		
Loans	263,704,137		12,036,250	363,747		(276,985)	(418,776)	(153,477)		
TOTAL 31/12/2023	**336,423,030**		**12,577,642**	**391,993**		**(374,923)**	**(541,961)**	**(178,898)**		
Total 31/12/2022	**336,946,154**		**11,960,420**	**666,786**		**(366,893)**	**(552,779)**	**(218,500)**		

(*) Value to be shown for information purposes.

94 The calculation formula for determining rates is designed to gradually increase the significance of the government bond component over time, while ensuring it does not exceed the trend observed in the average cost of government bonds over a preceding period longer than one year, while, at the same time, still ensuring appropriate remuneration for the expenses incurred by CDP to replenish the Treasury current account.

4.4A LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND ACCUMULATED IMPAIRMENT

The following table shows outstanding loans, providing insights into gross value and accumulated impairment, categorised by risk stage, representing newly extended liquidity facilitated by public guarantee mechanisms issued in accordance with the Covid-19 framework.

	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 (*)
TOTAL 31/12/2023	**810,046**		**29,765**	**29,934**		**(2,795)**	**(177)**	**(4,360)**		
Total 31/12/2022	**1,216,472**			**44,861**		**(4,158)**		**(6,650)**		

(*) Value to be shown for information purposes.

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.

(thousands of euro) Time bands	Total 31/12/2023 Lease payments to be received	Total 31/12/2022 Lease payments to be received
Up to 1 year	12,165	12,162
Between 1 and 2 years	12,189	12,186
Between 2 and 3 years	12,189	12,186
Between 3 and 4 years	12,189	12,186
Between 4 and 5 years	12,189	12,186
Over 5 years	63,610	65,456
TOTAL LEASE PAYMENTS TO BE RECEIVED	**124,531**	**126,362**
Reconciliation with finance leases	**(116)**	**(183)**
Unearned finance income (-)	(116)	(183)
Finance leases	**124,415**	**126,179**

SECTION 5 - HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF HEDGE AND LEVEL

	Fair value 31/12/2023			Notional value	Fair value 31/12/2022			Notional value
(thousands of euro)	Level 1	Level 2	Level 3	31/12/2023	Level 1	Level 2	Level 3	31/12/2022
A. Financial derivatives		**2,267,140**		**29,968,267**		**4,595,099**		**38,527,031**
1) Fair value		2,016,763		20,213,741		4,240,944		31,422,440
2) Cash flow		250,377		9,754,526		354,155		7,104,591
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL		**2,267,140**		**29,968,267**		**4,595,099**		**38,527,031**

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	33,691				X	X	X	35,950	X	X
2. Financial assets at amortised cost	546,556	X			X	X	X	11,872	X	X
3. Portfolio	X	X	X	X	X	X	1,376,478	X		X
4. Other			29,942			145	X	48,610	X	
TOTAL ASSETS	**580,247**		**29,942**			**145**	**1,376,478**	**96,432**		
1. Financial liabilities	29,951	X		X			X	153,945	X	X
2. Portfolio	X	X	X	X	X	X		X		X
TOTAL LIABILITIES	**29,951**							**153,945**		
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	31/12/2023	31/12/2022
1. Positive fair value change	**337,326**	
1.1 Of specific portfolios:	337,326	
a) financial assets measured at amortised cost	337,326	
b) financial assets measured at fair value through other comprehensive income		
1.2 Overall		
2. Negative fair value change	**(2,338,818)**	**(2,986,650)**
2.1 Of specific portfolios:	(2,338,818)	(2,986,650)
a) financial assets measured at amortised cost	(2,338,818)	(2,986,650)
b) financial assets measured at fair value through other comprehensive income		
2.2 Overall		
TOTAL	**(2,001,492)**	**(2,986,650)**

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. Ecos S.r.l.	Genoa	Genoa	7	Snam S.p.A.	33.34%	33.34%
15. Elco - Valvitalia TGT JV	Netanya	Netanya	7	Valvitalia S.p.A.	50.00%	50.00%

Company name	Registered office	Operational headquarters	Type of relation-ship [1]	Investor	% holding	% of votes [2]
16. Energie Reti Gas S.r.l.	Milan	Milan	7	Medea S.p.A.	49.00%	49.00%
17. FINMESA S.c.ar.l.	Milan	Milan	7	Fincantieri SI S.p.A.	50.00%	50.00%
18. Fincantieri Clea Buildings S.c.ar.l.	Milan	Milan	7	Fincantieri Infrastructure S.p.A.	51.00%	51.00%
19. Greenit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	CDP Equity S.p.A.	49.00%	49.00%
20. Holding Reti Autostradali S.p.A.	Rome	Rome	7	CDP Equity S.p.A.	51.00%	51.00%
21. Hotelturist S.p.A.	Padua	Padua	7	CDP Equity S.p.A.	45.95%	45.95%
22. Metano S. Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Sant'Angelo Lodigiano	7	Italgas S.p.A.	50.00%	50.00%
23. Naviris S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	50.00%	50.00%
24. Nuovo Santa Chiara Hospital S.c.ar.l.	Florence	Pisa	7	Fincantieri Infrastrutture Sociali S.p.A.	50.00%	50.00%
25. OLT Offshore LNG Toscana S.p.A.	Milan	Livorno	7	Snam S.p.A.	49.07%	49.07%
26. Open Fiber Holdings S.p.A.	Milan	Milan	7	CDP Equity S.p.A.	60.00%	60.00%
27. Orizzonte Sistemi Navali S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	51.00%	51.00%
28. PerGenova S.c.p.A.	Genoa	Genoa	7	Fincantieri Infrastructure S.p.A.	50.00%	50.00%
29. Southeast Electricity Network Coordination Center S.A.	Thessaloniki	Thessaloniki	7	Terna S.p.A.	33.00%	33.00%
30. Saipem S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	CDP Equity S.p.A.	12.82%	12.82%
31. Sea One S.p.A.	Milan	Milan	7	Fondo Italiano Consolidamento e Crescita (FICC)	71.43%	71.43%
32. Seacorridor S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	Snam S.p.A.	49.90%	49.90%
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 [4]	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. 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%
38. White S.r.l.	Milan	Milan	7	Fondo Italiano Consolidamento e Crescita (FICC)	65.00%	65.00%
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. Acqualatina S.p.A.	Latina	Latina	4	Idrolatina S.r.l.	49.00%	49.00%
4. Ansaldo Algerie S.àr.l.	Algiers	Algiers	4	Ansaldo Energia S.p.A.	49.00%	49.00%
5. Bioteca Soc. Cons. a r.l.	Carpi (MO)	Santorso (VI)	4	SOF S.p.A.	33.33%	33.33%
6. Brevik Technology AS	Brevik	Brevik	4	Vard Group AS	34.00%	34.00%
7. CESI S.p.A.	Milan	Milan	4	Terna S.p.A.	42.70%	42.70%
8. CGES A.D.	Podgorica	Podgorica	4	Terna S.p.A.	22.09%	22.09%
9. CORESO S.A.	Brussels	Brussels	4	Terna S.p.A.	15.84%	15.84%
10. CSS Design Limited	British Virgin Islands (UK)	British Virgin Islands (UK)	4	Vard Marine Inc.	31.00%	31.00%
11. Castor Drilling Solution AS	Kristiansand S	Kristiansand S	4	Seaonics AS	34.13%	34.13%
12. 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%
13. Cisar Costruzioni S.c.ar.l.	Milan	Rome	4	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	30.00%
14. Città Salute Ricerca Milano S.p.A	Milan	Rome	4	Fincantieri Infrastrutture Sociali S.p.A.	30.00%	30.00%
15. Consorzio PerGenova Breakwater	Genoa	Genoa	4	Fincantieri Infrastructure Opere Marittime S.p.A.	25.00%	25.00%
16. dCarbonX Ltd.	London	London	4	Snam International B.V.	50.00%	50.00%

	Company name	Registered office	Operational headquarters	Type of relation-ship [1]	Investor	% holding	% of votes [2]
17.	DECOMAR S.p.A.	Massa (MS)	Massa (MS)	4	Fincantieri S.p.A.	20.00%	20.00%
18.	DIDO S.r.l.	Milan	Milan	4	Fincantieri S.p.A.	30.00%	30.00%
19.	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%
20.	Europrogetti & Finanza S.r.l. in liquidazione	Rome	Rome	4	CDP S.p.A.	31.80%	31.80%
21.	East Mediterranean Gas Company S.a.e.	Cairo	Cairo	4	Snam International B.V.	25.00%	25.00%
22.	Elite S.p.A.	Milan	Milan	4	CDP S.p.A.	15.00%	15.00%
23.	Energetika S.c.ar.l.	Florence	Florence	4	SOF S.p.A.	40.00%	40.00%
24.	Enerpaper S.r.l.	Torino	Torino	4	Geoside S.p.A.	20.01%	20.01%
25.	Eni S.p.A.	Rome	Rome	4	CDP S.p.A.	27.73%	27.73%
26.	Equigy B.V.	Arnhem	Arnhem	4	Terna S.p.A.	20.00%	20.00%
27.	GPI S.p.A.	Trento	Trento	4	CDP Equity S.p.A.	18.41%	18.41%
28.	Galaxy Pipeline Assets Holdco Limited	Jersey	Jersey	4	Snam S.p.A.	12.33%	12.33%
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.	21.59%	21.59%
34.	Interconnector Ltd.	London	London	4	Snam International B.V.	23.68%	23.68%
35.	Interconnector Zeebrugge Terminal B.V.	Brussels	Brussels	4	Snam International B.V.	25.00%	25.00%
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	Fondo Sviluppo Comparto A	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.	14.96%	14.96%
41.	Nexi S.p.A.	Milan	Milan	4	CDPE Investimenti S.p.A.	8.27%	8.27%
				4	CDP Equity S.p.A.	5.29%	5.29%
42.	Note Gestione S.c.ar.l.	Reggio Emilia	Reggio Emilia	4	SOF S.p.A.	34.00%	34.00%
43.	Poste Italiane S.p.A.	Rome	Rome	4	CDP S.p.A.	35.00%	35.00%
44.	Prelios Solutions & Technologies S.r.l.	Milan	Milan	4	Fincantieri NexTech S.p.A.	49.00%	49.00%
45.	S.Ene.Ca Gestioni S.c.ar.l.	Florence	Florence	4	SOF S.p.A.	49.00%	49.00%
46.	STARS Railway Systems	Rome	Rome	4	IDS Ingegneria Dei Sistemi S.p.A.	48.00%	48.00%
				4	TRS Sistemi S.r.l.	2.00%	2.00%
47.	Senfluga energy infrastructure holdings S.A.	Athens	Athens	4	Snam S.p.A.	54.00%	54.00%
48.	Siciliacque S.p.A.	Palermo	Palermo	4	Idrosicilia S.p.A.	75.00%	75.00%
49.	Solstad Supply AS	Alesund	Alesund	4	Vard Group AS	26.66%	26.66%
50.	Trans Adriatic Pipeline AG	Baar	Baar	4	Snam International B.V.	20.00%	20.00%
51.	Trevi Finanziaria Industriale S.p.A	Cesena	Cesena	4	CDPE Investimenti S.p.A.	21.28%	21.28%
52.	Unifer Navale S.r.l. in liquidazione	Finale Emilia (MO)	Finale Emilia (MO)	4	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	20.00%	20.00%
53.	Webuild S.p.A.	Milan	Milan	4	Fincantieri S.p.A.	0.07%	0.07%
				4	CDP Equity S.p.A.	16.44%	16.44%
54.	Zena Project S.p.A.	Carpi (MO)	Carpi (MO)	4	Renovit Public Solutions S.p.A.	35.93%	35.93%

Company name	Registered office	Operational headquarters	Type of relation-ship (1)	Investor	% holding	% of votes (2)
C. Unconsolidated subsidiaries (3)						
1. 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%
2. Arbolia S.r.l. Società Benefit	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
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. Consorzio Bancario Sir S.p.A. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
6. Consorzio IMAFID in liquidazione	Naples	Naples	1	Fintecna S.p.A.	56.85%	56.85%
7. Consorzio MED.IN. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	85.00%	85.00%
8. Elettra One S.p.A.	Milan	Milan	1	Fondo Italiano Consolidamento e Crescita (FICC)	90.20%	90.20%
9. Govone Biometano S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
10. IES Biogas S.r.l. (Argentina) in liquidazione	Buenos Aires	Buenos Aires	1	Bioenerys S.r.l.	5.00%	5.00%
			1	Bioenerys Agri S.r.l.	95.00%	95.00%
11. ITsART S.p.A. in liquidazione	Milan	Milan	1	CDP S.p.A.	51.00%	75.74%
12. Quadrifoglio Genova S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l. in liquidazione	100.00%	100.00%
13. RENPV1 S.r.l	Milan	Milan	1	Tep Energy Solution S.r.l.	100.00%	100.00%
14. RENPV2 S.r.l.	Milan	Milan	1	Tep Energy Solution S.r.l.	100.00%	100.00%
15. Snam Gas & Energy Services (Beijing) Co. Ltd.	Beijing	Beijing	1	Snam International B.V.	100.00%	100.00%
16. 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%
17. Tea Innovazione Due S.r.l.	Brescia	Brescia	1	Tep Energy Solution S.r.l.	100.00%	100.00%
D. Unconsolidated associates (3)						
1. Albanian Gas Service Company Sh.a.	Tirana	Tirana	4	Snam S.p.A.	25.00%	25.00%
2. Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Mercogliano (AV)	4	Fintecna S.p.A.	45.46%	45.46%
3. EES Valvitalia Nigeria	Port Harcourt	Port Harcourt	4	Valvitalia S.p.A.	35.00%	35.00%
4. Energy Investment Solution S.r.l. (in liquidazione)	Milan	Brescia	4	Tep Energy Solution S.r.l.	40.00%	40.00%
5. Latina Biometano S.r.l.	Rome	Latina	4	Bioenerys Agri 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 liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l. in liquidazione	50.00%	50.00%
8. Redo SGR S.p.A.	Milan	Milan	4	CDP S.p.A.	30.00%	30.00%
9. Sosaval S.àr.l.	Dar El Beida	Dar El Beida	4	Valvitalia S.p.A.	40.00%	40.00%
10. Tianjin Ei Fire Fighting Equipment Co. Ltd.	Tianjin Airport Economic Area	Tianjin Airport Economic Area	4	Valvitalia S.p.A.	33.00%	33.00%

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) Participation in financial rights is equal to 89.2%.

Financial line item 70, relating to equity investments, amounted to 26,617 million euro as at 31 December 2023, a decrease of 120 million euro from the previous year.

The change is attributable to the valuation processes carried out in 2023, which are described below and partially offset each other:

- with regard to Eni, the equity investment value decreased by 44 million euro, attributable partly to the rise driven by the Group's annual profit of 1,269 million euro, and partly to the decline resulting from changes in valuation reserves amounting to -547 million euro. Added to these effects is the impact of the reversal of the dividend and other changes for a total value of -766 million euro;
- the Poste Italiane equity investment value increased by 792 million euro, due to the Group's share of profit for the year which rose by 587 million euro and the positive change in valuation reserves of 557 million euro, offset by the reversal of the dividend and other changes for -352 million euro;
- the Saipem equity investment value increased by 42 million euro due to Group's share of profit for the year which rose by 23 million euro, and the positive change in valuation reserves and other changes for 19 million euro;
- the equity investment value in Holding Reti Autostradali, the parent company of Autostrade per l'Italia, decreased by 244 million euro. Income from the investee's equity investments accounted for using the equity valuation method amounted to 95 million euro, offset by an overall decrease of 339 million euro attributable to the reversal of dividends and changes in valuation and other reserves;
- regarding the equity investment in Nexi, which saw a decrease of 715 million euro, the decline was driven by the Group's result for the year amounting to a loss of 11 million euro, along with the recognition of an equity investment write-down totalling 712 million euro recognised following the impairment test, offset by positive changes in valuation reserves and other adjustments for 8 million euro.
- the equity investment value in Open Fiber Holdings, the parent company of Open Fiber, decreased by 253 million euro. The investee's equity investments accounted for using the equity valuation method resulted in a decrease in the Group's share of the result for the year of -165 million euro, and a further overall decrease of 88 million euro attributable to changes in valuation and other reserves. During 2023, Open Fiber achieved significant deviations from its commercial, operational and financial targets, which led the company to update the guidelines of its business plan and to engage in a negotiation, currently underway, with the stakeholders involved (the public counterparts, the reference shareholders and the banking class) in order to be able to (i) put in place initiatives to mitigate the exogenous factors underlying the company's underperformance and (ii) redefine its long-term financial structure;
- with regard to the equity investment in Webuild, which saw a decrease of 27 million euro, the decline was primarily driven by the Group's share of the result for the year (including consolidation entries), amounting to a gain of 7 million euro, offset by a reduction in valuation reserves and other adjustments, including the reversal of dividends, for a total loss of 34 million euro;
- regarding the Snam group, notable activities include (i) purchases and subscriptions mainly related to the acquisition, from Eni, of a 49.9% equity investment in SeaCorridor S.r.l. (410 million euro), a company that holds equity investments in the companies that operate the TTPC and TMPC gas pipelines; (ii) disposals and redemptions that mainly relates to the sale of shares in Industrie De Nora S.p.A. Equity investment disposals, amounting to 68 million euro resulting in a reduction of Snam's shareholding from 25.79% to 21.59% and to the redemption of capital reserves by SeaCorridor S.r.l. (87 million euro); (iii) the impact of the equity investments accounted for using the equity valuation method recognised in the income statement (410 million euro).

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 related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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 also considered 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 tensions in the international geo-political arena and the uncertainty of the macroeconomic scenario (e.g. evolution of the inflationary scenario and the resulting monetary policy strategies of the central banks);
- 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 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 geopolitical risks and uncertainty on the evolution of 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, as at 31 December 2023, impairment triggers were activated on some of the key equity investments accounted for using the equity method (Eni, Poste Italiane, Nexi, Open Fiber Holdings, Saipem, Webuild and GPI), essentially for the actual results and/or the performance of market prices.

When estimating the recoverable amount of equity investments, which is determined as the higher value between fair value less transaction costs and value in use, CDP has implemented several fundamental principles with due consideration given to (i) the current historical context characterised by a combination of factors including heightened geopolitical tensions, which are exacerbated by ongoing conflicts such as the war in Ukraine and events in the Middle East, amidst tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties regarding future developments, and (ii) the guidance provided by both national and international regulatory bodies, alongside directives from industry organisations. 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. revisions of inflation forecasts and expectations on interest rates)[95];
- 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;
- the use of the latest available exact survey of Country Risk Premiums, only where deemed most significant, instead of the average of the latest surveys.

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 hydrocarbons (e.g. oil) 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, profitability and long-term growth rate, if applicable, based on the value estimation method used.
- stock prices for listed companies, also in order to take into account potential unfavourable share price trends linked to the generalised context of uncertainty that could increase market volatility.

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.

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
Eni	13,494,319	Fair value	Stock market price
Poste Italiane	2,825,833 [96]	Fair value	Stock market price
Nexi	1,534,251	Value in use	Discounted Cash Flow
Open Fiber Holdings	1,201,884	Value in use	Dividend Discount Model[97]
Saipem	306,985	Fair value	Stock market price
Webuild	239,042	Fair value	Stock market price
GPI	66,162	Value in use	Discounted Cash Flow

Eni

The recoverable amount of the equity investment in Eni was measured at fair value less transaction costs.

The fair value of the equity investment was calculated on the basis of the volume-weighted average stock market prices ("VWAP" method) in December 2023.

The impairment test found that the fair value was higher than the carrying value of the equity investment in CDP's consolidated financial statements and, consequently, the carrying amount of the equity investment was confirmed. It should be noted that in order to align the fair value — thus determined — with the carrying value of the equity investment (assuming a break-even scenario), it would be necessary to reduce the VWAP by about 4%.

[95] 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.
[96] Including the impact related to the first-time adoption of IFRS 17.
[97] The Dividend Discount Model is the methodology used to determine the recoverable amount of Open Fiber, a wholly-owned subsidiary of Open Fiber Holdings. The recoverable amount of the equity investment held in Open Fiber Holdings was then determined using a Net Asset Value methodology.

Poste Italiane

The recoverable amount of the equity investment in Poste Italiane was measured at fair value less transaction costs.

The fair value of the equity investment was calculated on the basis of the volume-weighted average stock market prices ("VWAP" method) in December 2023.

The impairment test found that the fair value was higher than the carrying value of the equity investment in CDP's consolidated financial statements and, consequently, the carrying amount of the equity investment was confirmed. It should be noted that in order to align the fair value — thus determined — with the carrying value of the equity investment (assuming a break-even scenario), it would be necessary to reduce the VWAP by about 39%.

Nexi

At 31 December 2023, with the support of a third party independent valuation specialist, the recoverable amount of the equity investment held in Nexi was measured at value in use, estimated using the discounted cash flow method (i.e. Discounted Cash Flow, DCF unlevered) based on a two-stage model, with (i) a clearly stated forecast of future cash flows for the years 2024-2028 and (ii) the calculation of the terminal value using the formulae 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 the estimates prepared by the financial analysts that cover the share.

Specifically:
- the values in the specific period 2024-2028 are based on the public estimates prepared by a selected group of financial analysts and by extrapolation of a growth rate;
- 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) by applying the Capital Asset Pricing Model for the cost of equity, and (ii) by analysing the cost of indebtedness and the debt to equity ratio parameters from comparable companies operating in the sector.

The impairment test carried out as at 31 December 2023 compared to the previous reporting date, 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 can be mainly attributed to:
- a deterioration of forecast flows, as taken from the expectations of financial analysts covering the share;
- an 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 equity investment arising from the impairment test amounted to 1,534 million euro, resulting in an impairment adjustment in the consolidated financial statements of 712 million euro.

Open Fiber Holdings

The recoverable amount of the equity investment in Open Fiber Holdings was determined, also with the help of a third party independent valuation specialist by estimating the Net Asset Value (NAV) of the company at 31 December 2023, calculating the recoverable amount of the entire equity investment in Open Fiber, by applying the Dividend Discount Model (DDM Method) based on a two-stage model, with: (i) explicit forecast of future cash flows for the years 2024-2042[98] derived from the economic-financial projections based on estimates provided by the company's management, (ii) calculation of the terminal value using the formulae

[98] The primary time frame identified by the company's management as the most indicative for fully capitalising on the fundamentals, with consideration given to potential extensions of the duration of the company's awarded concessions.

of cash flows in perpetuity. The discount rate is equal to the estimated cost of equity using the Capital Asset Pricing Model theory, utilising specific parameters obtained from an analysis of the key comparable listed companies. Furthermore, an additional risk premium has been factored into the discount rate to account for certain anticipated events reflected in the estimates of future cash flows. These events are associated with ongoing discussions (i) with public authorities regarding initiatives to address external factors impacting the company's performance and (ii) with financial stakeholders concerning the formulation of the long-term capital structure.

The impairment test found that the recoverable amount was higher than the carrying value of the equity investment in the CDP consolidated financial statements, and therefore, its carrying amount was confirmed. Since the value in use is determined through the use of estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the exercise. Specifically, sensitivity analyses were conducted with particular reference to the discount rate (cost of equity) and the EBITDA used to estimate the Terminal Value, which show that any non-marginal negative changes in these variables would result in a recoverable amount lower than that identified at the reference date, but in any case higher than the carrying value of the equity investment. The sensitivity analyses carried out with reference to the main assumptions showed that, in order to align the value in use - thus determined - with the carrying value of the equity investment (assuming a break-even scenario), it would be necessary to (i) increase the cost of equity by approximately 50 bps, or (ii) reduce the EBITDA used to estimate the Terminal Value by approximately 13%.

Saipem

The recoverable amount of the equity investment in Saipem was measured at fair value less transaction costs.

The fair value of the equity investment was calculated on the basis of the volume-weighted average stock market prices ("VWAP" method) in December 2023.

The impairment test found that the fair value was higher than the carrying value of the equity investment in CDP's consolidated financial statements and, consequently, the carrying amount of the equity investment was confirmed. It's important to highlight that to align the fair value, as stated above, with the carrying value of the equity investment (assuming a break-even scenario), a reduction of approximately 17% in the VWAP would be necessary.

Webuild

The recoverable amount of the equity investment in Webuild was measured at fair value less transaction costs.

The fair value of the equity investment was calculated on the basis of the volume-weighted average stock market prices ("VWAP" method) in December 2023.

The impairment test found that the fair value was higher than the carrying value of the equity investment in CDP's consolidated financial statements and, consequently, the carrying amount of the equity investment was confirmed. It's important to highlight that to align the fair value, as stated above, with the carrying value of the equity investment (assuming a break-even scenario), a reduction of approximately 23% in the VWAP would be necessary.

GPI

The recoverable amount of the equity investment held in GPI was determined at the value in use estimated using the discounted cash flow method (i.e. Discounted Cash Flow, DCF unlevered) based on a two-stage model, with (i) a clearly stated forecast of future cash flows for the years 2024-2025 and (ii) the calculation of the terminal value using the formulae 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 the estimates prepared by the financial analysts that cover the share.

Specifically:
- the values in the specific period 2024-2025 are based on the public estimates prepared by a selected group of financial analysts;
- the terminal value was calculated using the perpetuity growth model, estimating the cash flows of GPI with a medium/long-term view;
- the WACC was estimated: (i) by applying the Capital Asset Pricing Model for the cost of equity, (ii) by considering the average implicit debt cost throughout the Plan horizon for the cost of indebtedness, and (iii) for the debt-to-equity ratio, by analysing these parameters for the main comparable 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 CDP consolidated financial statements, and consequently the carrying amount of the equity investment was confirmed. Since the value in use is determined using estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the exercise. Specifically, sensitivity analyses were conducted with particular reference to the WACC discount rate and the growth rate, which show that any non-marginal negative changes in these variables would result in a recoverable amount lower than that identified at the reference date, but in any case, higher than the carrying value of the equity investment. The sensitivity analyses carried out with reference to the main assumptions have shown that in order to align the value in use — thus determined — with the carrying value of the equity investment (assuming a break-even scenario) it would be necessary to (i) increase the WACC by about 50 bps, or (ii) reduce the growth rate by about 50 bps.

Other equity investments

Lastly, it should be noted that as of December 31, 2023, the Snam group, considering the macroeconomic context marked, also in the last twelve months, by the presence of a significant inflationary phenomenon to which the main central banks, including the ECB, have responded with significant and repeated increases in their respective reference interest rates, has subjected all the main equity investments held in jointly controlled companies and in associated companies to impairment testing, verifying their recoverability by comparing their book value with their recoverable value, represented by the higher of fair value and value in use. The perimeter of Snam group's portfolio holdings in joint ventures and associated companies is unchanged from December 31, 2022, except for the SeaCorridor CGU present against the acquisition of 49.9% of the company's capital, completed by Snam in January 2023.

Specifically, to perform the impairment test, the recoverable value of equity investments was determined in the value in use configuration based on the Dividend Discount Model (DDM) or Discounted Cash Flow (DCF) methodology, except for the investment in Industrie De Nora S.p.A., an associated company, for which the recoverable value was determined based on market prices as of the end of the year.

With reference to the stakes held in the Austrian companies TAG and GCA, the current scenario remains marked by significant uncertainties related not only to the duration and outcome of the Russian-Ukrainian conflict, but also to the process of defining the new regulatory framework applicable from 2025.

With regard to the stake held by Snam S.p.A. in TAG (84.47%), the company that owns the pipeline that transports Russian gas to Italy, crossing Austria, passing through Ukraine, Slovakia and up to the entry point of Tarvisio, the trend already recorded in 2022 is confirmed, i.e. a significant reduction in Russian gas supplies having, moreover, reached natural maturity at the end of 2022, about 85% of the long-term transportation capacity contracts. During 2023, less significant impacts are instead reported with reference to GCA (Gas Connect Austria), this also due to the long-term transportation capacity contracts in place, with gradual expirations up to 2031; the company, during the year, used its interconnection points with Germany to ensure the security of supply in Austria and guarantee, at the same time, the achievement of the domestic storage filling target.

In view of the changed environment mentioned above, already for the purposes of the consolidated financial statements as of 31/12/2022, Snam has made write-downs on the investments held in the Austrian companies TAG and GCA, amounting to 340 million euro and 25 million euro, respectively.

At the moment, both investee companies, are actively continuing with the interaction with the Austrian Regulatory Authority, which started in 2023, regarding the definition of the new regulatory framework, which is expected to be finalized by the end of the first half of 2024; although the regulator has shown openness to eliminating the so-called volume risk, high uncertainty remains regarding the rules and parameters under which the companies will be remunerated from 2025. In this scenario, the forecasts used to estimate the recoverable value as of December 31, 2023, were developed.

As a result, Snam, as soon as the new regulatory framework is finalized, with the consequent elimination of the uncertainty referring to the companies' future remuneration levels, will update its assessments of the recoverable value of the investments held in the Austrian companies.

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.	1,201,884		
2. Holding Reti Autostradali S.p.A.	3,737,552		309,060
B. Companies subject to significant influence			
1. Eni S.p.A.	13,494,319	14,368,483	851,923
2. Poste Italiane S.p.A.	2,825,833	4,697,098	309,483
3. Nexi S.p.A.	1,534,251	1,317,853	

(*) 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 2023 (29 December 2023).

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.	63	510	10,965	5,557	2,499	553	(232)	(467)	(481)	(383)		(383)	(153)	(536)
2. Holding Reti Autostradali S.p.A.	2,223	625	26,014	11,893	8,225	5,763		(1,640)	314	205		205	(63)	142
B. Companies subject to significant influence														
1. Eni S.p.A.	X	9,979	122,434	34,065	54,897	94,816	X	X	10,228	4,860		4,860	(1,551)	3,309
2. Poste S.p.A.	X	237,159	29,456	95,393	164,995	12,128	X	X	2,727	1,933		1,933	1,578	3,512
3. Nexi S.p.A.	X	5,850	19,710	11,378	3,686	5,814	X	X	(890)	(1,024)	21	(1,003)	19	(983)

The consolidated accounting figures for joint arrangements and significant associates were produced based on the information at 31 December 2023 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.	1,522,395	60.00%	913,437	609,135	(320,688)	1,201,884
2. Holding Reti Autostradali S.p.A.	7,328,534	51.00%	3,737,552			3,737,552
B. Companies subject to significant influence						
1. Eni S.p.A.	53,184,000	27.73%	14,747,923		(1,253,604)	13,494,319
2. Poste S.p.A.	10,322,261	35.00%	3,612,791		(786,958)	2,825,833
3. Nexi S.p.A.	11,274,415	13.56%	1,528,811	1,270,862	(1,265,422)	1,534,251

Goodwill and other adjustments include changing arising as a result of the Purchase Price Allocation processes. Other adjustments also include the impact of asymmetrical transactions carried out by listed investees 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	1,990,089	20,018,851	14,789,874	14,027,344	702,189	(6,000)	881,469	757,371	954,944
Companies subject to significant influence	1,815,527	36,110,567	28,618,259	13,248,146	221,999		1,647,491	1,115,579	1,637,707

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)	31/12/2023	31/12/2022
A. Opening balance	**26,736,106**	**20,515,412**
B. Increases	**4,280,447**	**11,721,689**
B.1 Purchases	689,578	4,694,461
B.2 Writebacks		31,000
B.3 Revaluations	2,418,860	5,118,196
B.4 Other increases	1,172,009	1,878,032
C. Decreases	**4,399,981**	**5,500,995**
C.1 Sales	650,925	965,190
C.2 Writedowns	713,589	566,606
C.3 Impairment	238,981	487,608
C.4 Other decreases	2,796,486	3,481,591
D. CLOSING BALANCE	**26,616,572**	**26,736,106**
E. Total revaluations	**11,821,804**	**9,494,319**
F. Total writedowns	**2,363,076**	**1,502,605**

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 618 million euro in favour of its jointly controlled equity investments.

7.8 COMMITMENTS RELATING TO COMPANIES UNDER SIGNIFICANT INFLUENCE

The most significant commitments relating to equity investments in companies under significant influence are attributable to TAP (the investee company managed through Snam) for which, for the time being and until repayment of the loan, a mechanism has been put in place to support the repayment of the outstanding financial debt of the same 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 2023 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
Mozart HoldCo S.p.A.	Significant influence	30/06/2023
GPI S.p.A.	Significant influence	30/06/2023
Trevi Finanziaria Industriale S.p.A.	Significant influence	30/06/2023
White S.r.l.	Joint control	31/10/2023
Sea One S.p.A.	Joint control	30/06/2023
Hotelturist S.p.A.	Joint control	31/10/2023

Furthermore, when the accounting data of an associate or a joint operation used to apply the equity method is different from 31 December 2023, 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 - INSURANCE ACTIVITIES - ITEM 80

There are no insurance activities.

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	31/12/2023	31/12/2022
1. Owned	**114,396**	**42,789,955**	**42,904,351**	**40,600,878**
a) Land	62,276	546,969	609,245	590,696
b) Buildings	34,044	3,135,679	3,169,723	3,012,778
c) Furniture	3,371	6,988	10,359	10,219
d) Electrical systems	4,261	719,460	723,721	749,473
e) Other	10,444	38,380,859	38,391,303	36,237,712
2. Right of use acquired under leases	**21,415**	**396,412**	**417,827**	**396,799**
a) Land		34,958	34,958	22,267
b) Buildings	20,933	223,957	244,890	241,222
c) Furniture				
d) Electrical systems	20		20	4,784
e) Other	462	137,497	137,959	128,526
TOTAL	**135,811**	**43,186,367**	**43,322,178**	**40,997,677**
– *of which: obtained via the enforcement of the guarantees received*				

Other property, plant and equipment refer primarily to the investments in plants instrumental for the performance of the business activity by groups in the industrial sector, and in particular by Terna, Snam and Fincantieri. In detail, the item includes mainly:

- investments by Terna for approximately 16.8 billion euro, referring to power lines for 8.0 billion euro and transformation stations for 5.1 billion euro, other plant and machinery of 0.7 billion euro, industrial and commercial equipment of 56 million euro, and other assets of 96 million euro;
- investments by Snam for approximately 20.9 billion euro, including transport for 14.5 billion euro (gas pipelines for 13.5 billion euro, gas reduction regulation stations and plants for 1 billion euro), storage for 3 billion euro (storage wells for 0.9 billion euro, pipelines for 71 million euro and processing and compression stations for 2.1 billion euro), regasification for 380 million euro, other plant and machinery for 0.7 billion euro, industrial and commercial equipment for 69 million euro and other assets for 11 million euro;
- assets under construction and advances for 5.3 billion euro, of which 2.9 billion euro attributable to Terna, 2.2 billion euro to Snam and 207 million euro related to Fincantieri.

9.2 INVESTMENT PROPERTY: BREAKDOWN OF ASSETS MEASURED AT COST

(thousands of euro) Items/Values	31/12/2023 Carrying amounts	31/12/2023 Fair value Level 1	31/12/2023 Fair value Level 2	31/12/2023 Fair value Level 3	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
1. Owned	**848,330**		**634,026**	**223,067**	**840,452**		**619,236**	**221,216**
a) Land	158,474		103,344	55,130	55,130			55,130
b) Buildings	689,856		530,682	167,937	785,322		619,236	166,086
2. Right of use acquired under leases	**960**			**960**	**495**			**495**
a) Land								
b) Buildings	960			960	495			495
TOTAL	**849,290**		**634,026**	**224,027**	**840,947**		**619,236**	**221,711**
– *of which: obtained via the enforcement of the guarantees received*								

9.2 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Items/Values	31/12/2023 Carrying amounts	31/12/2023 Fair value Level 1	31/12/2023 Fair value Level 2	31/12/2023 Fair value Level 3	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
1. Owned	**208,462**			**208,462**	**214,372**			**214,372**
a) Land	55,130			55,130	55,130			55,130
b) Buildings	153,332			153,332	159,242			159,242
2. Right of use acquired under leases	**960**			**960**	**495**			**495**
a) Land								
b) Buildings	960			960	495			495
TOTAL	**209,422**			**209,422**	**214,867**			**214,867**
– *of which: obtained via the enforcement of the guarantees received*								

9.2 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Items/Values	31/12/2023 Carrying amounts	31/12/2023 Fair value Level 1	31/12/2023 Fair value Level 2	31/12/2023 Fair value Level 3	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
1. Owned	**639,868**		**634,026**	**14,605**	**626,080**		**619,236**	**6,844**
a) Land	103,344		103,344					
b) Buildings	536,524		530,682	14,605	626,080		619,236	6,844
2. Right of use acquired under leases								
a) Land								
b) Buildings								
TOTAL	**639,868**		**634,026**	**14,605**	**626,080**		**619,236**	**6,844**
– *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 31/12/2023	Total 31/12/2022
1. Inventories of property, plant and equipment from enforcement of the guarantees received		
a) Land		
b) Buildings		
c) Furniture		
d) Electrical systems		
e) Other		
2. Other inventories of property, plant and equipment	**946,912**	**717,377**
TOTAL	**946,912**	**717,377**
– *of which: measured at fair value, less costs of disposal*		

Inventories of property, plant and equipment mainly comprise property owned by CDP Immobiliare in liquidazione for 120 million euro and the real estate funds included in the scope of consolidation for 788 million euro.

9.6 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE YEAR

(thousands of euro)	Land	Buildings	Furniture	Electrical systems	Other	Total
A. Opening gross balance	**623,107**	**4,955,439**	**28,819**	**1,515,264**	**62,051,460**	**69,174,089**
A.1 Total net writedowns	(10,144)	(1,701,439)	(18,600)	(761,007)	(25,685,222)	(28,176,412)
A.2 Opening net balance	**612,963**	**3,254,000**	**10,219**	**754,257**	**36,366,238**	**40,997,677**
B. Increases	**63,277**	**391,855**	**2,779**	**126,835**	**6,464,172**	**7,048,918**
B.1 Purchases	34,979	82,167	798	43,758	3,973,443	4,135,145
– *of which: business combinations*	*21,349*	*32,051*	128	*274*	*151,063*	*204,865*
B.2 Capitalized improvement costs		269				269
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences		1,843			386	2,229
B.6 Transfers from investment property			X	X	X	
B.7 Other changes	28,298	307,576	1,981	83,077	2,490,343	2,911,275
C. Decreases	**32,037**	**231,242**	**2,639**	**157,351**	**4,301,148**	**4,724,417**
C.1 Sales	25,485	20,228	1	2,182	56,902	104,798
– *of which: business combinations*	33	1,676	1		19,732	21,442
C.2 Depreciation	3,616	170,643	1,980	144,204	1,643,660	1,964,103
C.3 Writedowns for impairment recognised in:	44	655		253	145,921	146,873
a) equity						
b) income statement	44	655		253	145,921	146,873
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences	103	9,392		369	7,170	17,034
C.6 Transfers to:		542				542
a) investment property		542	X	X	X	542
b) assets held for sale						
C.7 Other changes	2,789	29,782	658	10,343	2,447,495	2,491,067
D. CLOSING BALANCE	**644,203**	**3,414,613**	**10,359**	**723,741**	**38,529,262**	**43,322,178**
D.1 Total net writedowns	(15,251)	(1,888,189)	(24,106)	(887,558)	(27,403,643)	(30,218,747)
D.2 Closing gross balance	**659,454**	**5,302,802**	**34,465**	**1,611,299**	**65,932,905**	**73,540,925**
E. Measurement at cost						

9.6 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	Land	Buildings	Furniture	Electrical systems	Other	Total
A. Opening gross balance	**62,276**	**92,398**	**11,159**	**21,293**	**30,031**	**217,157**
A.1 Total net writedowns		(35,501)	(7,524)	(16,315)	(27,167)	(86,507)
A.2 Opening net balance	**62,276**	**56,897**	**3,635**	**4,978**	**2,864**	**130,650**
B. Increases		**14,225**	**588**	**1,136**	**9,814**	**25,763**
B.1 Purchases		1	444	975	9,298	10,718
– *of which: business combinations*						
B.2 Capitalized improvement costs		269				269
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			X	X	X	
B.7 Other changes		13,955	144	161	516	14,776
C. Decreases		**16,145**	**852**	**1,833**	**1,772**	**20,602**
C.1 Sales						
– *of which: business combinations*						
C.2 Depreciation		5,233	843	1,819	1,078	8,973
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:		542				542
a) investment property		542	X	X	X	542
b) assets held for sale						
C.7 Other changes		10,370	9	14	694	11,087
D. CLOSING BALANCE	**62,276**	**54,977**	**3,371**	**4,281**	**10,906**	**135,811**
D.1 Total net writedowns		(37,792)	(8,358)	(18,125)	(28,325)	(92,600)
D.2 Closing gross balance	**62,276**	**92,769**	**11,729**	**22,406**	**39,231**	**228,411**
E. Measurement at cost						

9.6 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	Land	Buildings	Furniture	Electrical systems	Other	Total
A. Opening gross balance	**560,831**	**4,863,041**	**17,660**	**1,493,971**	**62,021,429**	**68,956,932**
A.1 Total net writedowns	(10,144)	(1,665,938)	(11,076)	(744,692)	(25,658,055)	(28,089,905)
A.2 Opening net balance	**550,687**	**3,197,103**	**6,584**	**749,279**	**36,363,374**	**40,867,027**
B. Increases	**63,277**	**377,630**	**2,191**	**125,699**	**6,454,358**	**7,023,155**
B.1 Purchases	34,979	82,166	354	42,783	3,964,145	4,124,427
– *of which: business combinations*	*21,349*	*32,051*	128	*274*	*151,063*	*204,865*
B.2 Capitalized improvement costs						
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences		1,843			386	2,229
B.6 Transfers from investment property			X	X	X	
B.7 Other changes	28,298	293,621	1,837	82,916	2,489,827	2,896,499
C. Decreases	**32,037**	**215,097**	**1,787**	**155,518**	**4,299,376**	**4,703,815**
C.1 Sales	25,485	20,228	1	2,182	56,902	104,798
– *of which: business combinations*	33	1,676	1		19,732	21,442
C.2 Depreciation	3,616	165,410	1,137	142,385	1,642,582	1,955,130
C.3 Writedowns for impairment recognised in:	44	655		253	145,921	146,873
a) equity						
b) income statement	44	655		253	145,921	146,873
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences	103	9,392		369	7,170	17,034
C.6 Transfers to:						
a) investment property			X	X	X	
b) assets held for sale						
C.7 Other changes	2,789	19,412	649	10,329	2,446,801	2,479,980
D. CLOSING BALANCE	**581,927**	**3,359,636**	**6,988**	**719,460**	**38,518,356**	**43,186,367**
D.1 Total net writedowns	(15,251)	(1,850,397)	(15,748)	(869,433)	(27,375,318)	(30,126,147)
D.2 Closing gross balance	**597,178**	**5,210,033**	**22,736**	**1,588,893**	**65,893,674**	**73,312,514**
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**	**197,608**		**713,421**
A.1 Total net writedowns		(37,871)		(87,341)
A.2 Opening net balance	**55,130**	**159,737**		**626,080**
B. Increases		**563**	**103,344**	**69,186**
B.1 Purchases				
B.2 Capitalized improvement costs				69,186
B.3 Fair value gains				
B.4 Writebacks				
B.5 Positive exchange rate differences				
B.6 Transfers from operating property		542		
B.7 Other changes		21	103,344	
C. Decreases		**6,008**		**158,742**
C.1 Sales				
C.2 Depreciation		6,008		990
C.3 Fair value losses				
C.4 Writedowns for impairment				54,352
C.5 Negative exchange rate differences				56
C.6 Transfers to:				
a) operating property				
b) non-current assets and disposal groups held for sale				
C.7 Other changes				103,344
D. CLOSING BALANCE	**55,130**	**154,292**	**103,344**	**536,524**
D.1 Total net writedowns		(43,901)		(142,907)
D.2 Closing gross balance	**55,130**	**198,193**	**103,344**	**679,431**
E. Measurement at fair value	**55,130**	**154,292**	**103,344**	**545,287**

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	Furniture	Electrical systems	Other		
A. Opening balance						**717,377**	**717,377**
B. Increases						**277,299**	**277,299**
B.1 Purchase						168,707	168,707
B.2 Writebacks						7,782	7,782
B.3 Positive exchange rate differences							
B.4 Other changes						100,810	100,810
C. Decreases						**47,764**	**47,764**
C.1 Sales						35,652	35,652
C.2 Writedowns for impairment						12,112	12,112
C.3 Negative exchange rate differences							
C.4 Other changes							
D. CLOSING BALANCE						**946,912**	**946,912**

9.9 COMMITMENTS TO PURCHASE PROPERTY, PLANT AND EQUIPMENT

Commitments to purchase property, plant and equipment at 31 December 2023 refer mainly to:
- the Snam group, with commitments for the purchase of property, plant and equipment for approximately 2,474 million euro;
- the Fincantieri group with commitments for the purchase of property, plant and equipment for approximately 125 million euro;
- the Ansaldo Energia group with commitments for purchases of approximately 8 million euro.

SECTION 10 - INTANGIBLE ASSETS - ITEM 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY CATEGORY

(thousands of euro) Assets/Values	Prudential consolidation Definite life	Prudential consolidation Indefinite life	Other entities Definite life	Other entities Indefinite life	31/12/2023 Definite life	31/12/2023 Indefinite life	31/12/2022 Definite life	31/12/2022 Indefinite life
A.1 Goodwill	**X**	**3,189**	**X**	**1,179,151**	**X**	**1,182,340**	**X**	**1,201,633**
A.1.1 Pertaining to Group	X	3,189	X	1,053,327	X	1,056,516	X	1,071,752
A.1.2 Non-controlling interests	X		X	125,824	X	125,824	X	129,881
A.2 Other intangible assets	**78,220**		**12,491,186**	**15,900**	**12,569,406**	**15,900**	**12,140,574**	**16,473**
– *of which: software*	*46*		*693,087*		*693,133*		*714,222*	
A.2.1 Assets carried at cost:	78,220		12,491,186	15,900	12,569,406	15,900	12,140,574	16,473
a) internally-generated intangible assets			471,361		471,361		406,403	
b) other assets	78,220		12,019,825	15,900	12,098,045	15,900	11,734,171	16,473
A.2.2 Assets carried at fair value:								
a) internally-generated intangible assets								
b) other assets								
TOTAL	**78,220**	**3,189**	**12,491,186**	**1,195,051**	**12,569,406**	**1,198,240**	**12,140,574**	**1,218,106**

Other intangible assets valued at cost with finite useful life as of 31 December 2023 amounted to approximately 12,098 million euro and include the valuation of intangibles carried out in connection with business combinations involving various Group companies.

They mainly regard:

- infrastructure rights worth 9,353 million euro, of which 9,139 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;
- concessions and licences worth 1,093 million euro, which mainly include the value of concessions for the storage of natural gas pertaining to Snam;
- customer contracts valued at 210 million euro and portfolio order valued at 151 million euro;
- trademarks worth 87 million euro;
- technological know-how worth 292 million euro.

Please refer to Part G for more details on "Goodwill" with reference to the contributions from the company's operations during the period.

10.2 INTANGIBLE ASSETS: CHANGES FOR THE YEAR

		Other intangible assets: internally generated		Other intangible assets: other		
(thousands of euro)	Goodwill	Definite life	Indefinite life	Definite life	Indefinite life	Total
A. Opening gross balance	**1,246,943**	**1,143,540**		**21,234,754**	**16,473**	**23,641,710**
A.1 Total net writedowns	(45,310)	(737,137)		(9,500,583)		(10,283,030)
A.2 Opening net balance	**1,201,633**	**406,403**		**11,734,171**	**16,473**	**13,358,680**
B. Increases	**55,274**	**163,347**		**1,979,959**		**2,198,580**
B.1 Purchases	30,181	30,678		1,372,916		1,433,775
– *of which: business combinations*	*30,181*			*16,310*		*46,491*
B.2 Increases in internally-generated intangible assets	X	109,838		261,609		371,447
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences	4,715	648		9,622		14,985
B.6 Other changes	20,378	22,183		335,812		378,373
C. Decreases	**74,567**	**98,389**		**1,616,085**	**573**	**1,789,614**
C.1 Sales	537	3		7,349		7,889
C.2 Writedowns	46,037	97,346		896,849		1,040,232
– Amortisation	X	97,346		869,226		966,572
– Impairment:	46,037			27,623		73,660
+ equity	X					
+ income statement	46,037			27,623		73,660
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	9,831	753		12,699	573	23,856
C.6 Other changes	18,162	287		699,188		717,637
D. CLOSING NET BALANCE	**1,182,340**	**471,361**		**12,098,045**	**15,900**	**13,767,646**
D.1 Total net writedowns	(86,632)	(832,632)		(10,206,545)		(11,125,809)
E. CLOSING GROSS BALANCE	**1,268,972**	**1,303,993**		**22,304,590**	**15,900**	**24,893,455**
F. Measurement at cost						

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	**3,189**			**148,441**		**151,630**
A.1 Total net writedowns				(75,687)		(75,687)
A.2 Opening net balance	3,189			**72,754**		**75,943**
B. Increases				28,193		28,193
B.1 Purchases				28,166		28,166
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				27		27
C. Decreases				**22,727**		**22,727**
C.1 Sales						
C.2 Writedowns				22,727		22,727
– Amortisation	X			22,377		22,377
– Impairment:				350		350
+ equity	X					
+ income statement				350		350
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**			**78,220**		**81,409**
D.1 Total net writedowns				(98,414)		(98,414)
E. CLOSING GROSS BALANCE	**3,189**			**176,634**		**179,823**
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	**1,243,754**	**1,143,540**		**21,086,313**	**16,473**	**23,490,080**
A.1 Total net writedowns	(45,310)	(737,137)		(9,424,896)		(10,207,343)
A.2 Opening net balance	**1,198,444**	**406,403**		**11,661,417**	**16,473**	**13,282,737**
B. Increases	**55,274**	**163,347**		**1,951,766**		**2,170,387**
B.1 Purchases	30,181	30,678		1,344,750		1,405,609
– *of which: business combinations*	*30,181*			*16,310*		*46,491*
B.2 Increases in internally-generated intangible assets	X	109,838		261,609		371,447
B.3 Writebacks	X					
B.4 Fair value gains:						
– equity	X					
– income statement	X					
B.5 Positive exchange rate differences	4,715	648		9,622		14,985
B.6 Other changes	20,378	22,183		335,785		378,346
C. Decreases	**74,567**	**98,389**		**1,593,358**	**573**	**1,766,887**
C.1 Sales	537	3		7,349		7,889
C.2 Writedowns	46,037	97,346		874,122		1,017,505
– Amortisation	X	97,346		846,849		944,195
– Impairment:	46,037			27,273		73,310
+ equity	X					
+ income statement	46,037			27,273		73,310
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	9,831	753		12,699	573	23,856
C.6 Other changes	18,162	287		699,188		717,637
D. CLOSING NET BALANCE	**1,179,151**	**471,361**		**12,019,825**	**15,900**	**13,686,237**
D.1 Total net writedowns	(86,632)	(832,632)		(10,108,131)		(11,027,395)
E. CLOSING GROSS BALANCE	**1,265,783**	**1,303,993**		**22,127,956**	**15,900**	**24,713,632**
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 related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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:

- for the purposes of the estimates, data relating to quotations and market parameters have been used that are subject to fluctuations, even significant, due to the persistent turbulence and volatility of the markets, connected to the tensions of the international geo-political situation fed by the persistence of the Russian-Ukrainian conflict, the explosion of the conflict in the Middle East and the uncertainty of the macroeconomic context (evolution of the inflationary scenario and consequent monetary policy strategies of the central banks);
- 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 consideration, 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.

The goodwill recorded in the CDP Group's consolidated financial statements is allocated to the Cash Generating Units (CGUs) identified in the equity investments in Ansaldo Energia, Snam, Terna, Italgas, Fincantieri, Stark Two (a vehicle controlled by Fondo Italiano Consolidamento e Crescita, which holds a 69% equity investment in Marval), Melt1 (a vehicle controlled by Fondo Italiano Consolidamento e Crescita, which holds a 57% equity investment in C2MAC), CDP Venture Capital SGR and Fly One (a vehicle controlled by Fondo Italiano Consolidamento e Crescita, which holds a 76% equity investment in Mecaer Aviation). Note that:

- with reference to Snam[99], Terna, Italgas[100], Ansaldo Energia, Stark Two and CDP Venture Capital SGR, goodwill is attributable to the higher price paid upon acquiring control of the equity investments, compared to the fair value attributable to the companies' individual assets[101] and liabilities;
- with regard to Fincantieri, Melt1 and Fly One, goodwill is recognised in the consolidated financial statements of those CGUs subsequent to the acquisitions undertaken and it is accounted for in the consolidated financial statements of CDP as a result of the line-by-line consolidation of the equity investments.

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	Discounted Cash Flow
Snam	250,081	Fair value	Stock market price
Terna	219,264	Fair value	Stock market price
Italgas	95,699	Fair value	Stock market price
Fincantieri	82,872	Fair value	Stock market price
Stark Two	35,630	Fair value	Stock multiples
Melt1	8,299	Fair value	Stock multiples
CDP Venture Capital SGR	3,189	Value in use	Dividend Discounted Model
Fly One	1,706	n.d.	n.d.

The recoverable amount of the individual CGUs was determined as described below:

- the value in use for Ansaldo Energia was determined, also with the help of a third party independent valuation specialist by using the Discounted Cash Flow ("DCF") based on a two-stage model, with: (i) explicit forecast of future cash flows for the years 2024-2028 from the projections contained in the Business Plan approved by the Company's Board of Directors, and (ii) calculation of the terminal value using the formula of cash flows in perpetuity. The discount rate is equal to the WACC estimated: (i) by applying the Capital Asset Pricing Model for the cost of equity, and (ii) by analysing the cost of indebtedness and the debt to equity ratio parameters from comparable companies operating in the sector. The long-term growth rate in Terminal Value was estimated on the basis of long-term inflation forecasts. The impairment test performed resulted in a recoverable amount higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. Since the value in use is determined through the use of estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the year. Specifically, sensitivity analyses were conducted with particular reference to the WACC discount rate and the growth rate, which show that any non-marginal negative changes in these variables would result in a recoverable amount lower than that identified at the reference date, but in any case higher than the value of the net assets including goodwill. The sensitivity analyses carried out with reference to the main assumptions have shown that in order to align the value in use — thus determined — with the value of the net assets including goodwill (assuming a break-even scenario) it would be necessary to (i) increase the WACC by about 300 bps, or (ii) reduce the growth rate by about 500 bps;

[99] In relation to Snam, it should be noted that goodwill also includes goodwill recorded directly at sub-group level, as part of the acquisition operations carried out by the latter following the acquisition of control by the CDP Group.

[100] In relation to Italgas, it should 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.

[101] Including any goodwill recognised in the companies' financial statements at the time of the acquisition of control.

- for Snam, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2023, based on the "VWAP" method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It's important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 32% in the VWAP would be necessary;
- for Terna, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2023, based on the "VWAP" method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It's important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 53% in the VWAP would be necessary;
- for Italgas, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2023, based on the "VWAP" method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It's important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 12% in the VWAP would be necessary;
- for Fincantieri — in relation to which it should be noted that the goodwill is recognised in the consolidated financial statements of the same CGU following the acquisition of the Vard group, and reflected in the consolidated financial statements of CDP as a result of the line-by-line consolidation of the equity investment — the recoverable amount was estimated on the basis of fair value less transaction costs and determined on the basis of volume-weighted stock market prices recorded in December 2023 ("VWAP" method). The impairment test performed showed that the fair value was higher than the net assets including goodwill. It's important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 50% in the VWAP would be necessary;
- for Stark Two, fair value was determined using the market multiples methodology (specifically using the Enterprise Multiple ratio EV/EBITDA). For this purpose, a group of comparable listed companies operating in the precision machining sector was chosen. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It's important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction in the Enterprise Multiple ratio of about 0.9x would be necessary;
- for CDP Venture Capital SGR, the value in use is based on a Dividend Discount Model specifically employing the excess capital variant that considers (i) the dividends distributable to shareholders in the explicit forecast period 2024-2031 and (ii) residual equity at the end of the explicit period ("Terminal Value"). The discount rate is equal to the estimated cost of equity using the Capital Asset Pricing Model theory, utilising specific parameters obtained from an analysis of the key comparable listed companies. The impairment test performed resulted in a recoverable amount higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. Since the value in use is determined through the use of estimates and assumptions that may contain elements of uncertainty, analyses were also conducted to verify the sensitivity of the results obtained to changes in the main assumptions and variables underlying the exercise. Specifically, sensitivity analyses were conducted with particular reference to the discount rate (cost of equity), which showed that any non-marginal negative changes in the main assumptions underlying the exercise would result in a recoverable amount lower than that identified at the reporting date, but still higher than the value of the net assets including goodwill. The sensitivity analyses performed with reference to the main assumptions showed that in order to align the value in use — thus determined — with the value of net assets including goodwill (assuming a break-even scenario), an increase in the cost of equity of more than 500 bps would be required;
- with regard to Melt1, in relation to which it should be noted that goodwill is 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 — the recoverable amount was estimated based on the equity investment held in C2MAC group. 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. That being considered, the recoverable amount of the equity investment resulting from the impairment test is about 7 million euro, resulting in an impairment of the related goodwill recognised in the CDP Group's consolidated financial statements of 9 million euro;

- for Fly One — in relation to which it should be noted that the goodwill is recognised in the consolidated financial statements of the same CGU following the acquisitions made during the year by the subsidiary Mecaer Aviation Group, and reflected in the consolidated financial statements of CDP as a result of the line-by-line consolidation of the equity investment — the recoverable amount was not estimated because the transactions that gave rise to the goodwill occurred during the year 2023 and therefore there is no evidence of any impairment losses on the goodwill itself.

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	31/12/2023	31/12/2022
Deferred tax assets recognised in income statement	**199,198**	**1,439,581**	**1,638,779**	**1,601,305**
Losses carried forward		14,785	14,785	16,790
Grants		50,024	50,024	52,746
Sundry writedowns	123	68,204	68,327	61,237
Financial instruments		197	197	197
Debts				
Dismantling and site restoration		86,535	86,535	82,153
Provisions for risks and charges	52,216	139,193	191,409	197,779
Writedowns of receivables	115,136	38,395	153,531	164,738
Equity investments				
Property, plant and equipment / intangible assets	3,116	545,766	548,882	475,001
Product guarantee		15,767	15,767	15,451
Employee benefits	8	24,824	24,832	20,814
Technical provisions				
Exchange rate differences	28,599		28,599	25,067
Other temporary differences		455,891	455,891	489,332
Deferred tax assets recognised in equity	**274,560**	**36,504**	**311,064**	**475,414**
Financial assets measured at fair value through other comprehensive income	141,430		141,430	295,436
Exchange rate differences				
Cash flow hedge	133,130	21,090	154,220	161,484
Other		15,414	15,414	18,494
TOTAL	**473,758**	**1,476,085**	**1,949,843**	**2,076,719**

11.2 DEFERRED TAX LIABILITIES: BREAKDOWN

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
Deferred tax liabilities recognised in income statement	**147,398**	**2,151,232**	**2,298,630**	**2,490,912**
Capital gains taxed in instalments		4,846	4,846	6,816
Staff severance pay		13,885	13,885	13,695
Leasing				
Property, plant and equipment		1,723,212	1,723,212	1,811,810
Own securities portfolio				
Equity investments	41,051	39,058	80,109	122,649
Other financial instruments	6,377		6,377	6,377
Exchange rate differences	99,946	407	100,353	151,654
Other temporary differences	24	369,824	369,848	377,911
Deferred tax liabilities recognised in equity	**98,676**	**40,726**	**139,402**	**187,820**
Financial assets measured at fair value through other comprehensive income	47,398	353	47,751	36,814
Reserve L. 169/83				
Reserve L. 213/98				
Other reserves	13	40,102	40,115	76,566
Other	51,265	271	51,536	74,440
TOTAL	**246,074**	**2,191,958**	**2,438,032**	**2,678,732**

11.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Opening balance	**235,419**	**1,365,886**	**1,601,305**	**1,518,822**
2. Increases	**70,504**	**192,211**	**262,715**	**393,270**
2.1 Deferred tax assets recognised during the year:	70,504	166,718	237,222	332,557
a) in respect of previous periods				
b) due to change in accounting policies				
c) writebacks				
d) other	70,504	166,718	237,222	332,557
2.2 New taxes or increases in tax rates				
2.3 Other increases		25,493	25,493	60,713
– *of which: business combinations*		*8,484*	*8,484*	*24,988*
3. Decreases	**106,725**	**118,516**	**225,241**	**310,787**
3.1 Deferred tax assets derecognised during the year:	104,415	89,192	193,607	186,047
a) reversals	76,727	60,053	136,780	177,951
b) writedowns for supervening non-recoverability				
c) due to change in accounting policies				
d) other	27,688	29,139	56,827	8,096
3.2 Reduction in tax rates				
3.3 Other decreases:	2,310	29,324	31,634	124,740
a) transformation in tax credits under Law 214/2011				
b) other	2,310	29,324	31,634	124,740
4. CLOSING BALANCE	**199,198**	**1,439,581**	**1,638,779**	**1,601,305**

11.5 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN THE INCOME STATEMENT)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Opening balance	**223,195**	**2,267,717**	**2,490,912**	**2,581,626**
2. Increases	**22,788**	**41,011**	**63,799**	**206,379**
2.1 Deferred tax liabilities recognised during the year:	22,787	4,227	27,014	119,074
a) in respect of previous periods				199
b) due to change in accounting policies				
c) other	22,787	4,227	27,014	118,875
2.2 New taxes or increases in tax rates				
2.3 Other increases:	1	36,784	36,785	87,305
– *of which: business combinations*		*9,495*	*9,495*	*56,046*
3. Decreases	**98,585**	**157,496**	**256,081**	**297,093**
3.1 Deferred tax liabilities derecognised during the year:	96,274	121,734	218,008	163,699
a) reversals	96,274	108,160	204,434	160,958
b) due to change in accounting policies				
c) other		13,574	13,574	2,741
3.2 Reduction in tax rates				1,124
3.3 Other decreases	2,311	35,762	38,073	132,270
4. CLOSING BALANCE	**147,398**	**2,151,232**	**2,298,630**	**2,490,912**

11.6 CHANGES IN DEFERRED TAX ASSETS (RECOGNISED IN EQUITY)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Opening balance	**445,141**	**30,273**	**475,414**	**276,191**
2. Increases	**133,130**	**14,191**	**147,321**	**437,229**
2.1 Deferred tax assets recognised during the year:	133,130	13,972	147,102	434,731
a) in respect of previous periods				
b) due to change in accounting policies				
c) other	133,130	13,972	147,102	434,731
2.2 New taxes or increases in tax rates				
2.3 Other increases		219	219	2,498
3. Decreases	**303,711**	**7,960**	**311,671**	**238,006**
3.1 Deferred tax assets derecognised during the year:	303,711	5,376	309,087	180,580
a) reversals	303,711	5,376	309,087	177,751
b) writedowns for supervening non-recoverability				
c) due to changes in accounting policies				
d) other				2,829
3.2 Reduction in tax rates				
3.3 Other decreases		2,584	2,584	57,426
4. CLOSING BALANCE	**274,560**	**36,504**	**311,064**	**475,414**

11.7 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNISED IN EQUITY)

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Opening balance	**111,165**	**76,655**	**187,820**	**82,924**
2. Increases	**61,944**	**15,879**	**77,823**	**147,855**
2.1 Deferred tax liabilities recognised during the year:	61,934	15,282	77,216	142,910
a) in respect of previous periods				
b) due to change in accounting policies				
c) other	61,934	15,282	77,216	142,910
2.2 New taxes or increases in tax rates				
2.3 Other increases	10	597	607	4,945
3. Decreases	**74,433**	**51,808**	**126,241**	**42,959**
3.1 Deferred tax liabilities derecognised during the year:	74,433	48,884	123,317	41,731
a) reversals	74,433	22,199	96,632	41,731
b) due to change in accounting policies				
c) other		26,685	26,685	
3.2 Reduction in tax rates				
3.3 Other decreases		2,924	2,924	1,228
4. CLOSING BALANCE	**98,676**	**40,726**	**139,402**	**187,820**

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

Assets held for sale	31/12/2023	31/12/2022
A. Assets held for sale		
A.1 Financial assets	63,921	37,667
A.2 Equity investments	114,097	3,503
A.3 Property, plant and equipment	7,343	36,474
– *of which: obtained via the enforcement of the guarantees received*		
A.4 Intangible assets	14,738	28,187
A.5 Other non-current assets	6,402	49,814
TOTAL (A)	**206,501**	**155,645**
of which:		
– *carried at cost*	*206,501*	*155,645*
– *designated at fair value – level 1*		
– *designated at fair value – level 2*		
– *designated at fair value – level 3*		
B. Discontinued operations		
TOTAL (B)		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		4,624
C.2 Securities		1,875
C.3 Other liabilities	4,654	20,329
TOTAL (C)	**4,654**	**26,828**
of which:		
– *carried at cost*	*4,654*	*26,828*
– *designated at fair value – level 1*		
– *designated at fair value – level 2*		
– *designated at fair value – level 3*		
D. Liabilities associated with discontinued operations		
TOTAL (D)		

This item includes the assets and related liabilities recognised as assets held for sale by the Fincantieri group, the Terna group and the Italgas group.

In addition, this item includes the accounting balance of the equity investment held through CDPE Investimenti in Rocco Forte Hotels Limited following the agreement in November 2023 (*so-called signing*) for the sale of the entire shareholding at a price of 277 million pound sterling. The sale was executed on 17 January 2024, with the receipt of the agreed consideration upon satisfying the conditions precedent, which included obtaining antitrust authorisations.

Company name	Registered office	Operational headquarters	Investor	% holding
1. Rocco Forte Hotels Limited	London	London	CDPE Investimenti S.p.A.	23.00%

SECTION 13 - OTHER ASSETS - ITEM 130

13.1 OTHER ASSETS: BREAKDOWN

(thousands of euro)	Prudential consolidation	Other entities	31/12/2023	31/12/2022
Payments on account for withholding tax on postal passbooks	25,422		25,422	59,394
Other tax receivables	2,745	619,815	622,560	253,790
Leasehold improvements	1,817	9,815	11,632	12,478
Receivables due from investees	2,758	94,096	96,854	86,403
Trade receivables and advances to public entities	143,139	182,535	325,674	306,200
Construction contracts		2,745,157	2,745,157	3,359,611
Advances to suppliers	1,267	364,826	366,093	437,296
Inventories		4,700,821	4,700,821	4,991,455
Advances to personnel	481	44,178	44,659	37,613
Other trade receivables	5,752	8,158,726	8,164,478	8,855,821
Accrued income and prepaid expenses	21,941	430,116	452,057	462,864
Other items	33,892	602,961	636,853	939,282
Ecobonus tax credits	178,903	605,896	784,799	284,020
TOTAL	**418,117**	**18,558,942**	**18,977,059**	**20,086,227**

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 8,490 million euro (9,162 million euro as at 31 December 2022), 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 31/12/2023	**2,389,646**	**5,092,028**	**1,164,121**	**(11,357)**	**(11,122)**	**(133,164)**
Total trade receivables at 31/12/2022	**2,410,254**	**6,630,141**	**421,724**	**(5,548)**	**(29,084)**	**(265,466)**

Specifically with regard to Other trade receivables, deriving from the contribution of Other companies, the amount of 8,164 million euro as of 31 December 2023, mainly relates to Snam for 4,014 million euro (4,244 million euro as of 31 December 2022) of which 1,222 million euro is attributable to customer receivables related to energy efficiency projects awaiting conversion into tax credits for Super-Ecobonus, Terna for 2,005 million euro (2,254 million euro as of 31 December 2022), Italgas for 848 million euro (1,126 million euro as of 31 December 2022) of which 216 million euro attributable to customer receivables related to energy efficiency projects awaiting conversion into tax credits for Super-Ecobonus, Fincantieri for 698 million euro (700 million euro as of 31 December 2022) and Ansaldo Energia for 363 million euro (391 million euro as of 31 December 2022).

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 2,745 million euro (3,360 million euro as at 31 December 2022) refers predominantly to the activities deriving from the Fincantieri group business, for a total of 2,498 million euro (3,085 million euro as at 31 December 2022) 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 899 million euro (1,934 million euro as at 31 December 2022), 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 products and work in progress of 4,701 million euro (4,991 million euro at 31 December 2022) include:

- mandatory gas reserves kept at its storage sites by the subsidiary Stogit (amounting to about 3,172 million euro);
- raw materials, supplies and consumables of the Ansaldo Energia group, amounting to about 643 million euro;
- semi-finished products of the Fincantieri group, amounting to about 495 million euro.

The value of other assets includes 785 million euro relating to the so-called "Ecobonus" tax credits. This amount derives from the Parent Company's contribution of 179 million euro, which represents the present value of tax credits acquired from CDP, accrued on building renovation and energy efficiency measures, for the amount deemed recoverable. The remainder derives from the contribution of Other companies and, in particular, from the contribution of the Snam group (through the subsidiaries TEP Energy Solution S.r.l. and Evolve S.p.A.) for 345 million euro and of the Italgas group (through the subsidiary Geoside S.p.A.) for 261 million euro from the energy efficiency business.

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)	31/12/2023				31/12/2022			
	Carrying amount	Fair value			Carrying amount	Fair value		
Types of operations/Values		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to central banks	**2,470,238**	**X**	**X**	**X**	**5,099,136**	**X**	**X**	**X**
2. Due to banks	**46,725,124**	**X**	**X**	**X**	**45,299,170**	**X**	**X**	**X**
2.1 Current accounts and demand deposits	11,657	X	X	X	11,953	X	X	X
2.2 Time deposits	626,688	X	X	X	1,377,896	X	X	X
2.3 Loans	42,708,719	X	X	X	40,537,898	X	X	X
2.3.1 Repurchase agreements	23,324,940	X	X	X	22,132,534	X	X	X
2.3.2 Other	19,383,779	X	X	X	18,405,364	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	3,378,060	X	X	X	3,371,423	X	X	X
TOTAL	**49,195,362**		**4,861,565**	**43,787,550**	**50,398,306**		**1,762,177**	**47,746,234**

"Amounts due to central banks" of about 2,470 million euro (down by 2,629 million euro compared to 2022) mainly refer to TLTRO-III financing lines granted by the ECB. The decrease in 2023 compared to 2022 is primarily attributable to the partial early repayment, in December, of the aforementioned TLTRO-III in the amount of 2,850 million euro, aimed at optimising short-term liquidity.

"Amounts due to banks" include loans of 42,709 million euro, mainly related to:
- repurchase agreements of the Parent company amounting to about 23,325 million euro (up by about 1,192 million euro from 2022);
- Other financing activities of about 19,384 million euro include loans granted to the Parent Company, with a value of 5,292 million euro (down by 33 million euro compared with 2022), which refer to credit lines received from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB); bank loans granted to Terna for about 4,239 million euro, Snam for 3,550 million euro, Fincantieri for 2,397 million euro, Italgas for 1,643 million euro, CDP Reti for 973 million euro and Ansaldo Energia S.p.A. for 507 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.

The Parent Company owned term deposits amounted to 627 million euro (down by 751 million euro compared to 2022) and included 474 million euro of Passbook savings accounts and Postal savings bonds held by banks (down by 904 million euro compared to 2022) and short-term bank deposits which amounted to 153 million euro (nil as at 31 December 2022).

"Other payables" as at 31 December 2023 refers mainly to Credit Support Annex contracts to hedge the counterparty risk on the Parent Company's derivatives for 1,969 million euro and the Terna group's contribution for 1,222 million euro.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF AMOUNTS DUE TO CUSTOMERS

(thousands of euro)	31/12/2023				31/12/2022			
	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	13,207	X	X	X	46,561	X	X	X
2. Time deposits	286,390,588	X	X	X	281,856,011	X	X	X
3. Loans	22,147,573	X	X	X	30,063,910	X	X	X
3.1 repurchase agreements	19,392,989	X	X	X	28,853,269	X	X	X
3.2 other	2,754,584	X	X	X	1,210,641	X	X	X
4. Liabilities in respect of commitments to repurchase own equity instruments		X	X	X		X	X	X
5. Lease liabilities	417,594	X	X	X	393,409	X	X	X
6. Other payables	4,501,223	X	X	X	4,634,651	X	X	X
TOTAL	**313,470,185**		**3,417,090**	**310,987,764**	**316,994,542**			**317,024,907**

The amounts due to customers mainly consist of the Parent Company's term deposits, which include the balance of passbook savings accounts, equal to 91,644 million euro (+1,009 million euro compared to 2022), and of postal savings bonds equal to 192,506 million euro (+3,497 million euro compared to 2022).

Again with reference to the Parent Company, the term deposits include the balance of Money Market transactions with the Treasury (formerly OPTES), equal to approximately 2,002 million euro (stable compared to 2022).

The balance related to loans, equal to 22,148 million euro at 31 December 2023, mainly relates to the repurchase agreements of the Parent Company, of around 19,393 million euro, down over the previous year by 9,460 million euro.

The sub-item 6 "Other debts" includes amounts not yet disbursed at year end on loans granted to beneficiaries, whose disbursement is subject to progress with the investments financed, of 4,044 million euro (up by 151 million euro compared to 2022).

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)	31/12/2023				31/12/2022			
	Carrying	Fair value			Carrying	Fair value		
Types of securities/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	39,206,334	30,298,742	6,933,410	1,025,895	37,509,805	26,083,654	7,582,734	1,775,897
1.1 structured	45,291		44,512		45,145		43,811	
1.2 other	39,161,043	30,298,742	6,888,898	1,025,895	37,464,660	26,083,654	7,538,923	1,775,897
2. Other securities:	838,837		839,312		1,346,236		1,346,837	
2.1 structured								
2.2 other	838,837		839,312		1,346,236		1,346,837	
TOTAL	**40,045,171**	**30,298,742**	**7,772,722**	**1,025,895**	**38,856,041**	**26,083,654**	**8,929,571**	**1,775,897**

1.3 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro)	31/12/2023				31/12/2022			
	Carrying	Fair value			Carrying	Fair value		
Types of securities/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	16,901,070	9,775,588	6,933,410		15,804,565	7,573,325	7,476,881	
1.1 structured	45,291		44,512		45,145		43,811	
1.2 other	16,855,779	9,775,588	6,888,898		15,759,420	7,573,325	7,433,070	
2. Other securities:	838,837		839,312		1,346,236		1,346,837	
2.1 structured								
2.2 other	838,837		839,312		1,346,236		1,346,837	
TOTAL	**17,739,907**	**9,775,588**	**7,772,722**		**17,150,801**	**7,573,325**	**8,823,718**	

With respect to the Prudential consolidation, the balance of securities issued at 31 December 2023 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 10,101 million euro (-1,231 million euro compared to the end of 2022). In 2023 new bond issues were completed under the "Debt Issuance Programme" (DIP), totalling 1,325 million euro. These include the public issuance of CDP's first Green Bond, for a nominal amount of 500 million euro, to support initiatives with positive environmental impacts including, investments in the renewable energy, energy efficiency and sustainable mobility sectors. Through this operation, CDP has further expanded ESG funding offered to the market;
- 2 bond loans reserved for individuals, for a total of 3,455 million euro (up by 1,975 million euro compared to 2022). In November 2023, CDP completed a new bond issue dedicated to retail customers, with a duration of six years. The bond, issued for 2 billion euro to meet requests for over 3.5 billion euro received from approximately one hundred thousand investors, has enabled new funding for Separate Account.
- 4 bonds guaranteed by the Italian government, entirely subscribed by Poste Italiane, for a total carrying amount of 3,008 million euro, essentially stable compared to the end of 2022. At the end of 2023 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 "Yankee Bond", CDP's first-ever issuance denominated in US dollars, amounted to 1 billion US Dollars (with a carrying amount of around 910 million euro as at 31 December 2023), and was exclusively allocated for institutional investors domiciled in the United States as well as internationally. Through this transaction, CDP continues its strategy of diversifying its sources of funding;
- the stock of commercial paper with a carrying amount of 839 million euro (-507 million euro on the 2022 year-end balance), related to the "Multi-Currency Commercial Paper Programme".

1.3 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro)	31/12/2023				31/12/2022			
	Carrying	Fair value			Carrying	Fair value		
Types of securities/Values	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds:	22,305,264	20,523,154		1,025,895	21,705,240	18,510,329	105,853	1,775,897
1.1 structured								
1.2 other	22,305,264	20,523,154		1,025,895	21,705,240	18,510,329	105,853	1,775,897
2. Other securities:								
2.1 structured								
2.2 other								
TOTAL	**22,305,264**	**20,523,154**		**1,025,895**	**21,705,240**	**18,510,329**	**105,853**	**1,775,897**

Securities issued by "Other companies" mainly refer to the bond issues by Snam, Terna and Italgas mostly listed on active markets (Level 1), amounting to 9,875 million euro, 6,544 million euro and 5,198 million euro, respectively.

1.4 BREAKDOWN OF SUBORDINATED DEBTS/SECURITIES

This item has a nil balance.

1.5 BREAKDOWN OF STRUCTURED DEBTS

As at 31 December 2023, structured debts attributable to the Parent Company amounted to approximately 398,898 thousand euro (up by 176,948 thousand euro compared to 2022) 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 31/12/2023 Lease payables	Total 31/12/2022 Lease payables
Up to 1 year	121,661	97,866
Between 1 and 2 years	114,460	113,227
Between 2 and 3 years	49,629	51,864
Between 3 and 4 years	40,456	40,472
Between 4 and 5 years	37,878	27,567
Over 5 years	76,139	90,457
TOTAL LEASE PAYMENTS TO BE MADE	**440,223**	**421,453**
Reconciliation with lease liabilities	**(22,629)**	**(28,044)**
Unearned finance costs (-)	(22,629)	(28,044)
Unguaranteed residual value (-)		
LEASE LIABILITIES	**417,594**	**393,409**

SECTION 2 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE

(thousands of euro)	31/12/2023					31/12/2022				
	Nominal or notional value	Fair value			Fair value (*)	Nominal or notional value	Fair value			Fair value (*)
Type of transactions/Values		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			284,210	19,776				323,128	7,728	
1.1 Trading	X		282,733		X	X		323,128		X
1.2 Associated with fair value option	X				X	X				X
1.3 Other	X		1,477	19,776	X	X			7,728	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**		**284,210**	**19,776**	**X**	**X**		**323,128**	**7,728**	**X**
TOTAL (A + B)	**X**		**284,210**	**19,776**	**X**	**X**		**323,128**	**7,728**	**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 20 million euro);
- Snam's derivative instruments of 15 million euro and Fincantieri's derivative instruments of 12 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	31/12/2023 Nominal value	31/12/2023 Fair value Level 1	31/12/2023 Fair value Level 2	31/12/2023 Fair value Level 3	31/12/2023 Fair value (*)	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 (*)
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	**9,393**			**9,393**	**9,393**	**16,627**			**16,627**	**17,727**
2.1 Structured					X					X
2.2 Other	9,393			9,393	X	16,627			16,627	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	**9,393**			**9,393**	**9,393**	**16,627**			**16,627**	**17,727**

(*) Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date.

At 31 December 2023, the balance of the financial liabilities designated at fair value is fully 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 2023 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 31/12/2023	Fair value 31/12/2023 Level 1	Level 2	Level 3	Notional value 31/12/2022	Fair value 31/12/2022 Level 1	Level 2	Level 3
A. Financial derivatives	**30,398,222**		**1,956,344**		**10,736,968**		**1,367,670**	
1) Fair value	23,201,530		1,062,454		9,485,116		600,478	
2) Cash flow	7,196,692		893,890		1,251,852		767,192	
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
TOTAL	**30,398,222**		**1,956,344**		**10,736,968**		**1,367,670**	

4.2 HEDGING DERIVATIVES: BREAKDOWN BY HEDGED PORTFOLIO AND TYPE OF HEDGE

(thousands of euro) Transactions/Type of hedging	Fair value							Cash flow		
	Micro-hedge									
	Debt securities and interest rates	Equity securities and equity indices	Foreign currencies and gold	Credit	Commodities	Others	Macro-hedge	Micro-hedge	Macro-hedge	Investment in foreign operation
1. Financial assets at fair value through other comprehensive income	1				X	X	X	56,141	X	X
2. Financial assets at amortised cost	371,248	X			X	X	X	729,885	X	X
3. Portfolio	X	X	X	X	X	X	319,424	X		X
4. Other			54,693				X		X	
TOTAL ASSETS	**371,249**		**54,693**				**319,424**	**786,026**		
1. Financial liabilities	317,078	X					X	107,864	X	X
2. Portfolio	X	X	X	X	X	X	10	X		X
TOTAL LIABILITIES	**317,078**						**10**	**107,864**		
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

As at 31 December 2023, there were no value adjustments to subordinated financial liabilities designated at fair value.

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	31/12/2023	31/12/2022
Items being processed	32,146		32,146	85,256
Amounts due to employees	15,673	179,436	195,109	173,189
Charges for postal funding service	218,649		218,649	
Tax payables	994,297	229,583	1,223,880	863,722
Construction contracts		2,509,395	2,509,395	2,031,225
Trade payables	67,272	7,645,129	7,712,401	9,709,323
Due to social security institutions	10,071	155,551	165,622	147,710
Accrued expenses and deferred income	373	1,438,747	1,439,120	1,488,445
Equity and net income pertaining to non-controlling interests in funds		200,745	200,745	177,581
Other	79,317	8,497,972	8,577,289	9,908,497
TOTAL	**1,417,798**	**20,856,558**	**22,274,356**	**24,584,948**

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 987 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 Group entities, the item mainly regards:

- trade payables of around 7.6 billion euro, mainly attributable to Terna (approximately 2.8 billion euro), Fincantieri (approximately 2.5 billion euro), Snam (approximately 987 million euro), Italgas (approximately 654 million euro) and Ansaldo Energia (approximately 497 million euro). Trade payables included liabilities arising from reverse factoring transactions totalling 567 million euro (of which 493 million euro related to Fincantieri and 74 million euro to Ansaldo Energia), relating to payables to suppliers who 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 2.5 billion euro, deriving mainly from Fincantieri orders and Ansaldo's business, whose progress has a value lower than what was invoiced to the customer. With regard to the contribution made by the Fincantieri group, please refer to the comments under item 130 Other assets;
- other items of 8.5 billion euro, referring in particular to Snam for approximately 7.0 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	31/12/2023	31/12/2022
A. Opening balance	**2,532**	**170,034**	**172,566**	**208,817**
B. Increases	**1,237**	**20,017**	**21,254**	**20,084**
B.1 Provision for the year	362	8,769	9,131	14,141
B.2 Other changes	875	11,248	12,123	5,943
– *of which business combinations*		*3,384*	*3,384*	3,639
C. Decreases	**330**	**19,572**	**19,902**	**56,335**
C.1 Severance payments	255	12,043	12,298	18,170
C.2 Other changes	75	7,529	7,604	38,165
D. CLOSING BALANCE	**3,439**	**170,479**	**173,918**	**172,566**

The provisions for staff severance pay of other companies mainly refers to Fincantieri (54 million euro), Italgas (46 million euro), Terna (28 million euro), Snam (21 million euro) and Ansaldo (6 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	2.95%	4.00%
Expected rate of salary increases	1.00%	4.00%
Inflation rate	1.59%	3.00%

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	31/12/2023	31/12/2022
1. Provisions for credit risk relating to commitments and financial guarantees issued	641,657	38,106	679,763	698,370
2. Provisions on other guarantees issued and other commitments				
3. Company pensions and other post-retirement benefit obligations				
4. Other provisions:	119,671	2,137,838	2,257,509	2,117,003
4.1 fiscal and legal disputes	51,973	344,052	396,025	447,922
4.2 staff costs	66,986	120,564	187,550	174,825
4.3 other	712	1,673,222	1,673,934	1,494,256
TOTAL	**761,328**	**2,175,944**	**2,937,272**	**2,815,373**

The provisions for risks and charges stood at approximately 2,937.3 million euro at 31 December 2023, up by around 122 million euro compared to the end of 2022.

Provisions for credit risk associated with commitments and financial guarantees issued (arising from the adoption of the prudential consolidation method and to which the Parent Company is a significant contributor), amounted to 642 million euro. This amount decreased by 19 million euro compared to the end of 2022, attributed to the reduction in the value of financial guarantees issued.

10.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE YEAR

	Prudential consolidation			Other entities			31/12/2023		
(thousands of euro) Items/Components	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			**139,706**			**1,977,297**			**2,117,003**
B. Increases			**65,900**			**611,611**			**677,511**
B.1 Provision for the year			65,450			428,942			494,392
B.2 Changes due to passage of time						4,816			4,816
B.3 Changes due to changes in discount rate						551			551
B.4 Other increases			450			177,302			177,752
– *of which: business combinations*						*31,879*			*31,879*
C. Decreases			**85,935**			**451,070**			**537,005**
C.1 Use during the year			85,935			411,206			497,141
C.2 Changes due to changes in discount rate						1,777			1,777
C.3 Other decreases						38,087			38,087
– *of which: business combinations*						*310*			310
D. CLOSING BALANCE			**119,671**			**2,137,838**			**2,257,509**

10.3 PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

	Provisions for credit risk relating to commitments and financial guarantees issued				
(thousands of euro)	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired financial assets	Total
Commitments to disburse funds	190,895	348	82		**191,325**
Financial guarantees issued	450,332	38,106			**488,438**
TOTAL	**641,227**	**38,454**	**82**		**679,763**

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	31/12/2023	31/12/2022
4. Other provisions	**119,671**	**2,137,838**	**2,257,509**	**2,117,003**
4.1 Legal and fiscal disputes	51,973	344,052	396,025	447,922
4.2 Staff costs:	66,986	120,564	187,550	174,825
– early retirement	16,403	63,365	79,768	78,794
– loyalty bonus		6,981	6,981	3,996
– electricity discount		2,206	2,206	2,420
– other	50,583	48,012	98,595	89,615
4.3 Other risks and charges	712	1,673,222	1,673,934	1,494,256

Item 4.3 "Other risks and charges", amounting to approximately 1,674 million euro as at 31 December 2023 mainly refers:

- for approximately 579 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;
- for about 174 million euro 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;
- for around 102 million euro to liabilities for contractual guarantees issued to customers in line with market practices and conditions.
- for approximately 769 million euro to provisions for miscellaneous charges and other risks referring mainly to Fincantieri for 383 million euro and to Ansaldo Energia for 125 million euro.

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 - INSURANCE LIABILITIES - ITEM 110

There are no insurance liabilities.

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

As at 31 December 2023, the Parent Company's fully paid-up share capital amounted to 4,051,143,264 euro and consisted of 342,430,912 ordinary shares, with no par value.

At 31 December 2023, 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	31/12/2023	31/12/2022
Income reserves	**17,005,123**	**13,243,219**
Legal reserve	810,229	810,229
Other reserves	16,194,894	12,432,990

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	31/12/2023	31/12/2022
Equity investments in consolidated companies with significant minority interests		
1. Terna S.p.A.	5,903,754	5,735,275
2. Snam S.p.A.	7,648,744	7,528,688
3. Italgas S.p.A.	2,437,831	2,222,477
Other equity investments	**104,112**	**481,603**
TOTAL	**16,094,441**	**15,968,043**

14.2 EQUITY INSTRUMENTS: BREAKDOWN AND CHANGES FOR THE YEAR

At 31 December 2023, approximately 1,021 million euro in equity instruments is recorded under item 190 of liabilities.

The amount refers mainly 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	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	31/12/2023	31/12/2022
1. Commitments to disburse funds	**21,599,093**	**12,021**	**1,252**		10,249	**6,027,179**			**27,649,794**	**28,909,793**
a) Central Banks										56,998
b) General Government	6,258,429	7,422	426						6,266,277	8,247,740
c) Banks	515,521								515,521	765,520
d) Other financial companies	751,594								751,594	862,940
e) Non-financial companies	14,053,819	4,508	735		10,249	6,027,179			20,096,490	18,958,219
f) Households	19,730	91	91						19,912	18,376
2. Financial guarantees issued	**1,610,890**				**1,540,006**	**315,500**			**3,466,396**	**3,374,608**
a) Central Banks										
b) General Government	1,385,586								1,385,586	1,186,737
c) Banks					1,229,000				1,229,000	1,230,270
d) Other financial companies	4,146								4,146	2,223
e) Non-financial companies	221,158				311,006	315,500			847,664	955,378
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

(thousands of euro)	Nominal value 31/12/2023	Nominal value 31/12/2022
Other guarantees issued	**3,392,528**	**2,749,787**
– *of which: non-performing credit exposure*		
a) Central Banks		
b) General Government	29,999	25,592
c) Banks		
d) Other financial companies	1,923	1,923
e) Non-financial companies	3,360,606	2,722,272
f) Households		
Other commitments	**9,897,777**	**8,037,152**
– *of which: non-performing credit exposure*		
a) Central Banks		
b) General Government		
c) Banks	513,494	88,266
d) Other financial companies	914,567	793,488
e) Non-financial companies	8,469,716	7,155,398
f) Households		

3. ASSETS PLEDGED AS COLLATERAL FOR OWN DEBTS AND COMMITMENTS

(thousands of euro) Portfolios	Prudential consolidation	Other entities	31/12/2023	31/12/2022
1. Financial assets measured at fair value through profit or loss				
2. Financial assets measured at fair value through other comprehensive income	698,612		698,612	3,826,131
3. Financial assets measured at amortised cost	92,854,356		92,854,356	101,125,138
4. Property, plant and equipment		576,787	576,787	706,780
– *of which: property, plant and equipment classified as inventory*		*3,870*	*3,870*	*3,990*

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	31/12/2023
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	**718,544**
a) Individual	
b) Collective	718,544
3. Securities custody and administration	**88,188,034**
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	3,338,846
1. securities issued by consolidated companies	575,000
2. other securities	2,763,846
c) Third-party securities deposited with third parties	3,338,846
d) Own securities portfolio deposited with third parties	84,849,188
4. Other	**59,688,244**
Management on behalf of third parties in separate accounts on the basis of specific agreements:	
– Postal savings bonds managed on behalf of MEF (1)	39,141,365
– Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	1,433,101
– 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)	4,964,017
– Funds for Approved and Subsidised Residential Building initiatives (4)	2,286,046
– Funds for Regional Agreements and Area Contracts - Law 662/96, Article 2, paragraph 207 (4)	342,511
– Funds of Public Entities and Other Entities deposited pursuant to Legislative Decree 1058/1919 and Law no. 1041/1971 (4)	1,136,735
– Fondo Kyoto (3)	625,200
– Funds for Methanisation of Southern Italy - Law 784/80, Law 266/97 and Law 73/98 (4)	84,597
– Minimum Environmental Impact Fund (4)	26,963
– Revolving Fund for development cooperation (3)	4,777,702
– 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)	2,051,043
– Funds for international cooperation - Archipelagos project (4)	2,115
– Funds for international cooperation - Blending EU - PASPED Project (4)	128
– Funds for international cooperation - EGRE project (4)	1,638
– Funds for international cooperation - InclusiFI project (4)	554
– Financing Ukraine - Legislative Decree "Aiuti" n. 50/2022 (4)	200,000
– InvestEU Fund - advisory (4)	1,415
– Green Finance Fund (4)	8,446
– Fund MISE 2 - Venture Capital (4)	1,129,286
– Fund MISE 2 - to be transferred to Fund "European Tech Champions Initiative" (ETCI) (4)	128,011
– NRRP - Digital Transition Fund (4)	147,433
– NRRP - Green Transition Fund (4)	119,247
– Clima Fund Law 234/21 (4)	840,000
– Ministry of Universities and Research - Student Housing - Law 388/2000 (4)	194,964
– MASE Funds - Ministry of Environment and Energy Security - International Cooperation and Italian Platform for Climate and Sustainable Development (4)	33,088
– 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 the MEF.
(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 pledged as guarantee (E)	Net amount 31/12/2023 (F = C - D - E)	Net amount 31/12/2022
1. Derivatives	2,390,732		2,390,732	868,066	1,515,330	7,336	61,332
2. Repurchase agreements							
3. Securities lending							
4. Other							
TOTAL 31/12/2023	**2,390,732**		**2,390,732**	**868,066**	**1,515,330**	**7,336**	**X**
Total 31/12/2022	**4,848,920**		**4,848,920**	**1,352,141**	**3,435,447**	**X**	**61,332**

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		2,390,732
	50. Hedging derivatives	*2,390,732*
2. Repurchase agreements		
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 pledged as guarantee (E)	Net amount 31/12/2023 (F = C - D - E)	Net amount 31/12/2022
1. Derivatives	1,909,441		1,909,441	918,952	955,594	34,895	497
2. Repurchase agreements	42,717,929		42,717,929	42,717,929			2,688
3. Stock lending							
4. Other operations							
TOTAL 31/12/2023	**44,627,370**		**44,627,370**	**43,636,881**	**955,594**	**34,895**	**X**
Total 31/12/2022	**52,392,214**		**52,392,214**	**50,289,873**	**2,099,156**	**X**	**3,185**

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 liabilities shown in financial statements (C = A - B)
1. Derivatives		1,909,441
	20. Financial liabilities held for trading	*322,752*
	40. Hedging derivatives	*1,586,689*
2. Repurchase agreements		42,717,929
	10. Financial liabilities measured at amortised cost	*42,717,929*
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 during 2023 were attributable to the Parent Company, and involved European government securities, totalling approximately 394 million euro. 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 2023, 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	2023	2022
1. Financial assets measured at fair value through profit or loss	**455**	**3,911**		**4,366**	**8,255**
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	455	3,911		4,366	8,255
2. Financial assets measured at fair value thorough other comprehensive income	**227,283**	**12**	**X**	**227,295**	**92,914**
3. Financial assets measured at amortised cost	**1,918,161**	**8,573,757**		**10,491,918**	**7,950,054**
3.1 Loans to banks	144,382	641,954	X	786,336	320,651
3.2 Loans to customers	1,773,779	7,931,803	X	9,705,582	7,629,403
4. Hedging derivatives	**X**	**X**	**563,714**	**563,714**	**(337,587)**
5. Other assets	**X**	**X**	**44,888**	**44,888**	**44,596**
6. Financial liabilities	**X**	**X**	**X**	**3,748**	**142,989**
TOTAL	**2,145,899**	**8,577,680**	**608,602**	**11,335,929**	**7,901,221**
– *of which: interest income on non-performing assets*		*7,934*		*7,934*	*15,175*
– *of which: interest income on finance lease*	*X*	*10,359*	*X*	*10,359*	*10,519*

Interest income for the year 2023 amounted to approximately 11,336 million euro, representing a significant increase of 3,435 million euro compared to the previous year, primarily driven by market interest rate fluctuations. The interest income is predominantly generated by the Parent Company and primarily includes:

- interest income on loans and bank accounts amounting to about 8,337 million euro;
- interest income on debt securities amounting to about 2,145 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 2023, this amount is positive for around 564 million euro.

The item includes interest income on non-performing financial assets of approximately 8 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 349 million euro (174 million euro in 2022), 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	2023	2022
1. Financial liabilities measured at amortised cost	**(7,116,327)**	**(832,565)**		**(7,948,892)**	**(5,567,166)**
1.1 Due to central banks	(190,046)	X	X	(190,046)	(6,595)
1.2 Due to banks	(1,421,140)	X	X	(1,421,140)	(329,933)
1.3 Due to customers	(5,505,141)	X	X	(5,505,141)	(4,625,587)
1.4 Securities issued	X	(832,565)	X	(832,565)	(605,051)
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					**(2,921)**
4. Other liabilities and provisions	**X**	**X**	**(188,216)**	**(188,216)**	**(37,972)**
5. Hedging derivatives	**X**	**X**	**50,085**	**50,085**	**40,679**
6. Financial assets	**X**	**X**	**X**	**(3,420)**	**(27,356)**
TOTAL	**(7,116,327)**	**(832,565)**	**(138,131)**	**(8,090,443)**	**(5,594,736)**
– *of which: interest expense on finance lease*	*(11,770)*	*X*	*X*	*(11,770)*	*(9,574)*

As at 31 December 2023, interest expenses totalled 8,090 million euro, representing a significant increase compared to the previous year's figure of 2,496 million euro. This rise is primarily attributed to the fluctuations in market interest rates and mainly results from:

- remuneration of the Parent Company's postal funding, amounting to approximately 4,672 million euro;
- interest expense on securities issued by the Parent Company of 514 million euro, Snam issues of 112 million euro, Terna issues of 105 million euro and from Italgas issues of 70 million euro;
- interest payable to banks by the Parent Company for 1,030 million euro and by Fincantieri for 142 million euro;
- interest expenses from credit facilities granted to the Parent Company by the EIB and the CEB amounting to around 104 million euro;
- interest expenses from the Parent Company's ECB refinancing facilities, amounting to approximately 190 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 2023, this amount is positive for around 50 million euro.

The item includes financial expenses accrued on lease liabilities recognised as a consequence of applying the IFRS 16, equal to about 12 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 109 million euro, mainly attributable to the Parent Company CDP.

1.5 DIFFERENTIALS ON HEDGING TRANSACTIONS

(thousands of euro)

Items	2023	2022
A. Positive differences on hedging transactions	751,526	61,772
B. Negative differences on hedging transactions	(137,727)	(358,680)
C. BALANCE (A - B)	**613,799**	**(296,908)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 COMMISSION INCOME: BREAKDOWN

(thousands of euro)

Type of services/Amounts	2023	2022
a) Financial instruments		
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		
– *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	**312**	**346**
e) Management of collective portfolios	**69,657**	**41,165**
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		
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		
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	**1,490**	**30**
l) Servicing activities for securitisations		
m) Commitments to disburse funds	**57,180**	**54,016**
n) Financial guarantees issued	**48,877**	**29,459**
– *of which: credit derivatives*		
o) Financing transactions	**47,193**	**39,313**
– *of which: factoring*		
p) Trading of currencies		
q) Commodities		
r) Other commission income	**325,904**	**306,969**
– *of which: management of multilateral trading systems*		
– *of which: management of organised trading systems*		
TOTAL	**550,613**	**471,298**

Commission income at 31 December 2023 amounts to 551 million euro, mainly attributable to the contribution of the Parent Company, which during the year accrued commission income of 434 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 57 million euro;
- structuring and disbursement of loans for around 47 million euro;
- financial guarantees issued of around 49 million euro;
- commercial guarantees issued of around 15 million euro.

The residual contribution includes, among other commission income, those accrued by the Parent Company for: securities lending activities, management of the Revolving Fund for Development Cooperation, the Kyoto Fund, the Revolving Fund supporting enterprises and research investment (FRI), and other services rendered.

The balance also includes 47.3 million euro from commissions received by the subsidiary SIMEST for the management of Public Funds, and commission income of 69.7 million euro accrued by subsidiaries CDP Real Asset 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	2023	2022
a) Financial instruments	**1,269,568**	**1,168,224**
of which: trading of financial instruments	2,337	2,557
of which: placement of financial instruments	1,243,165	1,152,815
of which: management of individual portfolios	11	
– own	11	
– delegated to third parties		
b) Offsetting and settlement	**2,964**	**761**
c) Management of collective portfolios		
1. Own		
2. Delegated to third parties		
d) Custody and administration	**1,966**	**2,001**
e) Collection and payment services	**23,114**	**25,617**
of which: credit cards, debit cards and other payment cards	4	10
f) Servicing activities for securitisations		
g) Commitments to receive funds	**16**	**471**
h) Financial guarantees received	**36,866**	**31,853**
of which: credit derivatives		
i) Door-to-door selling of financial instruments, products and services		
j) Trading of currencies		
k) Other commission expense	**4,082**	**2,116**
TOTAL	**1,338,576**	**1,231,043**

Commission expense is almost exclusively attributable to the Parent Company and is mainly related to the amount for the year 2023, of around 1,237 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 relating to 2023 accrued on the basis of the new terms and conditions contained in the supplementary and amending deed — signed on 30 January 2024 and effective from 1 January 2023 — to the existing 2021-2024 agreement between CDP and Poste Italiane.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 DIVIDENDS AND SIMILAR REVENUES: BREAKDOWN

(thousands of euro)	2023		2022	
Items/Revenues	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	25		48	
B. Other financial assets mandatorily measured at fair value	68	51,943		33,045
C. Financial assets measured at fair value through other comprehensive income	24,520	244	15,678	308
D. Equity investments	449		659	
TOTAL	**25,062**	**52,187**	**16,385**	**33,353**

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					
3. Other financial assets and liabilities: exchange rate differences	X	X	X	X	**(150,326)**
4. Derivatives	**109,511**	**80,634**	**86,836**	**110,540**	**29,108**
4.1 Financial derivatives:	109,511	80,634	86,836	110,540	29,108
– on debt securities and interest rates	75,757	80,634	84,067	104,352	(32,028)
– on equity securities and equity indices	15,979		2,769	125	13,085
– on currencies and gold	X	X	X	X	36,339
– other	17,775			6,063	11,712
4.2 Credit derivatives					
TOTAL	**109,511**	**80,634**	**86,836**	**110,540**	**(121,218)**

Profits (losses) on trading activities, negative by about 121 million euro in 2023 (compared with a positive value of 64 million euro in 2022), mainly derives from the negative net result recorded with reference to the financial derivatives of the Parent Company (83 million euro), the Terna group (24 million euro) and the Fincantieri Group (27 million euro), partially offset by the positive contribution of CDP Equity for 15 million euro.

SECTION 5 - FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - ITEM 90

5.1 FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING: BREAKDOWN

(thousands of euro) PL items /Value	2023	2022
A. Income on:		
A.1 Fair value hedges	209,598	6,699,962
A.2 Hedged financial assets (fair value)	1,774,325	6,949
A.3 Hedged financial liabilities (fair value)	69	342,396
A.4 Cash flow hedges	48	208
A.5 Assets and liabilities in foreign currencies	12,431	15,088
Total income on hedging activities (A)	**1,996,471**	**7,064,603**
B. Expense on:		
B.1 Fair value hedges	1,867,045	392,276
B.2 Hedged financial assets (fair value)	445	6,550,228
B.3 Hedged financial liabilities (fair value)	135,643	
B.4 Cash flow hedges	8,589	21,058
B.5 Assets and liabilities in foreign currencies	13,085	16,986
Total expense on hedging activities (B)	**2,024,807**	**6,980,548**
C. NET GAIN (LOSS) ON HEDGING ACTIVITIES (A - B)	**(28,336)**	**84,055**
– *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

	2023			2022		
(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	120,491	(45,217)	75,274	42,086	(10,199)	31,887
1.1 Loans to banks	64		64	130		130
1.2 Loans to customers	120,427	(45,217)	75,210	41,956	(10,199)	31,757
2. Financial assets measured at fair value through other comprehensive income	16,622	(66,566)	(49,944)	44,939	(10,326)	34,613
2.1 Debt securities	16,622	(66,566)	(49,944)	44,939	(10,326)	34,613
2.2 Loans						
TOTAL ASSETS	**137,113**	**(111,783)**	**25,330**	**87,025**	**(20,525)**	**66,500**
Financial liabilities measured at amortised cost						
1. Due to banks						
2. Due to customers						
3. Securities issued					(14,315)	(14,315)
TOTAL LIABILITIES					**(14,315)**	**(14,315)**

This line item shows a net gain as at 31 December 2023 of approximately 25 million euro (compared with a gain of 52 million euro on 31 December 2022), and resulted from a realised gain on the sales of debt securities included in Loans and advances to customers measured at amortised cost of the Parent Company, partially offset by a realised loss on the sales of debt securities belonging to the portfolio of financial assets measured at fair value through other comprehensive income.

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	**61**		**2,643**		**(2,582)**
1.1 Debt securities	61		329		(268)
1.2 Loans			2,314		(2,314)
2. Financial liabilities					
2.1 Securities issued					
2.2 Due to banks					
2.3 Due to customers					
3. Foreign currency financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	
TOTAL	**61**		**2,643**		**(2,582)**

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	**172,981**	**3,443**	**105,094**	**369**	**70,961**
1.1 Debt securities	2,199		1		2,198
1.2 Equity securities					
1.3 Units in collective investment undertakings	167,137		96,929	369	69,839
1.4 Loans	3,645	3,443	8,164		(1,076)
2. Financial assets: exchange rate differences	**X**	**X**	**X**	**X**	**(504)**
TOTAL	**172,981**	**3,443**	**105,094**	**369**	**70,457**

The balance of the item, positive by approximately 70 million euro as at 31 December 2023 (negative by 64 million euro in 2022), 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

The balance of the item is positive by approximately 57 million euro (negative by 9 million euro in 2022), and refers almost exclusively to the net balance of adjustments and recoveries associated with changes in the credit risk of financial assets measured at amortised cost, calculated using the Parent Company's individual and collective method (65 million euro), partially offset by the negative contributions of SIMEST (negative by 5.5 million euro) and Valvitalia (negative by 1.9 million euro)

8.1 NET ADJUSTMENTS FOR CREDIT RISK RELATING TO FINANCIAL ASSETS MEASURED AT AMORTISED COST: 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	2023	2022
A. Loans to banks	**(12,160)**	**(1,462)**					**4,095**				**(9,527)**	**(5,410)**
Loans	(10,671)	(1,462)					2,734				(9,399)	(198)
Debt securities	(1,489)						1,361				(128)	(5,212)
– *of which: impaired loans acquired or originated*												
B. Loans to customers	**(52,772)**	**(23,669)**	**(875)**	**(36,023)**			**32,203**	**75,799**	**72,356**		**67,019**	**(4,941)**
Loans	(34,172)	(22,269)	(875)	(19,130)			27,438	57,595	72,356		80,943	8,366
Debt securities	(18,600)	(1,400)		(16,893)			4,765	18,204			(13,924)	(13,307)
– *of which: impaired loans acquired or originated*												
TOTAL	**(64,932)**	**(25,131)**	**(875)**	**(36,023)**			**36,298**	**75,799**	**72,356**		**57,492**	**(10,351)**

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	2023	2022
A. Debt securities	**(1,892)**						**2,329**				**437**	**1,159**
B. Loans												
Customers												
Banks												
TOTAL	**(1,892)**						**2,329**				**437**	**1,159**

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		**(9,819)**	**(9,819)**
Loans		(9,819)	(9,819)
Debt securities			
Financial assets measured at amortised cost: loans to customers		**(38)**	**(38)**
Loans		(38)	(38)
Debt securities			
TOTAL		**(9,857)**	**(9,857)**

The balance of the item is negative for approximately 9.9 million euro, deriving from the contribution of the Ansaldo Energia group following the modification caused by the deferral of the maturity of the loans, without prejudice to the other conditions, granted by the pool of lenders (which includes banking institutions and CDP Equity) in May 2023.

SECTION 10 - INSURANCE SERVICE RESULT - ITEM 160

The Group does not engage in insurance business, so there are no revenues and expenses from insurance services.

SECTION 11 - BALANCE OF FINANCIAL INCOME AND EXPENSES RELATING TO INSURANCE OPERATIONS - ITEM 170

The Group does not engage in insurance business, so there are no financial revenues and expenses related to insurance operations.

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 STAFF COSTS: BREAKDOWN

(thousands of euro) Type of expenses/Sectors	Prudential consolidation	Other entities	2023	2022
1) Employees	**230,739**	**2,538,321**	**2,769,060**	**2,591,422**
a) wages and salaries	161,444	1,765,006	1,926,450	1,809,352
b) social security costs	5,821	107,276	113,097	47,788
c) staff severance pay	829	40,320	41,149	40,816
d) pension costs	29,433	428,244	457,677	476,360
e) allocation to staff severance pay	362	8,547	8,909	14,012
f) allocation to provision for post-employment benefits:				
– defined contribution				
– defined benefit				
g) payments to external supplementary pensions funds:	13,546	77,364	90,910	84,584
– defined contribution	13,546	72,720	86,266	80,565
– defined benefit		4,644	4,644	4,019
h) costs arising from share-based payment arrangements		317	317	5,690
i) other employee benefits	19,304	111,247	130,551	112,820
2) Other personnel in service	**1,544**	**20,061**	**21,605**	**15,572**
3) Board of Directors and Board of Auditors	**4,006**	**19,824**	**23,830**	**29,803**
4) Retired personnel				
TOTAL	**236,289**	**2,578,206**	**2,814,495**	**2,636,797**

12.2 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY

(number)	Prudential consolidation	Other entities	2023	2022
Employees	**1,569**	**41,087**	**42,656**	**41,304**
a) Senior management	171	923	1,094	1,034
b) Middle management	835	13,108	13,943	13,489
c) Other employees	563	27,056	27,619	26,781
Other personnel	**11**	**263**	**274**	**335**

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	2023	2022
Food coupons	2,941	7,012	9,953	9,613
Insurance policies	9,152	3,232	12,384	10,806
Contributions to mortgage loan interest	1,337	49	1,386	1,115
Leaving incentives	1,317	19,947	21,264	21,174
Energy bonus		475	475	540
Length of service bonuses		1,532	1,532	(575)
Other benefits	4,557	79,000	83,557	70,147
TOTAL	**19,304**	**111,247**	**130,551**	**112,820**

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN

(thousands of euro) Type of expenses/Values	Prudential consolidation	Other entities	2023	2022
IT costs	43,555	146,797	190,352	170,295
General services	12,413	8,764,226	8,776,639	8,350,587
Professional and financial services	26,625	1,164,201	1,190,826	1,008,602
Publicity and marketing expenses	4,161	58,157	62,318	52,899
Other personnel-related expenses	3,988	66,980	70,968	67,979
Utilities, duties and other expenses	7,542	324,871	332,413	337,283
Information resources and databases	2,929	724	3,653	3,135
Corporate bodies	647	371	1,018	1,168
TOTAL	**101,860**	**10,526,327**	**10,628,187**	**9,991,948**

As required by article 149-*duodecies* of Consob Issuers' Regulation no. 11971, the 2023 audit fees and fees for non-audit services are given below.

AUDIT FEES AND FEES FOR NON-AUDIT SERVICES

(thousands of euro) Type of services	Subject that provided the service	Recipient	Fees
Auditing	Auditor of the parent company	Parent company	401
		Subsidiaries	6,823
	Network of the auditor of the parent company	Subsidiaries	1,559
Certification services	Auditor of the parent company	Parent company	433
		Subsidiaries	549
	Network of the auditor of the parent company	Subsidiaries	
Other services	Auditor of the parent company	Parent company	27
		Subsidiaries	181
	Network of the auditor of the parent company	Subsidiaries	
TOTAL			**9,973**

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	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired	Net income (loss)
Commitments to disburse funds	(14,799)	(327)	(44)	(440)	18,943	1,046	138		4,517
Financial guarantees issued	(21,291)				202				(21,089)
TOTAL	**(36,090)**	**(327)**	**(44)**	**(440)**	**19,145**	**1,046**	**138**		**(16,572)**

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	2023
Net provisions for legal and fiscal disputes	(61,930)	43,159	(18,771)
Net provisions for sundry expenses for personnel	(9,185)	421	(8,764)
Net sundry provisions	(231,114)	29,464	(201,650)
TOTAL	**(302,229)**	**73,044**	**(229,185)**

13.3 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Type of transactions/Values	Accruals	Reversal of excess	2023
Net provisions for legal and fiscal disputes	(16,293)	28,483	12,190
Net provisions for sundry expenses for personnel			
Net sundry provisions			
TOTAL	**(16,293)**	**28,483**	**12,190**

13.3 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Type of transactions/Values	Accruals	Reversal of excess	2023
Net provisions for legal and fiscal disputes	(45,637)	14,676	(30,961)
Net provisions for sundry expenses for personnel	(9,185)	421	(8,764)
Net sundry provisions	(231,114)	29,464	(201,650)
TOTAL	**(285,936)**	**44,561**	**(241,375)**

The item Net sundry provisions mainly includes 141 million euro related to Fincantieri group and 64 million euro related to Ansaldo Energia group.

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:	(1,964,103)	(146,873)	16,743	(2,094,233)
– owned	(1,865,840)	(146,218)	16,743	(1,995,315)
– right of use acquired under leases	(98,263)	(655)		(98,918)
2. Investment:	(6,998)	(54,352)		(61,350)
– owned	(6,901)	(54,352)		(61,253)
– right of use acquired under leases	(97)			(97)
3. Inventories	X	(12,112)	7,782	(4,330)
TOTAL	**(1,971,101)**	**(213,337)**	**24,525**	**(2,159,913)**

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:	(8,973)			(8,973)
– owned	(5,040)			(5,040)
– right of use acquired under leases	(3,933)			(3,933)
2. Investment:	(6,008)			(6,008)
– owned	(5,911)			(5,911)
– right of use acquired under leases	(97)			(97)
3. Inventories	X			
TOTAL	**(14,981)**			**(14,981)**

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:	(1,955,130)	(146,873)	16,743	(2,085,260)
– owned	(1,860,800)	(146,218)	16,743	(1,990,275)
– right of use acquired under leases	(94,330)	(655)		(94,985)
2. Investment:	(990)	(54,352)		(55,342)
– owned	(990)	(54,352)		(55,342)
– right of use acquired under leases				
3. Inventories	X	(12,112)	7,782	(4,330)
TOTAL	**(1,956,120)**	**(213,337)**	**24,525**	**(2,144,932)**

SECTION 15 - NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - ITEM 220

15.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: BREAKDOWN

(thousands of euro) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(279,269)*			*(279,269)*
A.1 Owned	(966,572)	(27,623)		(994,195)
– internally generated by the company	(97,346)			(97,346)
– other	(869,226)	(27,623)		(896,849)
A.2 Right of use acquired under leases				
TOTAL	**(966,572)**	**(27,623)**		**(994,195)**

15.1 OF WHICH: PERTAINING TO THE PRUDENTIAL CONSOLIDATION

(thousands of euro) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(22,206)*			*(22,206)*
A.1 Owned	(22,377)	(350)		(22,727)
– internally generated by the company				
– other	(22,377)	(350)		(22,727)
A.2 Right of use acquired under leases				
TOTAL	**(22,377)**	**(350)**		**(22,727)**

15.1 OF WHICH: PERTAINING TO OTHER COMPANIES

(thousands of euro) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
– *of which: software*	*(257,063)*			*(257,063)*
A.1 Owned	(944,195)	(27,273)		(971,468)
– internally generated by the company	(97,346)			(97,346)
– other	(846,849)	(27,273)		(874,122)
A.2 Right of use acquired under leases				
TOTAL	**(944,195)**	**(27,273)**		**(971,468)**

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	2023	2022
Depreciation of leasehold improvements	394	1,442	1,836	1,847
Other	6,971	328,516	335,487	394,718
TOTAL	**7,365**	**329,958**	**337,323**	**396,565**

16.2 OTHER OPERATING INCOME: BREAKDOWN

(thousands of euro) Type of costs/Figures	Prudential consolidation	Other entities	2023	2022
Income for company engagements to employees	753	728	1,481	1,590
Recovery of expenses	18,662	20,315	38,977	40,314
Rental income and other income from property management	11,915	36,576	48,491	101,713
Revenues from industrial management		19,195,121	19,195,121	17,769,727
Other	17,976	361,468	379,444	296,142
TOTAL	**49,306**	**19,614,208**	**19,663,514**	**18,209,486**

Other operating income, equal to 19,664 million euro as at 31 December 2023 (18,209 million euro in 2022), includes income that is not attributable to the other items of the bank financial statements, represented almost exclusively by the revenues recorded by the CDP Group companies whose characteristic activity is of an industrial nature, and it is described below.

Among other operating income, are included the revenues deriving from the Snam group, equal to 4,254 million euro, related to the transport, regasification and storage of natural gas, and of the Italgas group for 2,624 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.

The Terna group contributed to the balance of industrial operating revenues with 3,162 million euro in revenues, the main component of which derived from the CRT network usage fee that remunerates the ownership and management of the National Transmission Grid pertaining to Terna S.p.A. and its subsidiaries Rete S.r.l., Terna Crna Gora d.o.o. and Rete Nord S.r.l. Transmission revenues represent the most significant portion of the regulated revenues of the Terna group and derive from the monopolistic application of the transmission fee (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 7,429 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 1,103 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	2023	2022
1. Joint ventures		
A. Income	**271,711**	**406,946**
1. Writebacks	271,711	403,581
2. Gains on disposal		15
3. Writebacks		
4. Other		3,350
B. Expenses	**(223,707)**	**(550,894)**
1. Impairment	(215,515)	(160,374)
2. Writedowns for impairment		(365,000)
3. Losses on disposal	(86)	(600)
4. Other	(8,106)	(24,920)
Net result	**48,004**	**(143,948)**
2. Enterprises subject to significant influence		
A. Income	**2,228,767**	**5,063,252**
1. Writebacks	2,147,149	4,714,615
2. Gains on disposal	76,361	314,390
3. Writebacks		31,000
4. Other	5,257	3,247
B. Expenses	**(738,271)**	**(529,634)**
1. Impairment	(23,466)	(327,234)
2. Writedowns for impairment	(713,589)	(201,606)
3. Losses on disposal		(195)
4. Other	(1,216)	(599)
Net gain (loss)	**1,490,496**	**4,533,618**
TOTAL	**1,538,500**	**4,389,670**

Net gains on equity investments of approximately 1,539 million euro comprise the results of the measurement at equity of investments subject to significant influence or subject to joint control and are mainly due to:

- the positive effect of using the equity method to value equity investment in Eni (1,269 million euro), Poste Italiane (587 million euro), Holding Reti Autostradali (95 million euro), SAIPEM (23 million euro) and Webuild (7 million euro);
- the negative effect of using the equity method to value the equity investment in NEXI (723 million euro, including the adjustment recognised as a result of the impairment test performed on the investment, for which, a charge of 712 million euro was recognised) and Open Fiber (164 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

In 2023, a goodwill impairment of 46 million euro was recorded, primarily pertaining to the impairment loss identified by the Snam group on the Biomethane Waste Cash Generating Unit (CGU), along with the impairment loss recognised on the goodwill of Melt1.

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	2023	2022
A. Land and buildings	**(61)**	**(451)**
– Gains on disposal	5	72
– Losses on disposal	(66)	(523)
B. Other assets	**136,416**	**23,710**
– Gains on disposal	141,214	29,017
– Losses on disposal	(4,798)	(5,307)
NET GAIN (LOSS)	**136,355**	**23,259**

This item was positive at 136 million euro, whereas it amounted to 23 million euro in the previous year. The profit was mainly due to the capital gain contribution of the subsidiary Fondo Italiano Consolidamento e Crescita (FICC) of approximately 119 million euro deriving from the sale of the investment in Florence One to the Permira Portfolio Management Limited Fund on 20 October 2023. Additionally, the Terna group contributed 18 million euro to this financial line item.

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 to calculate 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	2023	2022
1. Current taxes (-)	(999,288)	(928,521)	(1,927,809)	(1,493,117)
2. Change in current taxes from previous years (+/-)	3,543	79,315	82,858	3,555
3. Reduction of current taxes for the year (+)		10	10	2
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 (+/-)	(33,910)	77,269	43,359	146,510
5. Change in deferred tax liabilities (+/-)	73,487	116,415	189,902	45,748
6. TAXES FOR THE YEAR (-) (-1+/-2+3+3 *bis* +/-4+/-5)	**(956,168)**	**(655,512)**	**(1,611,680)**	**(1,297,302)**

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)	2023	Tax rate	2022	Tax rate
Income (loss) before taxes	**6,638,957**		**8,100,810**	
IRES THEORETICAL TAX LIABILITY (RATE 27.5%)	**(1,825,713)**	**-27.50%**	**(2,227,723)**	**-27.50%**
Increases in taxes				
– non-deductible interest expense	(13,745)	-0.21%	(5,500)	-0.07%
– writedowns of equity investments	(197,389)	-2.97%	(53,942)	-0.67%
– exchange rate differences	(1,655)	-0.02%	(1,149)	-0.01%
– adjustments on receivables	(5,509)	-0.08%	(9,863)	-0.12%
– non-deductible temporary differences	(178,423)	-2.69%	(151,016)	-1.86%
– non-deductible permanent differences	(45,004)	-0.68%	(334,738)	-4.13%
– foreign tax rate effects (+)	(1,328)	-0.02%	(1,464)	-0.02%
– other changes	(137,880)	-2.08%	(137,135)	-1.69%
– substitute tax for realignment of values			(58,386)	-0.72%
Decreases in taxes				
– ACE benefit	107,059	1.61%	63,321	0.78%
– exchange rate differences	1,780	0.03%	1,195	0.01%
– non-taxable income	692	0.01%	18,649	0.23%
– use of accruals	46,421	0.70%	95,783	1.18%
– 24% rate effect	28,362	0.43%	73,751	0.91%
– other changes	166,963	2.51%	312,049	3.85%
– revaluation of equity investments	512,235	7.72%	1,238,435	15.29%
IRES ACTUAL TAX LIABILITY	**(1,543,134)**	**-23.24%**	**(1,177,733)**	**-14.54%**

(thousands of euro)	2023	Tax rate	2022	Tax rate
IRAP tax amount	**7,877,296**		**10,195,530**	
IRAP THEORETICAL TAX LIABILITY (5.57% RATE)	**(438,765)**	**-5.57%**	**(567,891)**	**-5.57%**
Increases in taxes				
– non-deductible interest 4%	(3,814)	-0.05%	(279)	0.00%
– other non-deductible costs	(44,172)	-0.56%	(39,070)	-0.38%
– different regional rates	(7,048)	-0.09%	(9,156)	-0.09%
Decreases in taxes				
– costs deductible in previous years	2,563	0.03%	10,988	0.11%
– deductible costs for staff costs	56,059	0.71%	54,975	0.54%
– different regional rates	32,908	0.42%	34,710	0.34%
– other decreases	17,594	0.22%	200,339	1.96%
IRAP ACTUAL TAX LIABILITY	**(384,675)**	**-4.88%**	**(315,384)**	**-3.09%**

SECTION 22 - INCOME (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS - ITEM 320

22.1 INCOME (LOSS) AFTER TAX ON DISCONTINUED OPERATIONS: BREAKDOWN

This item has a nil balance.

22.2 BREAKDOWN OF INCOME TAXES ON DISCONTINUED OPERATIONS

No taxes are recognised in respect of gains or losses on 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 1,720 million euro.

(thousands of euro)

Company name	2023	2022
Equity investments in consolidated companies with significant third party interests		
1. Terna S.p.A.	657,788	733,132
2. Snam S.p.A.	809,566	422,719
3. Italgas S.p.A.	369,394	323,311
Other equity investments	**(116,873)**	**(94,124)**
TOTAL	**1,719,875**	**1,385,038**

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		2023	2022
10.	**Net income (loss) for the year**	**5,027,277**	**6,827,916**
	Other comprehensive income not transferred to income statement	**212,426**	**(533,403)**
20.	Equity securities at fair value through other comprehensive income:	214,184	(546,568)
	a) fair value changes	214,184	(546,568)
	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	(9,950)	35,284
80.	Non-current assets and disposal groups held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method	13,665	(32,251)
100.	Financial income or expenses relating to insurance contracts issued		
110.	Income tax relating to other comprehensive income not transferred to income statement	(5,473)	10,132
	Other comprehensive income transferred to income statement	**88,637**	**(609,418)**
120.	Hedging of foreign investments:		
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
130.	Exchange rate differences:	(4,484)	65,405
	a) changes in value	(10,499)	31,204
	b) transfer to income statement		
	c) other changes	6,015	34,201
140.	Cash flow hedges:	(208,550)	667,189
	a) fair value changes	(207,478)	670,334
	b) transfer to income statement	(1,072)	(1,073)
	c) other changes		(2,072)
	– *of which: result of net positions*		
150.	Hedging instruments (non-designated items):		
	a) changes in value		
	b) transfer to income statement		
	c) other changes		

(thousands of euro)

Items	2023	2022
160. Financial assets (other than equity securities) at fair value through other comprehensive income:	499,078	(966,980)
a) fair value changes	449,572	(931,057)
b) transfer to income statement	49,506	(35,923)
– impairment adjustments	(437)	(1,310)
– gains (losses) on disposal	49,943	(34,613)
c) other changes		
170. Non-current assets and disposal groups held for sale:		
a) fair value changes		
b) transfer to income statement		
c) other changes		
180. Share of valuation reserves of equity investments accounted for using equity method:	(85,299)	(502,087)
a) fair value changes	(87,457)	(603,591)
b) transfer to income statement		(2,727)
– impairment adjustments		
– gains (losses) on disposal		(2,727)
c) other changes	2,158	104,231
190. Financial income or expenses relating to reinsurance contracts held:		
a) fair value changes		
b) transfer to income statement		
c) other changes		
200. Revenues or costs of a financial nature relating to reinsurance transfers:		
a) fair value changes		
b) transfer to income statement		
c) other changes		
210. Income tax relating to other comprehensive income transferred to income statement	(112,108)	127,055
200. Total other comprehensive income	**301,063**	**(1,142,821)**
230. COMPREHENSIVE INCOME (ITEMS 10 + 190)	**5,328,340**	**5,685,095**
240. Consolidated comprehensive income pertaining to non-controlling interests	1,624,630	1,673,926
250. Consolidated comprehensive income pertaining to shareholders of the Parent company	**3,703,710**	**4,011,169**

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 performance 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. In particular, 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 every six months, consists of the General Risk Policy and related documents, each one concerning a specific risk category or area in which the risks are undertaken and, along with the Stress Testing Regulation, also defines CDP's stress testing programme. 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 General Risk Policy also specify the quantitative elements of the Risk Appetite Framework ("RAF") and the RAF in terms of IT and cyber risks. The Stress Testing Regulation describes the relative framework applied in CDP, comprising stress tests, which are configured for each of the risks and carried out both in the context of periodic risk monitoring (as described in the relevant paragraphs), and as part of strategic planning and periodic budgeting exercises (in this case, scenarios based on all relevant risk factors are defined and evaluated). CDP also uses reverse stress testing exercises.

The guidelines for the risk management of the Parent Company, expressed by the General 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.

Since 2023, CDP has sent an annual report to the Bank of Italy (i.e. ICAAP/ILAAP Report) on its current and forward-looking capital and liquidity situation. This report describes the fundamental characteristics of processes, exposure to risks and the determination of capital as well as the liquidity risk governance and management system, and is prepared in a manner consistent with requirements of prudential regulations for banks, taking into account the characteristics of the supervised entity and special regulations regarding the separate account. RM ensures the preparation of this Report, to be submitted to the competent Committees prior to approval from the Board of Directors.

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 (last updated in 2023). 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 as well as the activities of the liquidity risk governance and management system carried out by the control functions.

In the Parent Company there are two technical and advisory managerial committees, the Risk Governance Committee and the Risk Assessment Committee, which act as a support to management and to the decision-making bodies for each transaction; 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) the compliance of new products with that risk profile, (iii) relevant aspects for the management of liquidity contingency situations, and (iv) the analysis of activities for risk profile monitoring and assessing capital adequacy and the adequacy of the liquidity risk governance and management system, as well as corresponding reports for the supervisory authority.[102]. 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 actions 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).

[102] As mentioned above, these adequacy assessments are conducted in a manner consistent with requirements of prudential regulations for banks, taking into account the specific characteristics of the supervised entity and special regulations regarding the separate account.

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	98,040	52,942	62,113	39,887	348,043,901	348,296,883
2. Financial assets measured at fair value through other comprehensive income					10,797,899	10,797,899
3. Financial assets designated at fair value					192,647	192,647
4. Financial assets mandatorily measured at fair value	4,460		2,581	71	51,820	58,932
5. Financial assets held for sale					63,921	63,921
TOTAL 31/12/2023	**102,500**	**52,942**	**64,694**	**39,958**	**359,150,188**	**359,410,282**
Total 31/12/2022	**94,607**	**124,907**	**245,317**	**123,308**	**359,080,140**	**359,668,279**

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 31/12/2023	Net exposure 31/12/2022
Forborne loans to customers:				
Bad debts	560	(560)		
Unlikely to pay	46,079	(32,051)	14,028	803
Non-performing past-due exposures	5,544	(1,109)	4,435	
Performing past-due exposures				
Other performing exposures	1,608,457	(134,765)	1,473,692	1,566,187
TOTAL FORBORNE EXPOSURES AT 31/12/2023	**1,660,640**	**(168,485)**	**1,492,155**	**X**
Total forborne exposures at 31/12/2022	**1,697,749**	**(130,759)**	**X**	**1,566,990**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

0(thousands of euro) Portfolios/quality	Non performing assets				Performing assets			
	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	391,993	(178,898)	213,095		349,000,845	(917,058)	348,083,787	348,296,882
2. Financial assets measured at fair value through other comprehensive income					10,810,242	(12,343)	10,797,899	10,797,899
3. Financial assets designated at fair value					X	X	192,647	192,647
4. Financial assets mandatorily measured at fair value	63,346	(56,305)	7,041		X	X	51,891	58,932
5. Financial assets held for sale					63,921		63,921	63,921
TOTAL 31/12/2023	**455,339**	**(235,203)**	**220,136**		**359,875,008**	**(929,401)**	**359,190,145**	**359,410,281**
Total 31/12/2022	**740,669**	**(275,838)**	**464,831**		**359,844,876**	**(932,503)**	**359,203,448**	**359,668,279**

(*) 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			342,382
2. Hedging derivatives			2,267,140
TOTAL 31/12/2023			**2,609,522**
Total 31/12/2022			**4,951,334**

B. DISCLOSURE OF STRUCTURED ENTITIES (OTHER THAN SECURITISATION COMPANIES)

Not present at 31 December 2023.

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, as part of the treasury service carried out by Poste Italiane, an operation that presents a risk profile in line with that of standard financing; the scope of the service has been further expanded to cover Municipalities with a population of up to 100,000 inhabitants, as well as Provinces and Metropolitan Cities with up to 1 million residents (until today only municipalities up to 15,000 inhabitants were included).

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.

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. With the Separate Account, interventions aimed at increasing energy efficiency and achieving the objectives established in the framework of international agreements on climate and environmental protection are also possible. Financing may also be granted for activities which have most recently started with the use of CDP own funds, in the context of International Cooperation & Development Finance.

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, the green economy and initiatives for the growth of businesses, both in Italy and abroad.

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, also following developments in ongoing conflicts, CDP has supported Italian companies in coordination with the banking system, granting medium/long-term loans secured by instruments from both SACE (SupportItalia) and the EIB (through the European Guarantee Fund - EGF).

In 2023, CDP continued to develop interventions on platforms or investment programmes using EU funds (including, in particular, the European Commission's "InvestEU" investment programme, which CDP is an Implementing Partner for), or national resources (such as 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 the 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. This exposure refers to managed funds and, indirectly, to the subscribers of these funds, considering the nature of recall funds. In this regard, it should be noted that the assets of the managed funds are mainly subscribed by the Parent Company.

With reference to Fondo Italiano d'Investimento SGR S.p.A., 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, the exposure is limited both because of the diversification of the funds and investors, and because of the credit standing of the same. It should also be considered that the assets of the managed funds are mainly subscribed by the Parent Company or the controlling 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 the potential 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 subsidiary companies, 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[103]). 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 both exposures in Watch Lists and non-performing, 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.

[103] 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.

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 opinion;
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, methodologies, and tools (including those related 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 system of granting loans makes it possible to identify, through qualitative and quantitative criteria, cases for which an in-depth analysis of the debtor's creditworthiness is necessary.

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. 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 methodologies 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.

CDP uses benchmark tools in the process of assigning the internal rating, developed internally or supplied by specialised external providers, which are divided by nature, size, legal form and sector to which the counterparties belong. In particular, benchmark rating tools have been developed internally for Small and Mid Corporate counterparties, local entities (Metropolitan Cities, Provinces and Municipalities) and for Italian banks. The internal benchmark rating tools include independent modules (quantitative, qualitative, performance- and group-based), which are integrated according to the information available. CDP constantly updates the architecture of these models based on the results of their monitoring activities.

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.

Risk Management monitors the management and regulatory classifications, the internal ratings assigned according to the procedure described above and the collective and analytical provisions, on a quarterly basis. Monitoring includes, in particular, verifying the correct functioning of the credit quality monitoring system (early warning system).

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 developments in ongoing conflicts

Developments in ongoing conflicts, with 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 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, in particular with effects on investee companies that operate in the Oil & Gas industry 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 economic situation.

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 2023, that changes in internal ratings are limited, even including the impacts of the economic situation on a forward-looking basis. Specifically, the phenomena observed, however limited, were mainly related to idiosyncratic factors and not directly consequent to geopolitical and economic events.

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, also in light of the composition of CDP's loan portfolio, and might, at least potentially, introduce higher risks of arbitrariness. Despite the joint direct or indirect effects of the economic situation on counterparties in the portfolio being moderate so far, CDP has 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 with adequate security framework (e.g., exposures with public local entities supported by payment orders to the Treasurers 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, it is possible to include clauses in the loan agreements, obligating the counterparty to satisfy appropriate financial covenants and other contractual clauses, typical for these types of 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 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 2023, CDP implemented its hedging strategies also using clearing houses.

Securities financing transactions utilise framework netting arrangements such as GMRAs (Global Master Repurchase Agreement, ICMA 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.

CDP also operates in securities lending within the framework of the Global Master Securities Lending Agreement (GMSLA).

3. Non-performing credit exposures

3.1 Management strategies and policies

In 2023, gross non-performing credit exposures, down considerably 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.

In identifying non-performing exposures, CDP assesses the overall situation of the counterparty and not of the individual credit lines granted to the same, therefore adopting a "per individual debtor" approach.

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	29,734	4,042	1,604		3,825				177,110			
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
TOTAL 31/12/2023	**29,734**	**4,042**	**1,604**		**3,825**				**177,110**			
Total 31/12/2022	**114,476**	**210**	**7,837**			**43**	**532**		**167,979**			

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in accumulated impairment and provisions

(thousands of euros)	Accumulated impairment											
	Assets in stage 1						Assets in stage 2					
Items/Risk stages	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	**5**	**366,528**	**12,527**			**379,060**		**515,146**				**515,146**
Changes in opening balance												
Increases resulting from financial assets purchased or originated		66,587	1,863			68,450		96,265				96,265
Derecognitions other than write-offs		(24,812)	(1,161)			(25,973)		(92,945)				(92,945)
Net adjustments/recoveries for credit risk (+/-)		(24,495)	(1,138)			(25,633)		(58,878)				(58,878)
Contractual amendments without derecognition		(231)				(231)		1,396				1,396
Changes in estimation method												
Write-offs not recognised directly through profit or loss												
Other changes	2	(377)				(375)						
CLOSING ACCUMULATED IMPAIRMENT AND PROVISIONS	**7**	**383,200**	**12,091**			**395,298**		**460,984**				**460,984**
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	31/12/2023
		191,990			**191,795**	**195**						**577,051**	**1,259**	**176**		**1,664,682**
		6,822			6,538	284	X	X	X	X	X	18,364	253	14		190,168
		(65,778)			(65,775)	(3)						(25,263)	(1,137)	(87)		(211,183)
		20,276			20,447	(171)						23,902	(27)	(21)		(40,381)
																1,165
		(1,765)			(1,765)											(1,765)
		50			50							(35,110)				(35,435)
		151,595			**151,290**	**305**						**558,944**	**348**	**82**		**1,567,251**

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between credit risk stages (gross and nominal values)

	Gross exposure/Nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
(thousands of euro) Items/Risk stages	From stage 1 to stage	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	1,059,430	318,165	1,577	4,842	43,302	172,020
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued	5,602	33,674			504	514
TOTAL 31/12/2023	**1,065,032**	**351,839**	**1,577**	**4,842**	**43,806**	**172,534**
Total 31/12/2022	**57,412**	**1,799,376**	**115,236**	**3,073**	**99,798**	**7,732**

New liquidity provided via public guarantee schemes rolled out during the Covid-19 pandemic

	Gross exposure					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
(thousands of euro) Items/Risk stages	From stage 1 to stage	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
LOANS MEASURED AT AMORTISED COST 31/12/2023	**29,765**				**6,408**	
Loans measured at amortised cost 31/12/2022					**29,658**	

This table represents the gross value of loans measured at amortised cost, as of the balance sheet date, representing the new liquidity provided through public guarantee mechanisms issued during the Covid-19 pandemic. This includes cases where the risk stage of the exposures at the end of the year differs from their stage at the beginning of the year (or initial recognition date if later).

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	Accumulated partial write-off (*)
A. On-balance-sheet credit exposures												
A.1 On demand	**1,175,454**	**1,175,454**				**(7)**	**(7)**				**1,175,447**	
a) Non-performing		X					X					
b) Performing	1,175,454	1,175,454		X		(7)	(7)		X		1,175,447	
A.2 Others	**23,775,840**	**23,755,625**	**20,215**			**(59,752)**	**(52,757)**	**(6,995)**			**23,716,088**	
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	182	182		X					X		182	
- *of which: forborne exposures*				*X*					*X*			
e) Other performing positions	23,775,658	23,755,443	20,215	X		(59,752)	(52,757)	(6,995)	X		23,715,906	
- *of which: forborne exposures*				*X*					*X*			
Total (A)	**24,951,294**	**24,931,079**	**20,215**			**(59,759)**	**(52,764)**	**(6,995)**			**24,891,535**	
B. Off-balance-sheet credit exposures												
a) Non-performing		X					X					
b) Others	3,161,974	515,521		X		(842)	(842)		X		3,161,132	
Total (B)	**3,161,974**	**515,521**				**(842)**	**(842)**				**3,161,132**	
TOTAL (A + B)	**28,113,268**	**25,446,600**	**20,215**			**(60,601)**	**(53,606)**	**(6,995)**			**28,052,667**	

(*) 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	167,612	X		167,612		(74,874)	X		(74,874)		92,738	
– *of which: forborne exposures*	*560*	*X*		*560*		*(560)*	*X*		*(560)*			
b) Unlikely to pay	119,442	X		119,442		(66,500)	X		(66,500)		52,942	
– *of which: forborne exposures*	*46,079*	*X*		*46,079*		*(32,051)*	*X*		*(32,051)*		*14,028*	
c) Non-performing past due positions	71,902	X		71,902		(10,221)	X		(10,221)		61,681	
– *of which: forborne exposures*	*5,544*	*X*		*5,544*		*(1,109)*	*X*		*(1,109)*		*4,435*	
d) Performing past due positions	39,235	35,399	3,836	X		(212)	(201)	(11)	X		39,023	
– *of which: forborne exposures*				*X*					*X*			
e) Other performing positions	332,424,158	320,726,740	11,697,418	X		(796,311)	(342,332)	(453,979)	X		331,627,847	
– *of which: forborne exposures*	*1,608,457*	*13,127*	*1,595,330*	*X*		*(134,765)*	*(239)*	*(134,526)*	*X*		*1,473,692*	
Total (A)	**332,822,349**	**320,762,139**	**11,701,254**	**358,956**		**(948,118)**	**(342,533)**	**(453,990)**	**(151,595)**		**331,874,231**	
B. Off-balance-sheet credit exposures												
a) Non-performing	1,252	X		1,252		(82)	X		(82)		1,170	
b) Others	31,898,171	23,186,167	12,021	X		(642,148)	(641,800)	(348)	X		31,256,023	
Total (B)	**31,899,423**	**23,186,167**	**12,021**	**1,252**		**(642,230)**	**(641,800)**	**(348)**	**(82)**		**31,257,193**	
TOTAL (A + B)	**364,721,772**	**343,948,306**	**11,713,275**	**360,208**		**(1,590,348)**	**(984,333)**	**(454,338)**	**(151,677)**		**363,131,424**	

(*) Value to be shown for information purposes.

New liquidity provided via public guarantee schemes rolled out during the Covid-19 pandemic

(thousands of euro)	Gross value					Accumulated impairment						
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. Bad debts	3,257			3,257		(501)			(501)		2,756	
B. Unlikely to pay credit exposures	26,677			26,677		(3,859)			(3,859)		22,818	
C. Non-performing past-due credit exposures												
D. Performing past due positions	7,904	4,068	3,836			(37)	(26)	(11)			7,867	
E. Other performing positions	831,907	805,978	25,929			(2,934)	(2,768)	(166)			828,973	
TOTAL (A + B + C + D + E)	**869,745**	**810,046**	**29,765**	**29,934**		**(7,331)**	**(2,794)**	**(177)**	**(4,360)**		**862,414**	

(*) Value to be shown for information purposes.

This table represents the outstanding loans as of the balance sheet date, reflecting the newly provided liquidity through public guarantee mechanisms issued in response to the Covid-19 pandemic. Furthermore, it provides a breakdown of the gross value and accumulated impairment adjustments for different categories of performing and non-performing assets.

A.1.6 Prudential consolidation - On-balance sheet exposures to banks: changes in gross non-performing positions

There are no cash credit exposures to banks.

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	**160,591**	**235,751**	**241,370**
– *of which: exposures assigned but not derecognised*			
B. Increases	**14,303**	**40,803**	**59,004**
B.1 Transfers from performing loans	30	16,358	51,219
B.2 Transfers from purchased or originated credit impaired financial assets			
B.3 Transfers from other categories of impaired exposures	13,662	13,608	
B.4 Changes in contracts without derecognition			
B.5 Other increases	611	10,837	7,785
C. Decreases	**7,282**	**157,112**	**228,472**
C.1 To performing loans			174,887
C.2 Write-offs		1,765	
C.3 Collections	7,281	130,571	34,087
C.4 Gains on disposal			
C.5 Losses on disposal			
C.6 Transfers to other categories of impaired exposures		12,768	14,502
C.7 Changes in contracts without derecognition			
C.8 Other decreases	1	12,008	4,996
D. CLOSING GROSS EXPOSURE	**167,612**	**119,442**	**71,902**
– *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	**2,539**	**1,470,729**
– *of which: exposures assigned but not derecognised*		
B. Increase	**52,844**	**267,293**
B.1 Transfers from performing loans not forborne	13,398	*221,341*
B.2 Transfers from forborne performing loans	5,544	*X*
B.3 Transfers from forborne non-performing loans	*X*	
B.4 Transfers from non-forborne non-performing loans	33,776	
B.5 Other increases	*126*	*45,952*
C. Decreases	**3,200**	**129,565**
C.1 Transfers to non-forborne performing loans	*X*	
C.2 Transfers to forborne performing loans		*X*
C.3 Transfers to forborne non-performing loans	*X*	5,544
C.4 Write-off	1,765	
C.5 Collections	*1,338*	*104,772*
C.6 Gains on disposal		
C.7 Losses on disposal		
C.8 Other decreases	*97*	*19,249*
D. CLOSING GROSS EXPOSURE	**52,183**	**1,608,457**
– *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

There are no impaired cash credit exposures to banks.

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	**74,228**	**650**	**110,844**	**1,086**	**6,918**	
– *of which: exposures assigned but not derecognised*						
Changes in opening balance						
B. Increases	**1,261**		**26,867**	**36,276**	**6,878**	**1,109**
B.1 Writedowns on purchased or originated credit impaired financial assets		X		X		X
B.2 Other writedowns	342		26,328	22,997	6,481	1,080
B.3 Losses on disposal						
B.4 Transfers to other categories of impaired positions	919		361			
B.5 Changes in contracts without derecognition						
B.6 Other increases			178	13,279	397	29
C. Decreases	**615**	**90**	**71,211**	**5,311**	**3,575**	
C.1 Writebacks from valuations			2,991	2,991	2,599	
C.2 Writebacks from collection	615	90	65,563	555	588	
C.3 Gains on disposal						
C.4 Writeoffs			1,765	1,765		
C.5 Transfers to other categories of impaired positions			892		388	
C.6 Changes in contracts without derecognition						
C.7 Other decreases						
D. CLOSING ACCUMULATED IMPAIRMENT	**74,874**	**560**	**66,500**	**32,051**	**10,221**	**1,109**
– *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	**5,468,390**	**698,081**	**267,322,075**	**22,244,990**	**2,571,114**	**20,215**	**47,782,939**	**346,107,804**
– Stage 1	5,468,390	698,081	262,257,662	21,367,666	2,571,114		41,664,467	334,027,380
– Stage 2			5,064,413	877,324		20,215	5,759,517	11,721,469
– Stage 3							358,955	358,955
– Purchased or originated credit impaired financial assets								
B. Financial assets measured at fair value through other comprehensive income	**392,634**	**347,392**	**9,327,311**	**423,047**				**10,490,384**
– Stage 1	392,634	347,392	9,327,311	423,047				10,490,384
– 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)	**5,861,024**	**1,045,473**	**276,649,386**	**22,668,037**	**2,571,114**	**20,215**	**47,782,939**	**356,598,188**
D. Commitments to disburse funds and financial guarantees issued								
– Stage 1	314,892	100,000	9,323,612	217,559	32,182		13,713,443	23,701,688
– Stage 2							12,021	12,021
– Stage 3							1,252	1,252
– Purchased or originated credit impaired								
TOTAL (D)	**314,892**	**100,000**	**9,323,612**	**217,559**	**32,182**		**13,726,716**	**23,714,961**
TOTAL (A + B + C + D)	**6,175,916**	**1,145,473**	**285,972,998**	**22,885,596**	**2,603,296**	**20,215**	**61,509,655**	**380,313,149**

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	14,591,413	14,555,852			29,861	5,222,381						9,303,610					14,555,852
– *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	1,660										1,660					1,660
– *of which: non-performing*																	
2.2 Partially secured	40,778	40,734										39,154					39,154
– *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	9,741,717	9,687,828	196,942		7,447	741,072						7,107,644	6,872	26,516	1,580,210		9,666,703
– *of which: non-performing*	*158,993*	*136,467*	*13,835*			*328*						*122,285*			*19*		*136,467*
1.2 Partially secured	9,488,126	9,464,241				55,417						6,643,850	13,850	4,984	647,804		7,365,905
– *of which: non-performing*	*9,403*	*5,652*										*5,652*					*5,652*
2. Secured off-balance-sheet credit exposures:																	
2.1 Fully secured	7,476,847	7,468,343	106,682			75,631						5,597,464		52,744	1,635,562		7,468,083
– *of which: non-performing*	*840*	*799*	*88*									*711*					*799*
2.2 Partially secured	6,038,285	5,987,811				7,801						3,894,541	2,063		709,032		4,613,437
– *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 2023.

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		(14,711)					91,889	(60,069)	849	(94)
– *of which: forborne exposures*								*(560)*		
A.2 Unlikely to pay	1,217	(29,267)					51,342	(37,199)	383	(34)
– *of which: forborne exposures*	*1,202*	*(802)*					*12,826*	*(31,249)*		
A.3 Non-performing past-due positions	27,765	(3,904)					33,856	(6,313)	60	(4)
– *of which: forborne exposures*							*4,435*	*(1,109)*		
A.4 Performing exposures	299,832,264	(572,421)	7,660,889	(16,978)			24,149,559	(207,023)	24,158	(101)
– *of which: forborne exposures*	*2,996*	*(288)*					*1,470,696*	*(134,477)*		
Total (A)	**299,861,246**	**(620,303)**	**7,660,889**	**(16,978)**			**24,326,646**	**(310,604)**	**25,450**	**(233)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	384	(42)					698	(37)	88	3
B.2 Performing exposures	7,196,354	(607,564)	5,733,935	(5,091)			16,810,927	(29,396)	21,393	(97)
Total (B)	**7,196,738**	**(607,606)**	**5,733,935**	**(5,091)**			**16,811,625**	**(29,433)**	**21,481**	**(94)**
TOTAL (A + B) 31/12/2023	**307,057,984**	**(1,227,909)**	**13,394,824**	**(22,069)**			**41,138,271**	**(340,037)**	**46,931**	**(327)**
TOTAL (A + B) 31/12/2022	**313,099,855**	**(1,287,914)**	**12,609,389**	**(28,277)**			**41,419,990**	**(379,997)**	**44,585**	**(297)**

B.2 Prudential consolidation - On-balance-sheet and off-balance-sheet credit exposures to customers by geographical area

	Italy		Other European countries		Americas		Asia		Rest of the world	
(thousands of euro) Exposures/Geographical area	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	92,738	(74,874)								
A.2 Unlikely to pay	52,942	(66,500)								
A.3 Non-performing past-due positions	61,681	(10,221)								
A.4 Performing exposures	314,531,048	(767,353)	5,721,373	(7,008)	6,279,492	(12,668)	2,784,543	(2,971)	2,350,414	(6,523)
Total (A)	**314,738,409**	**(918,948)**	**5,721,373**	**(7,008)**	**6,279,492**	**(12,668)**	**2,784,543**	**(2,971)**	**2,350,414**	**(6,523)**
B. Off-balance sheet exposures										
B.1 Non-performing exposures	1,170	(82)								
B.2 Performing exposures	20,348,544	(631,271)	1,527,422	(1,892)	6,741,167	(7,445)	789,165	(840)	356,310	(699)
Total (B)	**20,349,714**	**(631,353)**	**1,527,422**	**(1,892)**	**6,741,167**	**(7,445)**	**789,165**	**(840)**	**356,310**	**(699)**
TOTAL (A + B) 31/12/2023	**335,088,123**	**(1,550,301)**	**7,248,795**	**(8,900)**	**13,020,659**	**(20,113)**	**3,573,708**	**(3,811)**	**2,706,724**	**(7,222)**
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)**

B.3 Prudential consolidation - On-balance sheet and off-balance sheet credit exposures to banks by geographical area

	Italy		Other European countries		Americas		Asia		Rest of the world	
(thousands of euro) Exposures/Geographical area	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	24,129,127	(50,747)	434,061	(415)			31,135	577	297,212	(8,010)
Total (A)	**24,129,127**	**(50,747)**	**434,061**	**(415)**			**31,135**	**577**	**297,212**	**(8,010)**
B. Off-balance sheet exposures										
B.1 Non-performing exposures										
B.2 Performing exposures	596,559	(543)	2,116,662						259,895	(299)
Total (B)	**596,559**	**(543)**	**2,116,662**						**259,895**	**(299)**
TOTAL (A + B) 31/12/2023	**24,725,686**	**(51,290)**	**2,550,723**	**(415)**			**31,135**	**577**	**557,107**	**(8,309)**
Total (A + B) 31/12/2022	**24,210,943**	**(45,268)**	**4,207,260**	**(211)**			**96**		**536,379**	**(6,415)**

C. Securitisation transactions

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. (portfolio extinguished on 31 December 2023);
6. Poste Italiane S.p.A. (extinguished portfolio).

As at 31 December 2023, the final portfolio (RFI S.p.A.) that remained active from the previous year was closed, with collections carried out in accordance with standard procedures. It is important to highlight that the mortgages underlying this transaction were fully eliminated from the financial statements, by applying the IFRS 1 exemption outlined in Appendix B, paragraph B2. This exemption enables a first-time adopter to apply the derecognition requirements prospectively for transactions occurring on or after the date of transition to IFRS (i.e. 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 securities redeemed (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.				19,013						

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

	Financial assets assigned recognised in full				Financial liabilities associated		
(thousands of euro)	Carrying amount	of which: subject to securitisa-tion	of which: subject to sales agree-ments with repurchase arrange-ments	of which impaired	Carrying amount	of which: subject to securitisa-tion	of which: subject to sales agree-ments with repurchase arrange-ments
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	**501,229**		**501,229**		**501,561**		**501,561**
1. Debt securities	501,229		501,229		501,561		501,561
2. Equity securities				X			
3. Loans							
E. Financial assets measured at amortised cost	**46,512,105**		**46,512,105**		**42,190,602**		**42,190,602**
1. Debt securities	46,512,105		46,512,105		42,190,602		42,190,602
2. Loans							
TOTAL 31/12/2023	**47,013,334**		**47,013,334**		**42,692,163**		**42,692,163**
Total 31/12/2022	**55,123,602**		**55,123,602**		**50,673,447**		**50,673,447**

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 31/12/2023	Total 31/12/2022
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	**504,976**		**504,976**	**3,526,707**
1. Debt securities	504,976		504,976	3,526,707
2. Equity securities				
3. Loans				
E. Financial assets measured at amortised cost (fair value)	**37,874,979**		**37,874,979**	**45,492,962**
1. Debt securities	37,874,979		37,874,979	45,492,962
2. Loans				
Total financial assets	**38,379,955**		**38,379,955**	**49,019,669**
Total financial liabilities associated	**42,692,163**		**42,692,163**	**50,673,447**
NET VALUE 31/12/2023	**(4,312,208)**		**(4,312,208)**	**X**
Net value 31/12/2022	**(1,653,778)**		**X**	**(1,653,778)**

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. DISPOSAL AND FULL WRITE-OFF OF FINANCIAL ASSETS

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 2023, 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 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.

Interest rate risk and inflation risk can impact both the profitability and economic value of CDP. Therefore, the basic approach taken by CDP to measure and manage 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 makes it possible to arrive at a statistical distribution of the value of the balance sheet items considered, as well as summary measures representative of the economic capital necessary for the risk.

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 in particular regarding 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 net worth 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.

Risk Management also carries out stress tests on the risk measures of the equity portfolio, considering sensitivity analyses on the portfolio model parameters and scenario analysis on sector concentration.

A further source of CDP's exposure to price risk is due to CDP's fund-raising operations, namely to the issue of indexed securities (such as "Risparmio Sostenibile" postal savings bonds, whose yield is linked to the performance of the "Stoxx Europe 600 ESG-X" index). In relation to this risk, RM monitors the net exposure resulting from the implemented hedging strategies.

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 (usually, fixed-rate securities issued by the Italian Government and postal savings bonds guaranteed by the Parent Company). Currently, the liquidity is entirely allocated to bank accounts, a postal savings account and a deposit with 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. During 2023 the liquidity stock was held in liquid market instruments (short-term time deposits) or deposited into bank accounts. The 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 on income and costs resulting from its operating management. Currently, the liquidity stock is mainly deposited into bank accounts or managed through short-term deposits with leading financial institutions.

In 2023, CDP RA SGR, FII SGR and CDP Venture Capital SGR had not set up any interest-rate-hedging strategy.

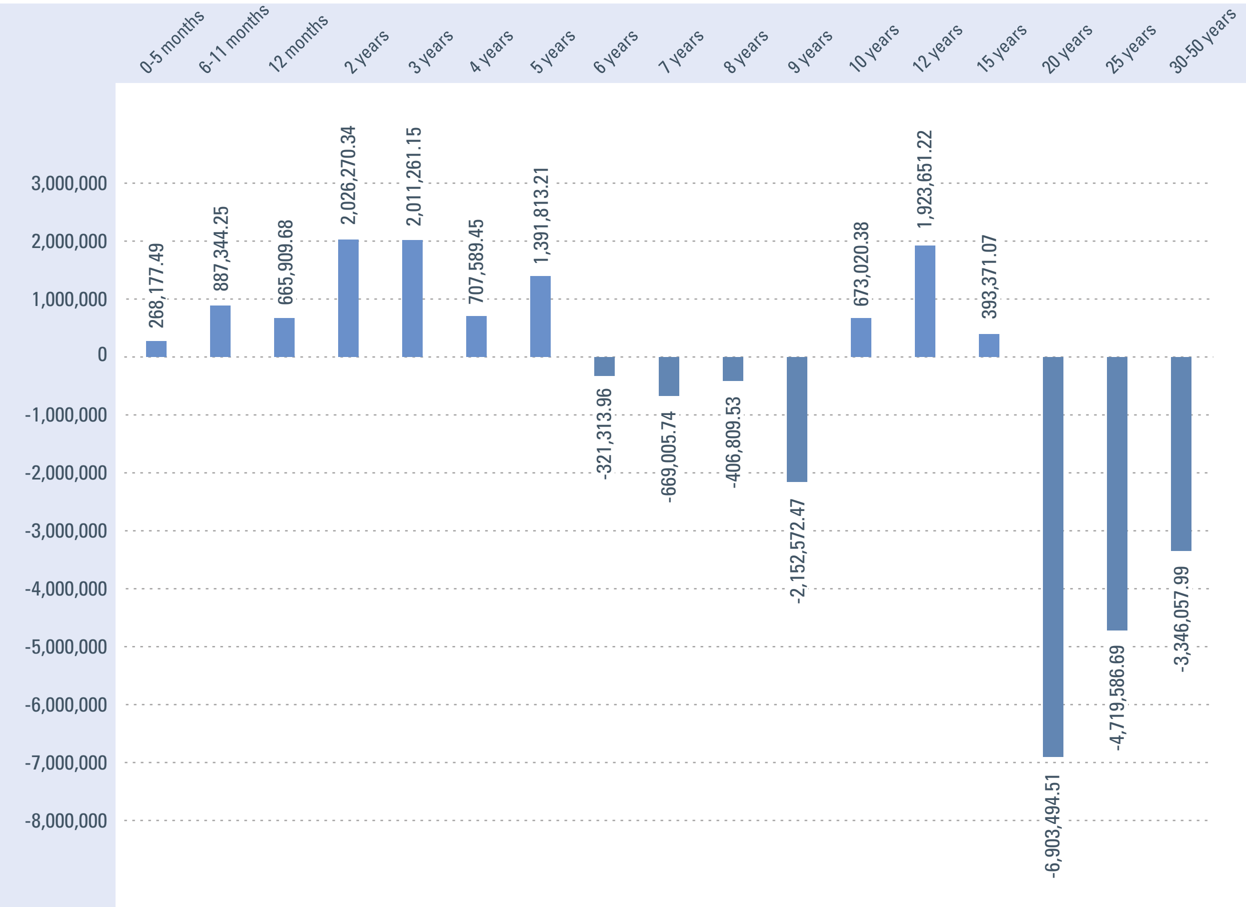
Quantitative disclosures

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 29/12/2023



Sensitivity to zero-coupon rates: parallel increase/decrease of 100 basis points

Market figures at 29/12/2023

(million of euro) Interest rate scenario	Effect on Economic Value
Parallel shock up of 100 bps	-781
Parallel shock down of 100 bps	+755

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.

Specifically, 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, in order to support Italian exporters (Export Finance) or internationalisation.

CDP Real Asset SGR, Fondo Italiano d'Investimento SGR S.p.A. and CDP Venture Capital SGR are not exposed to exchange rate risk with reference to the carried out activities.

B. Hedging exchange rate risk

With regard to the Parent Company's exposure to the US Dollar, there was a residual component of unhedged exchange rate risk as of 31 December 2023. 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.

In addition, there was a residual component of unhedged exchange rate risk for the Parent Company as of 31 December 2023, associated with exposures in currencies for deposits on current accounts.

Quantitative disclosures

1. Breakdown by currency of assets, liabilities and derivatives

(thousands of euro) Items	Currency			
	US dollar	Pound Sterling	Yen	Other currencies
A. Financial assets	**5,596,274**			**6**
A 1 Debt securities	423,547			
A.2 Equity securities	17,408			
A 3 Loans to banks	239,677			6
A 4 Loans to customers	4,915,642			
A 5 Other financial assets				
B. Other assets				
C. Financial liabilities	**2,109,251**		**48,145**	
C.1 Due to banks	1,198,773			
C.2 Due to customers	53			
C.3 Debt securities	910,425		48,145	
C.4 Other financial liabilities				
D. Other liabilities				
E. Financial derivatives				
– Options				
+ long positions				
+ short positions				
– Other derivatives				
+ long positions		161,095	47,975	
+ short positions	3,258,854	161,095		
TOTAL ASSETS	**5,596,274**	**161,095**	**47,975**	**6**
TOTAL LIABILITIES	**5,368,105**	**161,095**	**48,145**	
Difference (+/-)	**228,169**		**(170)**	**6**

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/Type of derivatives	31/12/2023 Over the counter Central counter-parties	31/12/2023 Over the counter Without central counterparties With netting arrange-ments	31/12/2023 Over the counter Without central counterparties Without netting arrange-ments	31/12/2023 Organised markets	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
1. Debt securities and interest rates		**4,269,069**	**40,000**			**3,873,269**	**40,000**	
a) Options								
b) Swaps		4,269,069	40,000			3,873,269	40,000	
c) Forwards								
d) Futures								
e) Other								
2. Equity securities and equity indices		**192,700**	**208,106**			**71,250**	**117,419**	
a) Options		192,700	208,106			71,250	117,419	
b) Swaps								
c) Forwards								
d) Futures								
e) Other								
3. Foreign currencies and gold		**3,384,959**				**3,694,051**		
a) Options								
b) Swaps		1,932,723				1,990,226		
c) Forwards		1,452,236				1,703,825		
d) Futures								
e) Other								
4. Commodities								
5. Other underlyings								
TOTAL		**7,846,728**	**248,106**			**7,638,570**	**157,419**	

A.2 Financial derivatives held for trading: gross positive and negative fair value - breakdown by product

	31/12/2023				31/12/2022			
	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		36,450				10,063		
b) Interest rate swap		241,045	1,670			275,325	1,828	
c) Cross currency swap		30,524				18,961		
d) Equity swap								
e) Forward		28,428				48,760		
f) Futures								
g) Other								
TOTAL		**336,447**	**1,670**			**353,109**	**1,828**	
2. Negative fair value								
a) Options			19,777				7,728	
b) Interest rate swap		241,539				274,313		
c) Cross currency swap		65,195				118,306		
d) Equity swap								
e) Forward		986						
f) Futures								
g) Other								
TOTAL		**307,720**	**19,777**			**392,619**	**7,728**	

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			1,670
– negative fair value	X			
2) Equity securities and equity indices				
– notional value	X			208,106
– positive fair value	X			
– negative fair value	X			19,777
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		1,865,535	1,479,534	924,000
– positive fair value		47,103	41,461	152,481
– negative fair value		149,037	54,824	37,678
2) Equity securities and equity indices				
– notional value		171,800	20,900	
– positive fair value		32,616	3,834	
– negative fair value				
3) Foreign currencies and gold				
– notional value		2,686,317	698,642	
– positive fair value		52,056	6,896	
– negative fair value		62,389	3,792	
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	942,000	2,421,069	946,000	4,309,069
A.2 Financial derivatives on equity securities and equity indices			400,806	400,806
A.3 Financial derivatives on exchange rates and gold	3,384,959			3,384,959
A.4 Financial derivatives on commodities				
A.5 Financial derivatives on other				
TOTAL 31/12/2023	**4,326,959**	**2,421,069**	**1,346,806**	**8,094,834**
Total 31/12/2022	**4,506,051**	**2,115,269**	**1,174,669**	**7,795,989**

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 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 2023 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 savings bonds 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 (SOFR Compounded and SOFR Term).

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 with 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 and repos 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 provision 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, but also increasingly through netting via central counterparties.

E. Hedged items

The existing accounting hedges at the end of 2023 were carried out on asset and liability items, such as loans, receivables, bonds and repos.

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 31/12/2023				Total 31/12/2022			
	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	**18,013,247**	**27,890,654**			**3,834,241**	**36,145,130**		
a) Options								
b) Swaps	18,013,247	27,451,808			3,834,241	35,998,437		
c) Forwards		438,846				146,693		
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		**228,971**				**240,832**		
a) Options								
b) Swaps		228,971				240,832		
c) Forwards								
d) Futures								
e) Other								
4. Commodities								
5. Other underlyings								
TOTAL	**18,013,247**	**28,119,625**			**3,834,241**	**36,385,962**		

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							
	31/12/2023				31/12/2022			
	Over the counter				Over the counter			
		Without central counter-parties				Without central counter-parties		
	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	52,276	2,052,894			48,151	4,294,722		
c) Cross currency swap						1,121		
d) Equity swap								
e) Forward								
f) Futures								
g) Other								
TOTAL	**52,276**	**2,052,894**			**48,151**	**4,295,843**		
2. Negative fair value								
a) Options								
b) Interest rate swap	630,605	1,008,440			16,671	1,057,724		
c) Cross currency swap		9,829				12,400		
d) Equity swap								
e) Forward		3,732				4,593		
f) Futures								
g) Other								
TOTAL	**630,605**	**1,022,001**			**16,671**	**1,074,717**		

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	18,013,247	22,587,602	5,303,052	
– positive fair value	52,276	1,813,037	239,857	
– negative fair value	630,605	607,022	405,150	
2) Equity securities and equity indices				
– notional value				
– positive fair value				
– negative fair value				
3) Foreign currencies and gold				
– notional value		138,473	90,498	
– positive fair value				
– negative fair value		9,385	444	
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	4,527,281	9,670,042	31,706,578	45,903,901
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on exchange rates and gold	90,498		138,473	228,971
A.4 Financial derivatives on commodities				
A.5 Financial derivatives on other				
TOTAL 31/12/2023	**4,617,779**	**9,670,042**	**31,845,051**	**46,132,872**
Total 31/12/2022	**4,210,533**	**9,682,862**	**26,326,808**	**40,220,203**

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 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	18,013,247	24,453,137	6,782,586	964,000
– positive fair value	52,276	1,860,139	281,318	154,151
– negative fair value	630,605	756,058	459,974	37,679
2) Equity securities and equity indices				
– notional value		171,800	20,900	208,106
– positive fair value		32,616	3,834	
– negative fair value				19,777
3) Foreign currencies and gold				
– notional value		2,824,790	789,140	
– positive fair value		52,057	6,896	
– negative fair value		71,775	4,236	
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[104]" and "funding liquidity risk[105]".

Since the banking group does not engage in trading activities, the exposure to liquidity risk in the sense of asset liquidity risk is limited.

Given 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 originating from 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 monitors a lower limit on the stock of liquid assets together with a number of figures that represent the capacity of CDP to cope with potential crisis. Among the operational safeguards for liquidity risk, CDP has adopted a Contingency Funding Plan (CFP) that describes the processes and intervention strategies adopted to manage any liquidity crises, whether systemic in origin - due to a sudden deterioration in the money and financial markets - or caused by the institution's idiosyncratic difficulties.

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 described monitoring tools, RM performs a stress test to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

[104] 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.
[105] 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 received from the funds under management, 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. In fact, the SGR manages closed-end funds with underlyings that have low liquidity and a long-term time horizon. The possible need for readily convertible assets, even though with a limited probability of occurrence, could have significant effects on the price level of such 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 respect to CDP Venture Capital SGR, there is a potential exposure to a cash shortfall risk, caused by, among others, lower management fees received on the funds under management, calculated as a percentage of either the Net Asset Value or the Gross Asset Value.

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.

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	**155,102,385**	**13,799**	**33,128**	**83,176**	**1,214,372**	**1,841,056**	**9,952,848**	**64,211,227**	**121,796,769**	**2,879,602**
A.1 Government securities		6,081	21,745	2,673	933,285	775,310	5,867,551	24,561,807	38,608,103	
A.2 Other debt securities		7,718	4,328	20,589	85,665	690,519	891,636	8,169,756	3,151,555	
A.3 Units in collective investment undertakings	4,154,128									
A.4 Loans	150,948,257		7,055	59,914	195,422	375,227	3,193,661	31,479,664	80,037,111	2,879,602
– banks	578,022				750	1,375	586,380	4,749,841	9,100,739	2,879,602
– customers	150,370,235		7,055	59,914	194,672	373,852	2,607,281	26,729,823	70,936,372	
B. On-balance-sheet liabilities	**99,365,173**	**19,381,639**	**3,474,114**	**3,707,999**	**10,552,384**	**16,331,308**	**17,886,488**	**159,060,818**	**33,307,228**	
B.1 Deposits and current accounts	99,007,566	2,768,274	1,210,701	1,855,210	4,978,868	12,977,197	13,185,838	145,592,577	10,572,870	
– banks	123,424							343,085	17,863	
– customers	98,884,142	2,768,274	1,210,701	1,855,210	4,978,868	12,977,197	13,185,838	145,249,492	10,555,007	
B.2 Debt securities			250,000		770,000	1,318,000	300,000	8,994,977	6,701,975	
B.3 Other liabilities	357,607	16,613,365	2,013,413	1,852,789	4,803,516	2,036,111	4,400,650	4,473,264	16,032,383	
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of capital										
– long positions			132,163	296,285	1,094,521	2,326,383	90,752		138,695	
– short positions				174,208	1,072,398	2,136,562	90,498	430,000	147,667	
C.2 Financial derivatives without exchange of capital										
– long positions		60,461	3,590	1,838	89,035	551,320	703,143			
– short positions		147,406	1,050		51,937	178,644	528,885			
C.3 Deposits and loans to receive										
– long positions										
– short positions										
C.4 Irrevocable commitments to disburse funds										
– long positions	21,460,995							3,050,000		
– short positions	21,460,995							3,050,000		
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, ICT 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.

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.

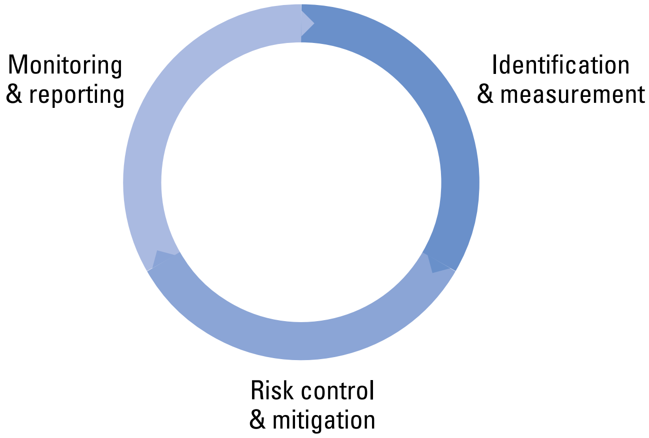
The objective is to improve corporate processes and the Internal Control System, so as to lay the foundations for the most appropriate mitigation actions and to make a more accurate quantification of the associated economic capital, currently estimated using the Basic Indicator Approach.

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 Stress testing

As part of stress testing during the strategic planning phase and periodic budgeting exercises, the Operational Risks and ICT unit identifies specific potential operational risk scenarios with a high impact (in economic terms) and a low frequency of occurrence. The estimated loss for each of the scenarios depends on i) the expected frequency and ii) the potential economic impact, which are estimated with the support of the main Process Owners and Organisational Units involved in the scenario.

This activity makes it possible to estimate the potential economic loss under stress as a result of the occurrence of operational risk events.

1.4 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.

Fraud risk presidium

Within the operational risk management model used in CDP, the fraud risk management framework has also been implemented. The fraud risk is defined as any unlawful conduct, action or omission, intentionally carried out through improper means, intended to harm another's right and to obtain directly or indirectly a material or moral advantage, a consent, and/or adopted to elude, for an own benefit or for the benefit of a third party, an obligation of any kind. This model is part of CDP's Internal Controls System and is divided into three lines of defence: (i) first-line of defence, carried out by the operational/production units and incorporated into business processes; (ii) second-line of defence, entrusted to Fraud Risk Presidium established within Operational and ICT Risk Organisational Unit and (iii) third-line of defence, overseen by the Internal Audit Function.

Specifically, Fraud risk Presidium identifies and assesses the risks of fraud related to business processes through second-level controls. The main tools used by Fraud Risk Presidium for these controls are: (i) Fraud Risk Assessment, updated periodically every three years, unless there are significant changes in the operational context, both within and outside the Company (ii) Loss Data Collection, updated continuously, and (iii) Effectiveness controls, according to a defined frequency.

ICT risk

The ICT system, consisting of the ICT Assets and the human resources dedicated to their management, is an essential means to achieve the strategic and operational objectives of a company, due to the critical level of the business processes that depend on it. With a view to sound and prudent management, the ICT 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.

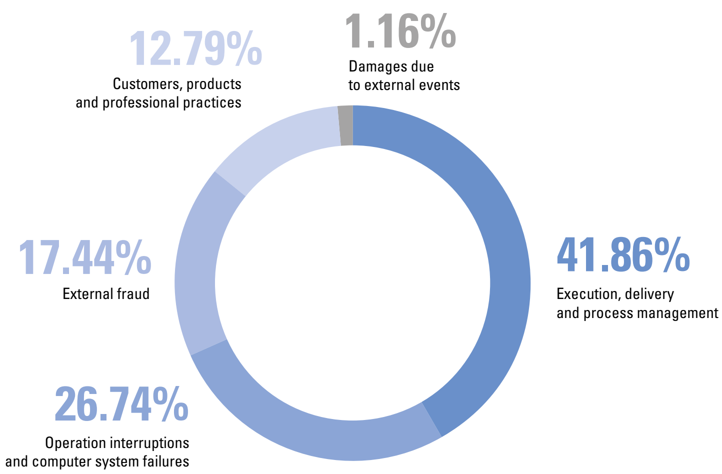
ICT risk includes Cyber risk, which is the risk associated with any intentional and malicious activity on the ICT system caused by internal, external or third parties capable of affecting the Confidentiality, Integrity and Availability of technical infrastructures and/or data. The cause of a Cyber risk 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[106], showing the number and the impact in 2023, based on the event type classification scheme established by the New Basel Capital Accord.

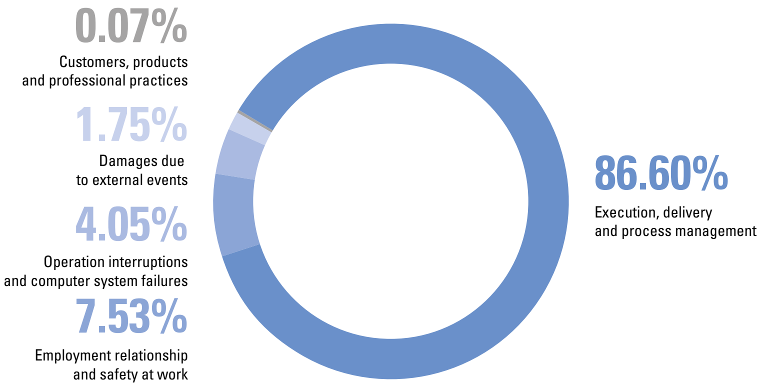
% breakdown by number of events (actual and near-miss losses)



In 2023, 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.

[106] The data refers to CDP and CDP Real Asset SGR.

% breakdown by accounting amount recorded



During 2023, the most significant type of event, in terms of impact, is attributable to "Execution, Delivery, & Process Management".

CDP Real Asset SGR

CDP RA SGR adopts the Group's operational risk management framework, with the purpose of strengthening risk controls and improving the overall process effectiveness and efficiency, to reduce the variability of operating profits and protect its assets.

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 created 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 operational risks concerning the Company, through a process that identifies, measures and periodically monitors the potential operational risks to which it could be exposed (mainly deriving from the management of AIFs including compliance risk, legal risk, reputational risk and sustainability risk) and an assessment of the adequacy of the safeguards it puts in place. The net exposure of CDP Venture Capital SGR processes to operational risks is moderate as a whole, thanks to the presence of safeguards that are adequate overall.

LEGAL DISPUTES

CIVIL AND ADMINISTRATIVE DISPUTES

At 31 December 2023, there are 113 pending disputes in civil and administrative matters in which CDP is a defendant, of which 80 disputes for a total amount of approximately 551.5 million euro and 33 disputes with an indeterminate amount.

With reference to the above-mentioned disputes, there are 17 disputes with a risk of a ruling against the company estimated to be **probable**. Of these: (i) 10 refer to positions relating to Postal Savings products amounting to approximately 100 thousand euro; (ii) 5 refer to credit positions amounting to approximately 481.4 million euro; and (iii) 2 refer to other civil and administrative law issues amounting to approximately 37.2 million euro.

There are also 45 disputes with a risk of a ruling against the company estimated to be **possible**. Of these: (i) 25 refer to positions relating to Postal Savings products amounting to approximately 277 thousand euro; (ii) 7 refer to credit positions amounting to approximately 8.7 million euro; and (iii) 13 refer to other civil and administrative law issues amounting to approximately 938 thousand euro.

With reference to ongoing disputes, at 31 December 2023 a provision for risks and charges was set up amounting to approximately 45.7 million euro.

LABOUR LAW DISPUTES

At 31 December 2023, there were 16 pending pre-disputes and disputes in labour matters in which CDP is a defendant, for which provisions were made for a total of about 3.9 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 different financial risks: market risk, liquidity risk and credit risk.

This section provides information regarding the Terna group's exposure to all the above risks, along with a presentation of the objectives, policies and processes for managing those risks and the methods used to assess them.

The group's risk management policies seek to identify and analyse the risks that group companies are exposed to, establishing appropriate limits and controls and monitoring the risks and compliance with such limits. 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 companies' operations.

The Terna group's exposure to the aforementioned risks is substantially represented by the exposure of Terna S.p.A.

As a part of the financial risk management policies approved by its Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, specifically as concerns the instruments to be used and the precise operating limits to apply in managing them.

Certain amounts at 31 December 2022 have been restated for comparative purposes.

The following table shows financial statement items exposed to the above risks.

	31/12/2023			31/12/2022		
(million of euro)	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Assets						
Derivative financial instruments		17.8	17.8		75.7	75.7
Cash and equivalent and government bonds	1,543.2	316.3	1,859.5	2,155.1	366.4	2,521.5
Trade receivables	2,123.4		2,123.4	2,358.3		2,358.3
TOTAL	**3,666.6**	**334.1**	**4,000.7**	**4,513.4**	**442.1**	**4,955.5**

	31/12/2023			31/12/2022		
(million of euro)	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Liabilities						
Long-term debt	11,995.5		11,995.5	10,770.1		10,770.1
Derivative financial instruments		164.6	164.6		248.0	248.0
Trade payables	2,864.9		2,864.9	3,687.7		3,687.7
TOTAL	**14,860.4**	**164.6**	**15,025.0**	**14,457.8**	**248.0**	**14,705.8**

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 includes exchange rate risk, interest rate risk and inflation risk.

Risk management must be performed with the objective of minimising the related risks by selecting counterparties and instruments compatible with the Company's Risk Management Policy. Speculative activity is not part of Terna's activities.

The Terna group seeks to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aimed at minimising risk through continuous monitoring of financial markets in order to obtain new financing and conclude hedging transactions in favourable market conditions. The dynamic approach enables the group to intervene in order to improve existing hedges should there be a change in market conditions or changes in the hedged item, making the hedges inappropriate or excessively costly.

The fair value of financial instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (Level 2), by means of appropriate valuation techniques for each category of financial instrument, using market data at the closing date (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 interest rate fluctuations. This is the risk that a change in market interest rates may produce effects on the fair value or future cash flows of financial instruments.

In the course of its operations, the group is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk is associated with its borrowings and the related hedges in the form of derivative instruments that generate financial expenses. The borrowing strategy generally focuses on long-term borrowings, whose term reflects the useful life of the group's assets. It pursues an interest rate risk hedging policy that aims to guarantee that percentage of debt represented by fixed rate liabilities is at least 40%, as provided for in the relevant policies. At the end of 2023, 87% of the group's is fixed rate.

At 31 December 2023, interest rate risk is hedged by cash flow hedges which hedge the risk connected with the fair value of borrowings and movements in interest rates relating to borrowings.

Below are the notional amounts and fair values of the derivative financial instruments entered into by the Terna group:

	31/12/2023		31/12/2022		Change (+/-)	
(million of euro)	Notional	Fair value	Notional	Fair value	Notional	Fair value
FVH derivatives	1,853.0	(164.5)	1,973.5	(248.0)	(120.5)	83.5
CFH derivatives	2,362.8	17.2	1,996.3	75.5	366.4	(58.3)

The notional amount of outstanding cash flow hedges at 31 December 2023, amounting to 2,362.8 million euro, breaks down as follows:
- 1,309.8 million euro (fair value gain of 27.4 million euro) maturing 2024;
- 260.0 million euro (fair value gain of 0.3 million euro) maturing 2025;
- 353.0 million euro (fair value loss of 0.3 million euro) maturing 2027;
- 500.0 million euro (fair value loss of 10.2 million euro) maturing 2029.

The notional amount of fair value hedges at 31 December 2023, amounting to 1,853.0 million euro, breaks down as follows:
- 950.0 million euro (fair value loss of 58.9 million euro) maturing 2030;
- 323.0 million euro (fair value loss of 33.8 million euro) maturing 2039;
- 490.0 million euro (fair value loss of 60.1 million euro) maturing 2042;
- 90.0 million euro (fair value loss of 11.7 million euro) maturing 2043.

Sensitivity to interest rate risk

Terna has floating-to-fixed interest rate swaps in place to manage the risk of movements in interest rates.

Since the hedging relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, as verified initially and periodically over its life, is high, the Company has elected to use hedge accounting to ensure a perfect match between the maturities of the hedge and the hedged item. The aim of hedge accounting is to recognise the effects of the hedges and the hedged items in profit or loss at the same time. Accordingly, in the case of cash flow hedges, changes in the fair value of the derivative must be recognised in Other comprehensive income (recognising any ineffective portion immediately through profit or loss) and then recycled through profit or loss in the same period in which the cash flows of the hedged instrument materialise. The characteristics of cash flow hedges mirror those of the underlyings, with the timing of the related cash flows matching the timing of interest payments on the debt, without changes in fair value having any impact on profit or loss.

The following table reports the amounts recognised through profit or loss and in Other comprehensive income for positions that are sensitive to changes in interest rates, in addition to the theoretical value of the positions following a positive or negative shift in the yield curve and the differential impact of such change is recognised through profit or loss and in Other Comprehensive Income. A hypothetical 10% movement in interest rates with respect to market interest rates at the reporting date was 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 2023						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	(0.7)	(2.8)	(4.9)	(48.5)	(58.3)	(68.2)
Hypothetical change	*2.1*		*(2.1)*	*9.8*		*(9.9)*
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*		*(1.4)*	*10.7*		*(10.8)*

Regulators around the world have launched a reform of IBOR (Interbank Offered Rates), which are used as the benchmark for most financial instruments sold throughout the world, with the aim of restoring confidence in the benchmark. The transition from EONIA to ESTER took place in 2022 without any significant impact. The group is continuing to closely monitor the market and the results produced by the various working groups overseeing the transition to the new benchmark rates for the other maturities (EURIBOR). Management is aware of the associated risks and, for this reason, the group plans to complete the transition in step with the change in the related legislation. At the same time, all the new financial contracts contain fallback provisions governing the transition period.

Inflation risk

As regards inflation risk, the rates established by the regulator to provide a return on Terna S.p.A.'s activities are determined so as to cover the allowed costs. Such cost components are updated on an annual basis to take into account the impact of inflation. Having used an inflation-linked bond issue in 2007, which matured in September 2023, the Company has put in place an effective hedge of net income; in fact, any decrease in expected revenue due to a decrease in the inflation rate would be offset by lower financial expenses and vice versa.

Exchange rate risk

The management of exchange rate risk must aim to protect a company's earnings from the risk of currency fluctuations by keeping a close eye on market movements and constantly monitoring the existing exposures. In managing this risk, Terna from time to time selects hedging instruments with structures and durations matching the group's exchange rate exposure. The instruments used by Terna are of limited complexity, highly liquid and easy to price, such as forwards and options. Such 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 a rise or fall in 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.

At 31 December 2023, the group's exposure to the impact of exchange rate risk on its profit or loss is residual and linked to foreign currency cash flows from the subsidiaries, Tamini and Brugg.

Liquidity risk

Liquidity risk is the risk that the Terna group might encounter difficulty in discharging its obligations in respect of its financial liabilities and operating cycle. Liquidity risk management seeks to ensure adequate coverage of borrowing requirements by obtaining adequate credit lines and appropriate management of any surplus liquidity. At 31 December 2023, the Terna group has available short-term credit facilities of approximately 703 million euro (out of total facilities of approximately 1,040 million euro), and revolving credit facilities of 3,455 million euro. Finally, Terna S.p.A. has launched a Euro Commercial Paper Programme (ECP), amounting to up to 1,000 million euro, including 130 million euro still available at 31 December 2023.

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	31/12/2022	31/12/2023	Portion falling due within 12 months	Portion falling due after 12 months	2025	2026	2027	2028	2029	After	Average interest rate 2023	Average net interest rate 2023
Bonds	2023	659.6										2.73%	5.08%
	2023	999.2										1.00%	1.15%
	2024	858.2	826.4	826.4								4.90%	0.87%
	2025	497.6	498.5		498.5	498.5						0.13%	0.32%
	2026	498.8	499.2		499.2		499.2					1.00%	1.28%
	2026	79.5	79.7		79.7		79.7					1.60%	1.80%
	2027	984.8	988.0		988.0			988.0				1.38%	1.91%
	2027	99.8	99.8		99.8			99.8				3.44%	2.77%
	2028	705.6	712.9		712.9				712.9			1.00%	1.29%
	2029	597.2	597.6		597.6					597.6		0.38%	1.71%
	2029		742.7		742.7					742.7		3.63%	3.76%
	2030	403.8	437.0		437.0						437.00	0.38%	3.30%
	2032	353.6	366.3		366.3						366.30	0.75%	3.11%
	2033		642.5		642.5						642.50	3.88%	3.91%
EIB	2045	1,475.0	2,407.2	24.6	2,382.6	47.7	58.5	117.1	142.2	142.2	1,874.90	2.43%	1.75%
Terna borrowing	2024	300.0	300.0	300.0									-1.22%
Total fixed rate		**8,512.7**	**9,197.8**	**1,151.0**	**8,046.8**	**546.2**	**637.4**	**1,204.9**	**855.1**	**1,482.5**	**3,320.70**		
EIB	2041	950.20	836.30	115.30	721.00	115.30	115.30	115.30	115.30	96.00	163.80	3.70%	1.57%
Terna borrowing	2025	799.10	699.40	100.00	600.00	600.00					(0.60)	3.82%	3.77%
Total variable rate		**1,749.3**	**1,535.7**	**215.3**	**1,321.0**	**715.3**	**115.3**	**115.3**	**115.3**	**96.0**	**163.20**		
TOTAL		**10,262.0**	**10,733.5**	**1,366.3**	**9,367.8**	**1,261.5**	**752.7**	**1,320.2**	**970.4**	**1,578.5**	**3,483.90**		

Bonds fair value is 6,490.6 million euro and is based on prices at the reporting date. Borrowings fair value equals carrying amount for a total of 4,237.6 million euro as at 31 December 2023, 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 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 derivatives is considered to be marginal since the counterparties, in compliance with the financial risk management policies adopted, are leading international banks with high ratings.

Terna provides its services essentially to counterparties considered solvent by the market, and therefore with a high credit standing, and does not have high concentrations of credit risk.

Credit risk management is driven by the provisions of the Energy Networks and Environment Regulator (hereinafter ARERA) Resolution 111/06, which, in art. 49, introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an 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 fixed by ARERA.

The following table summarises the exposure to such risk at the reporting date:

(million of euro)	31/12/2023	31/12/2022	Change (+/-)
FVH derivatives	17.8	75.7	(57.9)
Cash and cash equivalents and other financial assets	1,859.5	2,521.5	(662.0)
Trade receivables	2,123.4	2,358.3	(234.9)
TOTAL	**4,000.7**	**4,955.5**	**(954.8)**

The total value of the exposure to credit rate risk at 31 December 2023 is represented by the carrying amount of trade receivables, cash flows hedges, cash and cash equivalents, securities and deposits.

The following tables provide qualitative information on trade receivables regarding the geographical distribution and type of customer.

Geographical distribution

(million of euro)	31/12/2023	31/12/2022
Italy	1,768.7	2,092.6
Euro-area countries	267.9	165.9
Other countries	86.8	99.8
TOTAL	**2,123.4**	**2,358.3**

Type of customer

(million of euro)	31/12/2023	31/12/2022
Distributors	576.2	472.8
CSEA	72.2	94.3
Dispatching customers for injections	314.5	826.2
Dispatching customers for withdrawals (not distributors)	868.0	682.0
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	11.7	11.8
Sundry receivables	280.8	271.2
TOTAL	**2,123.4**	**2,358.3**

The following table breaks down trade receivables by past-due band, with the related impairment:

	31/12/2023		31/12/2022	
(million of euro)	Impairment	Gross	Impairment	Gross
Current	(0.7)	1,871.4	(0.6)	2,103.6
0-30 days past due	(0.5)	31.0	(0.6)	28.8
31-120 days past due	(0.5)	18.8	(0.4)	56.2
Over 120 days past due	(32.5)	236.4	(35.4)	206.7
TOTAL	**(34.2)**	**2,157.6**	**(37.0)**	**2,395.3**

Movements in the allowance for doubtful accounts in the course of the year were as follows.

(million of euro)	31/12/2023	31/12/2022
Balance at 1st January	(37.0)	(49.6)
Release of provisions	6.4	14.3
Impairments for the year	(3.6)	(1.7)
BALANCE	**(34.2)**	**(37.0)**

The value of guarantees received from eligible electricity market operators is illustrated below.

(million of euro)	31/12/2023	31/12/2022
Dispatching - Injections	240.4	249.7
Dispatching - Withdrawals	1,893.0	1,665.8
Transmission charges due from distributors	351.0	329.3
Virtual imports	273.4	269.6
Capacity market	175.3	181.4
BALANCE	**2,933.1**	**2,695.8**

In addition, Non-regulated Activities are exposed to "counterparty risk", in particular in relation to the entities with which sales contracts are entered into, in consideration of the credibility and solvency of the parties in question and the impact that their possible insolvency could have on the financial strength of the business. Counterparty risk is mitigated by implementing special procedures to assess counterparties, measuring operating, financial and reputational aspects of the counterparties in question.

Default risk and debt covenants

This risk is associated with the possibility that the loan agreements or bond terms and conditions to which Terna S.p.A. is a party may contain provisions authorising counterparties to call in such loans immediately upon the occurrence of certain events, thereby generating liquidity risk.

Bank Guarantees

Banks have issued guarantees to third parties on behalf of group companies which, at 31 December 2023 , amount to 315.5 million euro. This amount breaks down as follows: 71.9 million euro on behalf of Terna S.p.A., 101.6 million euro on behalf of Tamini Trasformatori S.r.l., 53.3 million euro on behalf of Terna Rete Italia S.p.A., 19.9 million euro on behalf of Terna Interconnector S.r.l., 51.6 million euro on behalf of Brugg group, 0.1 million euro on behalf of Terna Plus S.r.l., 4.5 million euro on behalf of Terna Perù SAC, 12.0 million euro on behalf of Terna Energy Solutions S.r.l. and 0.1 million euro on behalf of Terna Chile S.p.A.

LITIGATION

The main commitments and risks not disclosed in the statement of financial position at and for the year ended 31 December 2023, relating to Terna S.p.A. and its subsidiary Terna Rete Italia S.p.A., are described below. There are no significant commitments or risks for the other subsidiaries at that date.

Disputes concerning the validity of authorisations to build and operate plants

Another aspect of litigation connected with the plant owned by the Terna S.p.A. derives from legal actions brought before the competent administrative courts, aimed at obtaining the annulment of decisions granting consent for the construction and operation of infrastructure.

Disputes concerning activities granted under concession arrangements

As the operator of transmission and dispatching activities since 1 November 2005, Terna S.p.A. has been a party in several court cases, contesting determinations adopted by ARERA, and/or the Ministry of Enterprises and Made in Italy, and/or Terna itself, in relation to these activities. In cases in which the plaintiffs have, in addition to inherent defects in the contested determinations, alleged violation of the regulations laid down by the aforementioned authorities, or in cases in which the determination has had an impact on Terna, the Company has also taken action to defend its interests through the legal system. 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 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 Snam's 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 on the Italian national transport network is historically imported from or transits through countries in the MENA area (Middle East and North Africa, in particular Algeria, Tunisia, Libya and, in light of TANAP-TAP, Turkey combined with the States which overlook the eastern Mediterranean) and in the former Soviet Bloc (Russia, Ukraine, Azerbaijan and Georgia) — nations sensitive to political, social and economic instability. Therefore, 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.

With reference to 2023, persistent uncertainties remain related to geopolitical tensions, amplified by the conflict that erupted in the Middle East and the general slowdown in global economic activity.

The protracted Russian-Ukrainian conflict and the possible widening of the Middle Eastern front, could compromise or delay the progressive stabilisation of the world economy; in particular, significant effects on international trade, Italian imports and exports, and supply chains could occur in the event of further and repeated attacks on commercial vessels transiting the Red Sea, which represents a transit route for 12% of world goods and for 40% of all Italian maritime trade.

At the economic level, the dynamics already observed since the last quarter of 2022, which put an end to the prolonged growth phase in the prices of energy goods that began in the third quarter of 2021, gradually consolidated during 2023.

The extraordinary European investment plan for the protection of energy security and the diversification of gas supply sources, also favoured by the mild weather conditions of the last winter season, contributed decisively to the continuation of the downward trend in energy commodity prices.

Since March 2023, on the Dutch TTF spot market, the price of natural gas has been consistently below 55 euro per MWh. Gas prices, although substantially decreasing, still remain higher than observed before 2022, thus affecting the competitiveness of European and national companies.

Therefore, in a time of crisis characterised by a scenario of future uncertainty and extreme volatility, Snam has made the security of supply a priority, working to ensure greater flexibility and the adequate sizing of gas infrastructure through new FSRU, the roll-out of the Adriatic Line and an expansion in TAP capacity.

On the indication of the Italian government, two floating storage and regasification units (FSRU) were purchased that will be able to contribute to the security and energy diversification of the country by enhancing the LNG capacity entering Italy. The first regasifier, the Golar Tundra, was moored in the port of Piombino in March 2023. It guarantees a storage capacity of 170,000 cubic metres and an annual regasification capacity of 5 billion cubic metres of gas. The second FSRU, the "BW Singapore", the acquisition of which was closed in December 2023, was built in 2015 and also has a maximum storage capacity of about 170,000 cubic metres of liquefied natural gas and a nominal regasification capacity of about 5 billion cubic metres per year. It will be moored in the Upper Adriatic, off the coast of Ravenna.

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 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, for the fifth regulatory period (2020-2023), and Resolution 139/2023/R/gas, for the sixth regulatory period (2024-2027), ARERA confirmed 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%).

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%. Resolution 196/2023/R/gas relating to the tariff regulation criteria for the sixth regulatory period (2024-2027) confirmed the mechanism and established a fund for the new regasifiers pursuant to Legislative Decree 50/2022 (art. 5), allocating an annual 30 million euro from 2024 through to 2043, earmarked to cover the portion of revenues for the regasification service, including the cost of purchase and/or construction of new plants, with priority placed on the portion exceeding the application of the revenue coverage factor. In general, the changes in the current regulatory framework might have adverse impacts on the Snam group's business, financial position and results.

Abroad, market risk protections are offered by French, Greek and Austrian regulation, even if for the latter the tariff framework does not guarantee full coverage of volume risk. Another type of protection comes from TAP's long term contracts, GCA (with gradual maturity dates up to 2031), Teréga (with gradual maturity of the long term contracts at the point of interconnection with Spain from 2023) and Adnoc Gas Pipeline (20 years tariff-based with minimum ship or pay).

The UK regulation does not guarantee coverage against volume risk, but the current capacity reserves of the investee Interconnector already exceed the regulatory ceiling for the period 2023-2026.

With reference to the subsidiary SeaCorridor, a joint venture that manages the international pipelines linking Algeria to Italy, although operating in an unregulated context and exposed to volume risk, the company can benefit from medium- to long-term contracts already in place and a prospect of utilization close to maximum capacity given that it represents one of the main sources of imports to replace Russian gas. In addition, the contractual arrangements of the purchase and sale with Eni, provide protection to Snam toward volume fluctuations from pre-set estimates.

With reference to the macroeconomic market framework, and consumption framework, 2022 witnessed 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 Emissions Trading System (ETS) market.

Although in the first half of 2023 spot market gas prices were lower than those in the previous year, the contingent trend in commodity prices in Europe and the high energy dependence on imports could represent elements of vulnerability for the Italian energy system, both in the short term (in particular with reference to the next winter) and in the medium term (fuelling the phenomenon of energy poverty).

Regarding gas, Snam has already mitigated this risk thanks to a series of counter measures adopted over the last few years such as: investments in import capacity from new supply routes to ensure the diversification of the sources of procurement (such as 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).

For some sectors, particularly with reference to 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), which Snam has signed a protocol with.

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 Snam group's plants are no longer sufficient to comply with regulatory compliance obligations relating to ETS mechanisms; that is why the companies of the Snam group obtain the missing allowances from the market.

With resolution 139/2023/R/gas of 5 April 2023, ARERA defined the regulatory criteria for the sixth regulatory period (2024-2027) of the natural gas transmission and metering service, including — among other things — the recognition of costs related to the Emission Trading System (ETS). With resolutions 419/2019/R/gas and 196/2023/R/gas, the recognition of costs relating to the ETS mechanism was introduced also for the storage services (regulatory period 2020-2025) and for the regasification service (2024-2027).

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, in the short and medium term, gas could benefit from its greater sustainability than other fossil fuels and represent a bridging solution towards the complete decarbonisation of some sectors.

On the other hand, individual policies and choices could lead to a progressive reduction in natural gas consumption, with a consequent impact 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-International Energy Agency'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 events (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.

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. Snam 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, and offering transparency and cooperation, including the implementation of best practices. The protocol suggests the targets to reach: -45% by 2025 compared to 2015.

Since 2021, Snam has raised its target to reduce methane emissions from -45% to -55% by 2025 compared to 2015 for operating assets. This is a more ambitious target than the Oil & Gas Methane Partnership protocol (OGMP 2.0), which has already been achieved and has become a key part of the Decarbonisation Strategy.

In relation to its operating business, in 2023, Snam raised the new target for reducing methane emissions by 2030 compared to 2015, from -65% to -70% (and to -72% by 2032), a target which is aligned with the recommendations set by OGMP 2.0.

UNEP has confirmed its Gold Standard for Snam for 2023. Already achieved by Snam in 2021 and 2022, the Gold Standard is the highest level of achievement under the OGMP 2.0 protocol, rewarding Snam's commitment to reporting and reducing its methane emissions.

Energy transition and development of hydrogen-related market and technologies

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 Snam'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, energy efficiency, and carbon capture and storage projects) 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, and a presence along the major corridors for the supply of natural gas and hydrogen in the future, all combined in a strategy that focuses on ESG factors, will be essential to help develop a 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 the Snam group's purpose and the European objectives.

The new strategic vision for 2030 presented by Snam in January 2024, together with the 2023-2027 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 an H2-ready perspective that will enable the long term development of the hydrogen backbone, as well as in innovative green gas development projects (hydrogen and biomethane) and contributing to the decarbonisation of consumption through energy efficiency measures and adopting CCS (Carbon Capture and Storage) technology with the development of CO2 transport and storage infrastructure for the decarbonisation of primary industrial hubs.

In this context, and with particular reference to the Snam group's strategy, the main risk factors include the risks posed by technological innovation in favour of switching to the use of electrical technologies, and/or the delay in the development of new technologies for the production, transport and storage of green gas at competitive costs (hydrogen in particular). Added to these factors is the risk of a delay in or non-fulfilment of planned investments (infrastructure, projects, new acquisitions) as a result of unknown operational, economic, regulatory, authorisation, competitive and social factors, as well as a lack of development of the hydrogen market with reference to the value chain that should feed the infrastructure.

In particular, with reference to the energy efficiency business, given the current regulatory framework in place, there is a risk in relation to failure to meet the deadlines for the completion of all the documentation necessary for the recognition of the tax credit related to the superbonus; this risk, although significantly limited, could prevent the use of the tax credits generated from the work performed.

Finally, it must be considered that the uncertainty of the still evolving regulatory plan slows down the creation of projects and the implementation of financing for hydrogen production and for the development of other decarbonisation projects of interest to the Snam group (i.e. CCS).

These factors, in other words, 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 potential failure to fully achieve, by 2026, the targets set in the National Recovery and Resilience Plan (NRRP), 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).

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. Violation of such laws and regulations may result in criminal, civil, tax and/or administrative penalties as well as financial and non-financial, economic and/or reputational damage.

On the other hand, the violation of specific regulations (by way of example, but not limited to, infringements of occupational health and safety and environmental protection regulations or anti-corruption rules) may entail the corporate administrative liability of the company pursuant to Legislative Decree No. 231 of 8 June 2001, and the consequent application of disqualification measures and/or pecuniary sanctions, including significant penalties. Snam, which has always been driven by carrying out its business activities with ethical standards and principles of fairness and transparency, has therefore adopted an adequate internal control and risk management system aimed at enabling the identification, measurement, management, prevention and monitoring of the main risks relating to the activities carried out.

Snam is fully committed to the mission of pursuing an anti-corruption policy: it strives to identify potential weaknesses and to eliminate them, strengthening control and working constantly to raise all workers and third parties' awareness of how to identify and prevent corruption in all business contexts. In 2023, as a result of a project to implement the Snam's Corruption Prevention Management System in accordance with the ISO 37001: 2016 standard launched in 2022, it has: (i) adopted an Anti-Corruption Policy, approved by the Board of Directors of Snam S.p.A. of 18 January 2023, as an expression of the commitment of Top Management and the Board of Directors to the prevention of corruption, in line with the values and ethical principles already consolidated for some time, incorporating the essential elements referred to in the ISO 37001 standard and the adoption of the "zero tolerance" approach to all corrupt practices in relations with public and private stakeholders; (ii) the establishment of an Anti-Corruption Committee that performs the function of Compliance for the Prevention of Corruption referred to in the aforementioned ISO ("FCA") and that avails itself of the operational support of the Compliance & Business Integrity function, which was already assigned the role of anti-corruption function overseeing Snam's pre-existing Anti-Corruption Compliance Programme. In May 2023, the adequacy of the Snam system was certified by an independent certification body (DNV Assurance Italia S.r.l.). Additionally, reputational checks on business associates and the requirement for suppliers and subcontractors to accept and sign an Ethical and Integrity Agreement and/or specific contractual clauses concerning compliance and anti-corruption are the pillars of the set of controls designed to prevent the risks associated with illegal conduct and criminal infiltration of the third parties, with the aim of ensuring transparent relationships, reliability and professional morality requirements in the entire chain of companies and for the duration of the relationship. Snam is also a member of the United Nations Global Compact and, in 2023, strengthened its collaborations and partnerships with institutions and bodies active in the fight against corruption (i.e. Transparency International, the Organisation for Economic Co-operation and Development (OECD) and the Business and Industry Advisory Committee (BIAC)).

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. In November 2023, in fact, through the Compliance & Business Integrity function and the Counterpart Risk & Travel Security function, it participated in the Business Integrity Forum (BIF) National Event entitled “Ethics & Compliance”, speaking on the topic of “Reputational Audits of Suppliers and Rozes Index” and “Corporate Compliance — New Perimeters and New Perspectives”. In January 2024, the Compliance & Business Integrity function took part in the presentation of the 2023 edition of Transparency International’s Corruption Perceptions Index, a measurement of the perception of corruption in the public sector and politics.

In 2017, Snam started working with the OECD (Organization for Economic Cooperation and Development), 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. In 2023, as a testament of the Snam group’s constant commitment to prevent and manage corruption risks and with a view to enhance its mission, Snam adopted the principles of the “Zero Corruption Manifesto”, promoted by the Anticorruption Committee of the BIAC, a policy document that contains the 10 principles that guide and direct the work of companies and reflect the best practices formalised by the OECD, and participated in various events, including the OECD’s annual Paris Conference “Racing to Zero - Education and Digitalisation as Enablers in Fighting Corruption”, held on 24 and 25 May 2023, at which the General Counsel spoke on the topic of the Snam’s role in the education of the fight against corruption, both among the corporate population and among suppliers, and also participated in the preparation of the BIAC paper for the “Education for the Fight Against Corruption” project.

As part of multilateral collaborations, in addition to the above, Snam also participated in the work of the BIAC Committees: “Corporate Governance Committee”, where it supervised the revision process of the OECD “Guidelines for Multinational Enterprises”; “Responsible Business Conduct Committee”, alongside the update of the document “Revised G20/OECD Principles of Corporate Governance”; “Governance and Principles for Transparency and Integrity in Lobbying and Influence”.

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 Enterprise and Made in Italy. For eight of the ten concessions (Alfonsine, Brugherio, Cortemaggiore, Minerbio, Ripalta, Sabbioncello, Sergnano and Settala), Stogit applied to the Ministry of Enterprise and Made in Italy for extensions, as permitted by law. The extensions for the concessions in Brugherio, Ripalta, Sergnano, Settala and Sabbioncello were issued at the end of 2020, with a new expiration date of 31 December 2026, while those for the concessions in Cortemaggiore and Minerbio were issued in January 2022 also expiring on 31 December 2026. For Alfonsine concession, the procedure is still pending at the Ministry. For the extension still pending, Snam, 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 Treste) expired in June 2022, which was already subject to a ten-year extension in 2011, and for which a request for a second ten-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 Stogit 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, health or climate 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's sites are compliant with laws and regulations on pollution, prevention and control, environmental protection, use of hazardous substances, and waste management. Applying these rules exposes Snam to contingent costs and liabilities connected with the use of its assets. Snam 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, cybersecurity 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.

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 Snam'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 have immediate consequences for the company, 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 to be able to put in place the necessary strategies and related mitigation actions to prevent and control those risks. In this area, some of the emerging risks identified by Snam are exposure to global LNG market dynamics as well as Technological Innovation and Artificial Intelligence (AI).

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 business and the adoption of innovative solutions to constantly improve it, however, require continuous attention and adaptability to the changing needs of cybersecurity 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.

Snam's view, supported by public data and evidence, is that cybersecurity 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 Snam group, broadening the potential attack surface exposed to internal and external threats.

Lastly, the geopolitical tensions should not be underestimated, as the cyber terrain has become 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 again 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 international presence in important geographic areas also for integrated greenfield projects and the extensive number of partnerships with several types of investors in various countries, 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. Business diversification may 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 Snam 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 contributing to the decarbonisation of consumption through energy efficiency measures and investigating 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.

Snam 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 curtailments 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.

With regard to the risk arising from commodity price fluctuations, Snam's objective is to protect the value of cash flows from unfavourable movements in the risk component to which they are exposed by trading derivative instruments to mitigate the aforementioned price risk.

The management and control of financial risks is carried out centrally by Snam and is aimed at defining and monitoring the objectives of the financial structure and the corresponding risk limits, in order to preserve financial sustainability and rating. Snam therefore develops strategies and Key Risk Indicators (KRI) for optimisation and control of the risk profile, duly taking into account the context in which Snam operates, the Risk Appetite Framework and the overall value system produced by the Snam group's businesses.

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 Strategic 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 2023, 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 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 2023, 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 2023, Snam held Interest Rate Swaps (IRSs) for an overall notional amount of 487 million euro. Hedges against changes in the interest rate refer to: (i) a floating-rate bond loan with maturity in 2024 (106 million euro); (ii) floating-rate bank loans with maturities between 2032 and 2035 (total of 381 million euro).

While the Snam group has put in place a proactive risk management policy, in accordance with the revenue recognition mechanism, the rise in interest rates relating to floating-rate debt not hedged might have adverse impacts on the Snam group's business and balance sheet and cash flow situation. Although the exposure to changes in interest rates is limited to 30% of the Snam 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 2023 of a hypothetical positive and negative change of 10 basis points (bps) in the interest rates applied during the financial year:

	31/12/2023	
	Income (loss) for the period	
(million of euro)	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 effects of the hypothesized change in floating-rate loans converted through IRS into fixed-rate loans on other comprehensive income were found to be less than one million euro.

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.

For trade receivables, provisions for impairment reflect the value of expected losses over the life of the receivable and are determined on a collective basis according to the expected credit loss model, in line with the requirements of the reference accounting standards, or on the basis of individual and analytical assessments for credit exposures that present specific elements of risk (e.g. litigation or in the presence of available detailed information on the recoverability of the exposure).

As regards the regulated activities, which currently account for almost all its business, Snam provides its business services to 450 gas sector operators. The top 10 operators represent approximately 64% of the whole market (Eni, Enel Global Trading and Edison hold the top three positions in the ranking). The rules governing customers' access to the services offered are established by the Authority and are provided for in the service 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 service 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. For regulated activities, the expected loss determination model enhances the guarantee and coverage mechanisms described above.

The maximum exposure to credit risk for Snam at 31 December 2023 is the carrying value of the financial assets shown in the financial statements.

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, which in this Consolidated financial statement are shown in item 130 of asset (other assets):

(million of euro)	Trade receivables	Other receivables	31/12/2023	Trade receivables	Other receivables	31/12/2022
Non-overdue and non-impaired receivables	3,609	146	3,755	3,686	370	4,056
Overdue and non-impaired receivables:	750		750	558		558
– 0-3 months overdue	189		189	345		345
– 3-6 months overdue	19		19	60		60
– 6-12 months overdue	315		315	23		23
– more than 12 months overdue	227		227	130		130
TOTAL	**4,359**	**146**	**4,505**	**4,244**	**370**	**4,614**

Changes in the bad debt provision are shown below:

	Provision for impairment losses			
(million of euro)	31/12/2022	Provisions	Utilisation for excess	31/12/2023
Trade receivables	100	67	(7)	160
TOTAL	**100**	**67**	**(7)**	**160**

The net carrying value of trade receivables past-due at 31 December 2023 and not written down, amounting to 750 million euro, mainly refers to trade receivables held by companies engaged in regulated businesses, specifically: (i) the transport sector (589 million euro), primarily in relation to receivables due from customers for accounts referred to the default service. For these receivables, coverage mechanisms are provided for 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 current 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). Snam 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, 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.

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. 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. Snam lodged an appeal against resolution 608/2015/R/gas to the Regional Administrative Court of Milan, which partially upheld Snam's appeal in its ruling No. 942/2017. Both Snam and the Authority lodged partial appeals against this last 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, 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[107].

[107] A claim was lodged against the homologation decision with the Court of Appeal of Turin, as well as - given the confirmatory measure adopted by the same Court - an appeal to the Supreme Court of Cassation, which subsequently rejected the appeal.

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.

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 recently 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 have ended.

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.

The criminal proceedings ended with a conviction, on 15 February 2023, against the defendants, both sentenced respectively to 9 years and 5 years and 6 months in prison, as well as the payment (as compensation for damages) of a provisional amount of 8 million euro in favour of Snam Rete Gas, in addition to the reimbursement of the costs of the proceedings. An appeal was filed on 28 June 2023 against the conviction in the interest of Snam Rete Gas, limited to civil rulings. We await notification of the hearing date before the Milan Court of Appeal.

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 Snam.

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 strategic plan, a financial structure that, in line with business objectives, guarantees an adequate level of liquidity for the Snam group, minimising opportunity cost and maintaining an optimal profile in terms of debt maturity and composition.

Snam's objective is therefore 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.

Furthermore, 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, starting in 2018, Snam has made increasing use of sustainable finance instruments, reaching the target of 80% of all "committed" sources in 2023, 3 years in advance. With the presentation of the 2023-27 Strategic Plan, the target was raised to 85% of total funding, to be reached by 2027.

In this regard, it should be noted that: (i) in February 2024, a new Sustainable Finance Framework for the issuance of green and sustainability-linked financial instruments was published in order to strengthen the company's continued commitment to the energy transition; (ii) Snam received a Second Party Opinion from ISS; (iii) based on the new framework, a sustainable loan of 1.5 billion euro was issued in February 2024, in dual tranches with the first 500 million euro Green Bond Snam and a 1 billion euro Sustainability-Linked Bond (SLB).

In particular, during 2023, Snam issued the following on the bond market: (i) in September, the first EU taxonomy-aligned transition bond convertible into existing ordinary shares of Italgas and maturing in 2028 for a nominal amount of 500 million euro and (ii) in November, its second EU Taxonomy-Aligned Transition Bond for 650 million euro to finance the energy transition projects and, in particular, the Eligible Projects defined in Snam's Sustainable Finance Framework published in November 2021. During the year, Snam also finalised the following with the main relationship banks: (i) bank loans for 1.4 billion euro, in Green loan and KPI-linked format; (ii) a Revolving Credit Facility (RCF) KPI-linked line with a pool of banks for a total of 1.8 billion euro, secured by the SupportItalia guarantee issued by SACE to cover 80% of the amount. Lastly, in November 2023, Snam renewed its Euro Commercial Paper programme, increasing it from 2.5 billion euro to 3.5 billion euro and linking it to environmental and social sustainability objectives in line with the sustainable loan, obtaining an initial ESG rating of EE for the instrument from the ESG rating company Standard Ethics, raised to EE+ during 2022 and confirmed in November 2023.

Lastly, as at 31 December 2023, Snam had unused long-term committed credit facilities totalling approximately 6.2 billion euro, of which: (i) 5.0 billion euro in pooled credit lines; (ii) a total of 1.2 billion euro of Revolving Credit Facilities (RCF). As at 31 December 2023, Snam had a Euro Medium Term Notes (EMTN) programme for an overall maximum nominal value of 13 billion euro, used for approximately 9.4 billion euro, as well as a Euro Commercial Paper (ECP) Programme, used at 31 December for 2.7 billion euro.

Snam's cash and cash equivalents mainly refer to current accounts and promptly collectable bank deposits, that are shown in item 10 of assets (cash and cash equivalent) of the Consolidated financial statement of CDP Group.

The Snam 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 stable outlook, confirmed on 9 February 2024 by Moody's Investors Services; (ii) BBB+ with stable outlook, confirmed on 27 February 2024 by Standard & Poor's Global Rating ("S&P"); (iii) BBB+ with stable outlook, confirmed on 16 January 2024 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, it should be noted that (i) on 17 November 2023 Moody's confirmed the rating of the Italian Republic, improving the outlook to stable from negative; this action resulted in the revision of Snam's outlook from negative to stable on 21 November 2023 and (ii) on 26 July 2022, S&P revised the outlook of the Italian Republic from positive to stable, with a corresponding action on Snam's Outlook on 29 July 2022. The Rating Agencies are due to announce their next country reviews for Italy on 19 April 2024 for S&P, 3 May 2024 for Fitch and 31 May 2024 for Moody's.

Snam's short-term rating — used in the context of the Snam 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 following table shows the amounts of payments contractually due relating to financial payables and liabilities for leased assets, including interest payments, and liabilities for derivative instruments:

(million of euro)	31/12/2022	31/12/2023	Share within 12 months	Share after 12 months	2025	2026	2027	2028	Beyond
Bank loans	2,851	3,527	980	2,547	486	916	241	113	791
Bonds (*)	9,459	9,891	1,172	8,719	1,267	1,550	552	1,100	4,250
Euro Commercial Paper (ECP)	1,130	2,681	2,681						
Lease liabilities	33	43	9	34	8	6	4	3	13
Interest on loans	803	1,034	247	787	202	171	116	91	207
Financial liabilities	**14,276**	**17,176**	**5,089**	**12,087**	**1,963**	**2,643**	**913**	**1,307**	**5,261**
Derivative liabilities									
TOTAL	**14,276**	**17,176**	**5,089**	**12,087**	**1,963**	**2,643**	**913**	**1,307**	**5,261**

(*) Future payments include the cash flow generated by hedging derivatives.

The financial liabilities in the above table contribute to the CDP Group's Consolidated financial statements in item 10 of liability (Financial liabilities measured at amortized cost).

Financial covenants and negative pledge contractual clauses

As at 31 December 2023, Snam had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions.

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.

At 31 December 2023, the financial debt subject to these restrictive clauses amounted to approximately 3.8 billion euro.

Bond loans issued by Snam as at 31 December 2023, with a nominal value of approximately 9.9 billion euro, mainly referred to the 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 2023, 8.1% of the financial debt was carried at a floating rate and 91.9% was carried at a fixed rate.

Fixed-rate financial liabilities amounted to 6,361.7 million euro and consisted mainly of bonds (4,992.3 million euro), four EIB loans (790.4 million euro), bank loans (499.9 million euro) and financial liabilities pursuant to IFRS 16 (79.1 million euro).

Floating-rate financial liabilities amounted to 558.6 million euro and mainly included bank loans and bond loans taken out by the Greek Enaon group, ex Depa Infrastructure (458.6 million euro) and EIB financing (100.0 million euro).

The financial liabilities of Italgas in the CDP Group Consolidated Financial Statements contribute to item 10 of liability (Liabilities measured at amortized cost).

With the exception of an EIB loan with a nominal value of 90 million euro taken out by Toscana Energia, as at 31 December 2023, there were no loan agreements containing 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 2023, 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 Italgas group has set forth procedures for the monitoring and assessment of its customer portfolio. The reference markets are the Italian and Greek markets.

As at 31 December 2023, no significant credit risks had been identified. On average: (i) in Italy, 97.4% of trade receivables related to gas distribution are paid by the expiry date, and over 99.6% within the following 4 days, (ii) in Greece, 94.9% of trade receivables related to gas distribution are paid by the expiry date, and almost all are paid 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 (694.3 million euro as at 31 December 2023 and 315.7 million euro as at 31 December 2022), which are included in Other Assets in the CDP Group's consolidated financial statements (Item 130 of assets), rose by 378.6 million euro, driven primarily by higher receivables due from sales companies by 252.4 million euro, higher receivables due from the CSEA for equalisation by 41.6 million euro and higher "Super/Ecobonus" receivables by 87.8 million euro.

Receivables are shown net of the bad debt provision (16.5 million euro as at 31 December 2023 and 16.7 million euro as at 31 December 2022). Changes in the bad debt provision during the year are shown below:

	Provision for impairment losses					
(thousands of euro)	31/12/2022	Changes in consoli-dation area	Provisions	Utilisation	Other changes	31/12/2023
Trade receivables	15,376		124	(353)		15,147
Other receivables	1,366			(6)		1,360
TOTAL	**16,742**		**124**	**(359)**		**16,507**

The maturities of trade receivables and other receivables are shown below:

(thousands of euro)	Trade receivables	Other receivables	31/12/2023	Trade receivables	Other receivables	31/12/2022
Non-overdue receivables	487,992	159,158	647,150	227,483	821,964	1,049,447
Overdue receivables:	206,338		206,338	88,225		88,225
- 0-3 months overdue	122,691		122,691	47,713		47,713
- 3-6 months overdue	29,710		29,710	12,314		12,314
- 6-12 months overdue	33,212		33,212	18,768		18,768
- more than 12 months overdue	20,725		20,725	9,430		9,430
TOTAL	**694,330**	**159,158**	**853,488**	**315,708**	**821,964**	**1,137,672**

Past-due receivables, amounting to 206.3 million euro, mainly include receivables from ESCo services customers (184.4 million euro) and end users for gas and water supply (12.0 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) Italgas has available cash at leading banks amounting to about 250.0 million euro at 31 December 2023 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 bond loan repayment, of around 380 million euro, is scheduled for 2024; (iii) the bonds issued by Italgas at 31 December 2023, under the Euro Medium Term Notes Programme, do not require compliance with covenants relating to financial statement figures. On 1 February 2024, Italgas successfully completed the launch of a fixed-rate bond issue maturing on 8 February 2029, for a total amount of 650.0 million euro, paying an annual coupon of 3.125%.

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 Italgas 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)	31/12/2022	31/12/2023	Share within 12 months	Share after 12 months	2025	2026	2027	2028	Over
Bank loans	1,741,660	1,144,298	75,274	1,069,024	316,604	77,949	78,699	78,698	517,074
Bonds	4,728,517	5,198,307	426,392	4,771,915	498,438		747,237		3,526,240
Short term liabilities	3,125	498,656	498,656						
Interest on loans			108,915	139,919	26,710	20,770	18,871	17,003	56,565
Lease liabilities	72,048	79,095	33,112	45,983	18,662	12,115	7,505	4,740	2,961
Interest on lease liabilities			1,132	754	333	215	118	60	28
FINANCIAL LIABILITIES	**6,545,350**	**6,920,356**	**1,143,481**	**6,027,595**	**860,747**	**111,049**	**852,430**	**100,501**	**4,102,868**

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 5,840.9 million euro, show a fair value of 5,497.4 million euro as at 31 December 2023. 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 2023. 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 creditworthiness, on 20 November 2023, Fitch Ratings (Fitch) confirmed its BBB+ rating and Stable Outlook for Italgas.

On 21 November 2023, Moody's Investors Service (Moody's) confirmed Italgas' long-term credit rating of Baa2, revising the Outlook from negative to stable. The rating action followed Moody's change of outlook for the Italian government's Baa3 debt rating from negative to stable on 17 November 2023.

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 2023 there were no loan agreements containing financial covenants and/or secured by collateral, except for the EIB loan taken out by Toscana Energia, 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 2023, these commitments had been met.

The bonds issued by Italgas as at 31 December 2023 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 close cooperation 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 Fincantieri group the certainty that the customer will have the funds to meet its contractual obligations during the construction and delivery of the ships; moreover, in the recent past, the support of the Export Credit Agency has enabled shipowners to obtain the necessary flexibility to meet their commitments to the shipyards, even in situations of systemic crisis (for example the "debt holiday" granted during the Covid-19 pandemic).

With reference to credit risk, it should also be noted that during the execution of the order, the Fincantieri group retains availability of the ship at its shipyards and under the contracts Fincantieri can retain the ship and the advances received in the case of default by the shipowner. The ship under construction provides de facto collateral up to the delivery date when payment is made; moreover, said payment is often guaranteed by export credit agencies.

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 2023 and 2022, without considering any impairment for estimated losses.

	31/12/2023							
		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	867	348	133	71	7,093	8,512		8,512
– indirectly from public entities (*)	12,714	8,300	7,040	5,573	8,935	42,562		42,562
– from private customers	430,292	64,322	82,102	31,506	96,731	704,953	(58,777)	646,176
– from associates and joint ventures	18,365	7,108	3,826	4,685	35,786	69,770		69,770
Total trade receivables	**462,238**	**80,078**	**93,101**	**41,835**	**148,545**	**825,797**	**(58,777)**	**767,020**
Other receivables:								
– form associates				696		696		696
– from the government and public entities for other grants	103,776	28			56	103,860		103,860
– from others	128,419	2,452		130	26,286	157,287	(24,333)	132,954
– from controlling companies (fiscal consolidation)	35,228					35,228		35,228
– from related parties								
– direct and indirect tax assets	96,636	1,867	181	102	2,132	100,918	(1,216)	99,702
Total other receivables	**364,059**	**4,347**	**181**	**928**	**28,474**	**397,989**	**(25,549)**	**372,440**
Contract work in progress	**2,497,790**					**2,497,790**		**2,497,790**
Financial receivables:								
– from associates and joint ventures	32,783					32,783		32,783
– from others	699,826	19				699,845	(51,858)	647,987
– Government grants financed by BIIS								
Total financial receivables	**732,609**	**19**				**732,628**	**(51,858)**	**680,770**
TOTAL	**4,056,696**	**84,444**	**93,282**	**42,763**	**177,019**	**4,454,204**	**(136,184)**	**4,318,020**
Advances, prepayment and accrued income								161,900
TOTAL								**4,479,920**

(*) This item includes receivables from customers that manage contracts ordered by Public Entities, which are thus the substantial debtors.

	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.

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
01.01.2022	**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**
Business combinations				
Direct uses	(3,522)	1	(354)	(3,875)
Provisions/(absorptions)	(5,100)	630	1,706	(2,764)
Exchange rate differences	(130)	(1,835)		(1,965)
31.12.2023	**58,552**	**225**	**15,370**	**74,147**

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 2023, the Fincantieri group's net financial position, presented according to ESMA guidelines, showed a negative balance of 2,271 million euro (versus a negative balance of 2,531 million euro in 2022).

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 290 additional days.

Payables to suppliers for reverse factoring at 31 December 2023 amount to 493 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 2023, in relation to other forms of financing, is unused for 2.4 billion euro, of which 0.8 billion euro of cash and cash equivalents and 1.6 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.

	31/12/2023					
(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 (**)	15,471	877,062	1,663,926	101,797	2,658,256	2,467,345
BIIS loans		1,101	2,915		4,016	4,016
Bonds and commercial papers		146,000			146,000	146,000
IFRS 16 lease liabilities	867	24,466	75,532	47,591	148,456	130,517
Other financial liabilities	554	174,581	5,004	160	180,299	176,438
Liabilities included in "Trade payables and other current liabilities"						
Payables to suppliers	389,424	1,553,024	36,863	57	1,979,368	1,978,811
Payables to suppliers for reverse factoring		493,263			493,263	493,263
Indirect tax liabilities	5,994	6,997	70		13,061	13,061
Other payables	30,622	387,784	1,384	5,093	424,883	418,951
Advances, accrued expenses and deferred income						55,292
Direct tax liabilities						
Direct tax liabilities	3,474	14,753			18,227	18,227
TOTAL	**446,406**	**3,679,031**	**1,785,694**	**154,698**	**6,065,829**	**5,901,921**

(*) Does not include the item "derivative liabilities".
(**) This item includes medium/long-term financial payables, on-demand amounts due to banks and construction loans.

	31/12/2022					
(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.

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 Fincantieri 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

That is 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 commodity prices on production costs, risk exposure is continuously reviewed by monitoring price trends and implementing commercial (steel, gas and electricity) 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. In addition, the market and the Authority's resolutions on electricity and gas continue to be monitored.

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.

Interest Rate Risk

Interest rate risk is defined as:

i) 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;
ii) 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 2023, interest rate swaps were in place to hedge interest rate risk, for a total notional amount of 3,963 million euro.

At the end of 2023, more than 80% of financial debt at the reporting date was held at fixed interest rates or was hedged through interest rate swaps. This percentage is expected to remain stable over the period 2024-27.

Sensitivity analysis

Exchange rate risk

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 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 2023 for individual exchange rates.

	31/12/2023		31/12/2022	
(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	2	2	15	14
Depreciation of the USD vs EUR	(2)	(1)	(13)	(12)
Excluding hedging derivatives				
Appreciation of the USD vs EUR	40	40	31	31
Depreciation of the USD vs EUR	(35)	(35)	(26)	(26)

	31/12/2023		31/12/2022	
(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	(1)	(45)		(45)
Depreciation of the EUR vs NOK	1	55		55
Excluding hedging derivatives				
Appreciation of the EUR vs NOK	(14)	(58)	(14)	(59)
Depreciation of the EUR vs NOK	17	71	17	72

	31/12/2023		31/12/2022	
(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	(2)	(2)		
Depreciation of the USD vs BRL	2	2		
Excluding hedging derivatives				
Appreciation of the USD vs BRL	(9)	(9)	(13)	(13)
Depreciation of the USD vs BRL	9	9	13	13

	31/12/2023		31/12/2022	
(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	(6)	(6)	(4)	(4)
Depreciation of other currencies	6	6	4	4
Excluding hedging derivatives				
Appreciation of other currencies	(8)	(8)	(6)	(6)
Depreciation of other currencies	8	8	6	6

Interest rate risk

Similarly, a sensitivity analysis was also performed to estimate the impact of a potential general change in benchmark interest rates of +/- 100 basis points on an annualised basis. The estimated effects on the income statement involve a negative impact of approximately 3,984 thousand euro in the event of a 1.00% increase in interest rates and a positive impact of 3,984 thousand euro in the event of a 1.00% fall.

MANAGEMENT OF THE MAIN OPERATING RISKS AND UNCERTAINTIES

RISK MANAGEMENT

Fincantieri's Internal Control and Risk Management System consists of a set of tools, organizational units and company procedures which, through a process of identifying, assessing, managing the main risks, aims to contribute to the sound and fair management of the company, consistently with the objectives set by the Board of Directors.

This system, outlined on the basis of leading international practice, is divided into three traditional levels of control:

- 1st level: operational functions identify and assess risks and implement specific processing actions for their management;
- 2nd level: functions in charge of risk control set out the methodologies and tools for managing risks and carry out monitoring activities;
- 3rd level: the Internal Audit function provides independent assessments of the entire system.

Fincantieri has adopted a Risk Management Policy, which outlines the general principles it intends to pursue in order to implement in practice the guidelines of the Fincantieri Internal Control and Risk Management System adopted by the Board of Directors, which sets out the ways in which the main risks faced by Fincantieri and its subsidiaries are to be identified, measured, managed and monitored.

In 2023, the risk management model was overhauled to ensure greater oversight and improve the effectiveness of the internal control and risk management system, with the aim of:

i) redefining the structure and scope of responsibility of roles within the risk management model, to ensure the review and integration of the segregation of duties;
ii) shoring up and centralising the order risk management system;
iii) providing for the establishment of a committee dedicated to the coordination and support of the Functions involved in the risk management model.

STRATEGIC RISKS

Reputational risk & Brand position

Risk that damage to the brand image will expose the Fincantieri group to the loss of customers, profit and competitive advantage. This risk may arise, for example, due to conduct/activities that fail to protect the interests of stakeholders (e.g. customers, communities), by members within the organisation or by external parties with whom Fincantieri has business dealings. This also includes the risk connected with the dissemination of false and misleading information on digital media (e.g. AI and deep fakes).

How this risk is addressed

Fincantieri adopts an integrated communication strategy that is consistent with the mission and values of the Fincantieri group, thanks to a steering and oversight process covering communication initiatives worldwide (media, social media channels, fairs and events), aimed at consolidating brand reputation and increasing brand awareness. The use of dedicated internal and external platforms enables communication levers to be monitored constantly, mitigating any potential adverse effect on the perception and image of the Fincantieri group. Special focus is placed on monitoring digital communication channels (online media, social media channels, web and deep web), involving automatic control tools developed by the Fincantieri group company E-Phors, specialised in providing cybersecurity services and products. External stakeholders are engaged on a ongoing and transparent basis.

OPERATIONAL RISKS

Product development

Risk of the Fincantieri group failing to monitor and/or invest in technological developments of products/services, resulting in an adverse impact on its competitiveness, on its ability to cover high-potential, complex markets and on the development of more efficient and sustainable solutions built on low emission systems that reduce greenhouse gas and other polluting emissions and are more energy efficient. This also includes the risk associated with the technological transition, which, if inadequately studied and adopted, can lead to longer implementation times, higher costs, operational inefficiencies and lower product/process quality.

How this risk is addressed

The Fincantieri group sets out an annual innovation plan and constantly monitors technological trends in the reference market through scouting activities and partnerships with key innovation players, such as universities, research centres, associations, etc. In addition, through its membership of European industry organisations, it contributes to identifying European priorities, including funding opportunities for research and innovation.

Disruption of business

Risk of strategic assets not being available and thus interfering with the ability of the Fincantieri group to continue carrying on its operations (e.g. production stoppages, including along the supply chain), resulting in an increase in costs, loss of profit and a potential threat to the very survival of the Fincantieri group. This risk may arise due to external factors (e.g. climate change, pandemics, cyberattacks, supply chain disruptions, acts of crime or vandalism), or internal factors (e.g. plant failures).

How this risk is addressed

In order to contain the risk connected with operational disruptions due to unscheduled downtime of production plants, specific maintenance procedures are implemented, as well as quality control audits. Company assets, including ICT infrastructure, are protected by adequate insurance policies, which also cover damage arising from adverse weather events.

Production sites follow specific protocols and procedures for the implementation of preventive measures for critical scenarios expected and promote training for emergency workers (firefighting, first aid, etc.). Based on the risk scenarios identified in the emergency plan, emergency drills are carried out on a regular basis to test the procedures work properly. The "Physical Security Plan" has been prepared with RINA in accordance with the guidelines of the International Ships and Port Facility Security (ISPS) Code. The Directors/Managers of production units (offices and plants) have the decision-making and spending powers to take necessary and urgent action to protect the health and physical safety of workers and safeguard the environment, providing for the independent and timely planning, organisation, management and control of all activities for the implementation of and compliance with statutory requirements.

The risk of Supply Chain disruption is mitigated through the activation of Crisis Committees (CMTs), set up when exceptional events occur, and through periodic scouting activities aimed at identifying and assessing potential and alternative new suppliers. The monitoring of production capacity and compliance with programmes is ensured through information exchanges with the units responsible for expediting activities, with a focus on strategic items.

Effective, regular engagement with trade unions and the activation of the joint industrial relations commissions envisaged under the 2022 addendum agreement enable production stoppages due to strike action by group personnel or contractor personnel to be minimised or prevented entirely.

Capacity

Risk that capacity shortages (in the group or of suppliers), in terms of plant systems, space and labour, may prevent Fincantieri from satisfying market demand and achieving optimal efficiency (industrial productivity) and profitability.

How this risk is addressed

Production is managed at various levels in an integrated and cross-functional manner. Periodic cross-functional committees analyse workloads and identify possible problem areas requiring action (resources, structural investments, logistical solutions) based on the employment plans. Special focus is placed on monitoring and shoring up the capacity (e.g. labour shortages) and performance of the satellite industry, through ongoing and coordinated scouting and the forging of joint growth paths with firms in the satellite industry to support their growth, expand labour supply, reduce turnover and improve skills.

Environmental risk

Risk of environmental damage to the land, water or air caused by the Fincantieri group through its production activities, jeopardising the local area and the community in the short- or medium-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. 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 are held and regular internal and third-party audits are conducted on the management system, involving on-site inspections of work areas to check their regulatory compliance. 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.

Health & safety

Risk that the Fincantieri group might not invest adequately, including through information and awareness-raising campaigns, in occupational health and safety with consequent harm to its employees and third parties involved in company activities.

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 personnel and contractors. 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.

Program management

Risk connected to the medium-long term planning of production activities, to the distribution/balancing of workloads across the different production sites on the basis of available production capacity (plants, spaces and labour) and product diversification, and to the management of resources (internal and third-party personnel, production plants, areas).

How this risk is addressed

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.

Projects

Risk that project management activities may be inadequate and not allow constant and timely monitoring of the accuracy and efficiency of the entire order development process engineering, purchasing, production, customer management), resulting in failure to meet contractual and quality requirements, delays and/or additional costs with a consequent adverse impact on the expected order margin and the cash flows of the Fincantieri group.

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.

Focus on project risk management

As part of Project Risk Management, Fincantieri has started up an important project aimed at evolving the Risk Management model historically in use towards a more business-oriented model providing support for operational activities. It represents a process of improvement, rationalization and harmonization of the Project Risk Management model with respect to the different business areas of the Fincantieri group.

Specifically, the two key risk indicators identified for monitoring the order risk profile are: (i) the Macro Risk Rating and (ii) the Project Risk & Opportunity Ratio.

The Macro Risk Rating expresses the Macro Risk — Risk Tag — of a commercial initiative and/or executive order. It is assigned in the commercial stage and remains constant throughout the project life-cycle.

It is calculated on the basis of the most relevant drivers for each division and/or hub and is expressed in four levels: R1, R2, R3, R4. Each Division/Hub has identified its parameters and relative weightings, considering the most relevant drivers given its specific business characteristics.

The Risk Officer Function has set a new Macro Risk Rating for all the entities within the Fincantieri group (divisions/hubs), on the basis of the parameters identified and the relative weightings.

Orders are represented in the overall net risk profile of the Fincantieri group portfolio according to a weighting logic that is based on (i) the Macro Risk Rating associated with the project (ii) the level of net risk identified in the Risk Analysis (Project R&O Ratio) and (iii) the residual value of the project itself with respect to the portfolio value. The result will be to distribute orders in the Portfolio Net Risk Chart across four portfolio levels with an increasing risk profile.

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, capacity, the concentration of suppliers in core areas, and control over outsourced activities.

How this risk is addressed

When qualifying or requalifying suppliers, the Fincantieri group conducts a structured due diligence process aimed at verifying aspects of: (i) Economic and financial soundness; (ii) Security and business integrity; (iii) Health & Safety; (iv) Environment; (v) Product and process certifications for specific supply categories; and (vi) Technical and professional suitability. In order to limit the damage associated with inadequate due diligence on suppliers, supplier performance is systematically monitored through scorecards, process controls (e.g. warehouse, production), information audits and cross-functional visits to suppliers. The management of any issues and of suppliers with an "unsatisfactory" or "critical" scorecard is carried out by the 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 contracts are stipulated with qualified suppliers, while, during the tender stage, the technical verification of tenders received for compliance with tender requirements enables the risk associated with supplier quality and capacity to be mitigated.

The risk linked to having and being dependent on a limited pool of suppliers is mitigated through regular scouting for suppliers, both directly (e.g. internet, fairs, etc.) and indirectly (e-procurement, promoters), in order to identify and assess potential and alternative new suppliers, with a focus on critical areas connected to the production context and the supplier pool.

Fincantieri promotes dedicated training and/or information events to encourage Procurement units to engage with sustainability issues and responsible procurement principles. The "Sustainable Supply Chain" project, activated in the supplier assessment system, aims to evaluate the ESG performance of Fincantieri group suppliers. In addition, suppliers are required to submit specific ESG documentation in the pre-contractual stage, to sign clauses warranting their regular compliance with remuneration, social security, worker insurance and taxation requirements, and to accept the Supplier Code of Ethics, which contains a specific clause requiring compliance with environmental, social and ethical regulations.

FINANCIAL RISKS

Counterparty risk

Risk of the Fincantieri group establishing a business relationship with a counterparty without having carefully assessed its financial solvency and/or risk that one or more counterparties with which Fincantieri has ongoing contracts may not be able to meet their commitments (one or more customers do not fulfil their contractual obligations and/or one or more partners do not fulfil their contractual obligations) for financial reasons.

How this risk is addressed

When acquiring orders, the Fincantieri group conducts checks, where deemed necessary, on the financial soundness of the counterparties, which may involve acquiring information from the main credit risk assessment agencies, and it constantly works with customers, financial institutions and government bodies in order to identify sources of financing for payments (e.g. export finance activated before the execution of the contract). The risk of default is also mitigated through the use of trade finance instruments (parent company guarantees). The economic performance of "critical" customers is reviewed on a periodic basis, with the financial receivables written down as required, in accordance with IFRS 9 (Expected Credit Loss), and related provisions allocated. Checks on financial soundness are also carried out on potential suppliers as part of the qualification process, and on potential partners. In order to minimise the impact on the Fincantieri group in the event that companies in a JV declare bankruptcy, financial instruments are negotiated during the agreement phase, such as guarantees issued with a pure pro-quota indemnity that is not joint and several.

Financial markets

This category includes the risk of not having sufficient access (or access under very tight conditions) to the capital market and the banking system to support the operations of the Fincantieri group, also as a result of the new ESG criteria imposed by some credit institutions; the risk of export finance not being allocated (e.g. SACE); and the risks associated with capital markets. It also included the risks connected with risk transfer instruments.

How this risk is addressed

In order to limit dependency on a single institution and improve its borrowing terms and conditions, the Fincantieri group diversifies its sources of financing in terms of maturity, counterparty and technical form (e.g. committed short and medium-long term credit facilities, commercial papers, uncommitted facilities), and negotiates financing agreements that do not include stringent financial covenants. It continuously monitors the status of export loans granted to shipowners and funding allocations made by the Government in budget chapters of relevance for export support (e.g.: Law 295/73 fund and subsequent amendments, CIPE allocations for SACE), maintaining relations with a multiplicity of local and international financial institutions to obtain timely information on any regulatory changes and to guarantee access to stable financial services. Ongoing engagement with the export support "system" aims to keep attention focused on the need for an agile, fast and efficient export credit mechanism. Stock performance is continuously monitored and analysed in terms of price and volumes, and in the event of significant market movements, the Fincantieri group engages with sell-side analysts.

TECHNOLOGICAL 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 adopted a set of tools to prevent and/or intercept cyberattacks. They include: cybersecurity insurance; a web application firewall and anti-DDoS (Distributed Denial-of-Service) solution to protect systems exposed at the application level; an IT event correlation platform for the detection of cyberattacks and the review of system administrators' log-ins; a system for notifying suspicious emails (phishing); and an awareness-raising campaign for identifying malicious emails. For a greater degree of security, a threat intelligence service is also active, allowing prompt intercepting of cyberattacks or attempted attacks, as well as preventive security controls through vulnerability assessments and penetration tests. Any cyber incidents are managed through structured processes enabling a timely response. 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.

HUMAN RESOURCE RISKS

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. The breaking-off of employment relations between Fincantieri and key personnel could compromise Fincantieri's ability to achieve its strategic and operational objectives. This category includes the risk of Fincantieri not being able to offer competitive salaries compared to the market or welfare benefits or facilities that satisfy the expectations of employees to ensure their retention (e.g. work-life balance).

How this risk is addressed

Fincantieri implements a comprehensive Employer Branding strategy to internally and externally promote the quality of its brand as an employer, together with an Employee Value Proposition strategy aimed at satisfying the needs and expectations of employees. An ongoing employee engagement programme is in place, which builds on the findings of the Employee Engagement Survey, with a view to creating a workplace environment that motivates people to express their potential, perform at their best and be fully engaged. The remuneration policy, adopted by the Fincantieri group, guarantees the required levels of competitiveness on the labour market and promotes alignment between the objective of creating sustainable value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to Fincantieri, and the interests of management. Consequently, the balancing and selection of performance parameters for the short-term and long-term incentive systems is made in line with the priorities set out in the Business Plan and approved by the Board of Directors of Fincantieri. Meritocratic policies and initiatives guide effective human resources management, through remuneration policies and rewards for quantitative and qualitative results, which motivate and underscore individual contributions. Fincantieri has also outlined a supplementary health care system and a welfare model, the fruit of constant dialogue with trade unions and the activation of a special Joint Commission.

MANAGEMENT INFORMATION

Privacy / Data protection

Risk of Fincantieri not complying with the requirements of European and national legislation on the protection and processing of personal data, with consequent damage to the rights and freedoms of the data subjects whose personal data is processed by and on behalf of Fincantieri and the related application of the penalties envisaged, resulting in economic, financial and reputational damage to Fincantieri. This risk may arise as a result of an inadequate Organisational Model in terms of roles and responsibilities for data protection, or non-compliance with statutory obligations in the processing of personal data, or a lack of integration of privacy processes and controls in existing Management Systems (e.g. ISO27001 on data security).

How this risk is addressed

Fincantieri has adopted a structured and cross-functional organizational approach to data protection management ("Privacy System"), aimed at identifying, managing and appropriately monitoring the risks related to the protection and confidentiality of data (both internal and external). The Privacy System is designed so as to assign appropriate roles and related responsibilities within each organisational unit, for which controls therefore operate at the level of the single organisational unit.

In this framework, Fincantieri has designated a Data Protection Officer (DPO), who also exercises control functions through the constant monitoring of regulatory changes, the rulings of the Italian Data Protection Authority and the Guidelines of the European Data Protection Board (EDPB) and oversees statutory compliance by Fincantieri (data controller).

In cases where personal data processing is assessed to be high risk (mandatory DPIA), the DPO's involvement in the DPIA (Data Protection Impact Assessment) is mandatory.

Fincantieri periodically reviews data processing records and its privacy policy statements and applies specific procedures for the management of any personal data breach.

COMPLIANCE & INTEGRITY

Integrity of personnel/third parties

Risk of dealings being established with third parties (customers, suppliers, strategic partners) of dubious integrity, in terms of their ethics and legality in the conduct of business, or of the leaders/executives or more generally the employees of the Fincantieri group being involved in improper, unethical or fraudulent conduct, thereby compromising the trust of stakeholders, undermining the company's reputation and potentially affecting in an adverse way the financial and operational stability of the company.

How this risk is addressed

The Fincantieri group puts in place a strict Third Party Due Diligence process that provides for the timely collection and verification of information and guarantees of professionalism, integrity and suitability of the Potential Contractor.

In addition, Fincantieri has adopted its own Code of Conduct, which all those who work for the company are committed to promoting and following, actively contributing to its implementation and reporting any shortcomings and non-compliance. The Code requires that all Fincantieri group activities are to be carried out in accordance with the law and International Conventions, and in compliance with the fundamental rights enshrined in the Universal Declaration of Human Rights adopted by the United Nations.

With the aim of ensuring the responsible and ethical management of business, Fincantieri conducts specific training on the subject and monitors compliance with the Code of Conduct and the Charter of Sustainability Commitments, which it promotes with all Fincantieri employees and business partners.

In addition, Fincantieri requires Suppliers to sign and disseminate the Supplier Code of Ethics, which is based on three fundamental pillars: (i) protection and respect for the environment; (ii) labour and human rights; and (iii) business ethics and integrity.

Acceptance of the Supplier Code of Ethics and compliance with the provisions of the Code of Conduct are a binding requirement for any business relationship to be established with Fincantieri.

The Fincantieri group has developed a rigorous qualification process for strategic suppliers, which also includes the collection of environmental and social information during the pre-qualification phase (e.g. possession of certifications relating to management systems for occupational health and safety, environmental and energy management systems, information on renewable energy, etc.). Fincantieri pays particular attention to the ethical and reputational aspects of suppliers, also through on-site audits and quality visits carried out at suppliers' production units.

Within the framework of the National Legality Framework Protocol in force, suppliers are subject to checks and inspections on samples or, at the instruction of the Security function, audits which, in the case of a negative finding, may lead to the revocation of the supplier's qualification.

Similarly, in accordance with the principles of legality, the screening of Sanctions Lists and monitoring processes are carried out, with the aim of detecting any changes in the risk scenario over the course of business relationships with suppliers.

In order to monitor and manage any critical issues in the supplier pool, a special cross-functional committee, the Supplier Monitor, has been created, which outlines targeted improvement plans or, if necessary, formalises the phase out of the supplier.

In compliance with the principles of trust and transparency, Fincantieri applies a specific procedure for the timely management of any conflicts of interest, on the part of employees or third parties, both during the selection phase and during the relationship.

For Fincantieri, it is of fundamental importance that no person, during the performance of their duties and work functions, is influenced by personal interests that may modify or alter their judgment in making choices, even if only in a potential or abstract way.

Fincantieri has obtained ISO 37001 certification attesting its compliance with standards for Management Systems for the prevention of corruption.

EXTERNAL RISK

Climate change

Risk that climate change, and the weather events associated with it (extreme events, such as storms, floods, earthquakes, fires or heat waves, as well as chronic effects, such as temperature changes, rising sea levels, water scarcity, loss of biodiversity, etc.), may damage assets (e.g. plants, buildings, etc.) or cause production slowdowns or stoppages for the Company and/or for suppliers, or require unplanned interventions to secure assets or adapt to the ecological transition.

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 disruptions to activities.

The Fincantieri group contributes to the fight against climate change by paying particular attention to the technologies used in its production process, and to their potential upgrading within the framework of the ecological transition. The group sets out an annual innovation plan and constantly monitors technological trends in the market of reference, through scouting activities and partnerships with key innovation players, such as universities, research centers, associations, etc.

Personnel & asset security

Risk of common or organised crime taking place on or outside Fincantieri sites, to the detriment of its people and the company's assets, productivity and business continuity. This category also includes risks connected with industrial security and the protection and safeguarding of State secrets and classified information, as well as risks connected with the physical security of (tangible and intangible) assets and human resources.

How this risk is addressed

In order to contain the risk of the unlawful conditioning of or criminal infiltration in the company's business, the Fincantieri group checks the reputational credentials of suppliers and third parties, monitoring them over time and setting phase-out plans for cases considered to be high risk, also through the work of the "Suppliers Monitor". Threat Intelligence is also carried out through the gathering and analysis of information from publicly accessible sources, in order to analyse known or emerging criminal risk scenarios, including in international areas of interest to the company.

Corporate bodies work closely with Institutions and the Police, ensuring full support in operational areas of competence. In compliance with the National Legality Framework Protocol, Fincantieri activates anti-Mafia police checks on all companies in the supply chain operating in areas at high-risk of Mafia infiltration, thus guaranteeing full compliance with anti-Mafia legislation (Legislative Decree 159/2011). Any suspicions of external conditioning or specific reputational deficiencies are reported to the Police. Numerous risk prevention and/or mitigation measures are in place at all operating units, such as, for example, checks on access by persons, vehicles and goods entering and leaving the sites, surveillance inside the facilities, anti-intrusion perimeter checks, checks on access to vessels under construction, etc. Management and control procedures also apply to classified information and information for exclusive distribution in compliance with regulations on the administrative protection of State secrets, as well as industrial information. In order to increase awareness of security issues, the Fincantieri group offers training for all personnel entering Fincantieri sites and shipyards.

In order to protect personnel travelling to places at risk of terrorism/kidnapping/acts of violence, several mitigation actions are implemented, including: the provision of Travel Security e-learning courses; risk awareness campaigns for travellers to high-risk areas; the activation of mission insurance in non-European countries and supplementary policies; maintenance of communication lines with foreign personnel in the event of a contingency or crisis; tracking of the updated presence of travelling personnel in different Italian and foreign destinations; the sending of automated alerts before and during trips containing updates on the security and socio-political situation and environmental conditions of the destination area. Moreover, with the aim of managing emergencies in advance, Crisis Management Committees and Interdisciplinary Crisis Teams have been set up to conduct Security Assessments and develop Contingency Plans dedicated to the foreign countries where personnel are seconded.

FINTECNA GROUP

Risk monitoring was ensured during 2023 through the operating tools employed by the Fintecna group, in line with the methods adopted by the CDP Group.

During the year, the activities covered by the project to streamline the Group Real Estate Area continued to be carried out. This required Fintecna to take a lead role in the provision of the Group Real Estate services, and also saw the appointment of the company as liquidator of CDP Immobiliare and the transfer of the shares held by CDP in CDP Immobiliare in favour of Fintecna. With reference to these activities, the necessary organisational and procedural monitoring measures to mitigate and prevent the associated risks and the impact on Fintecna's operations were assessed.

The risk profile of the Fintecna group, taking into the account the above, 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 risks related to the management of environmental remediation work at the sites owned by EFIM Separate Asset Pool, real estates belonging to the IGED Separate Asset Pool, those belonging to CDP Immobiliare in liquidazione, the provision of Group real estate services, 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 risks 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 mostly related to costs associated with the management of the Group's real estate assets, litigation costs, the coverage of liquidation charges and disbursements related to 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 other banks.

With reference to the IGED Separate Asset Pool and to CDP Immobiliare in liquidazione, another risk factor relates to the possible challenges in the disposal of assets, mainly represented by properties located in Italy, for which there is also a market risk associated with macroeconomic factors relating to the performance of the real estate market that may generate a depreciation of the value of the assets. In measuring and managing market risk, the value of the property portfolio is periodically monitored through assessments conducted by Independent Experts.

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 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)	31/12/2023	31/12/2022	Change (+/-)	Change %
Civil/administrative/tax disputes	56	72	(16)	-22.2%
Employment disputes	227	241	(14)	-5.8%
TOTAL	**283**	**313**	**(43)**	**-9.6%**

SIMEST

In relation to the identification of the risks inherent to SIMEST's business, although the company is not subject to prudential regulation, it voluntarily adheres to current banking regulations and the principles adopted by the Basel Committee.

The different types of risks to which SIMEST is exposed are identified and classified in the Risk Policy, which was updated in the first half of 2023 and approved by the Board of Directors in April 2023, as part of the wider assessment process and disclosures to the Parent Company for the issue of a non-binding opinion. The updated Risk Policy provides a comprehensive overview of the relevant risk areas for SIMEST, in line with the company's operational developments and with the Group framework, while referring to specific policies and regulations in force for the technical aspects of assessing, managing and monitoring individual risks.

The most significant risks to which to which SIMEST is exposed are reported below.

FINANCIAL RISKS

Credit risk

This is the risk that a debtor will not meet its commitments in relation to a loan and will not be able to repay its debt. The Risk Policy sets forth guidelines and specific ex ante and ex post measures for monitoring credit risk, broken down by counterparty and/or transaction, while referring to the Rating and Recovery Rate Policy for specific aspects of risk measurement, and to the Credit Risk Policy for the specific aspects of monitoring limits, tools and metrics.

In monitoring credit risk, the company adopts specific assessment, monitoring and management processes for individual exposures and the portfolio, involving the use of models, operational tools and reporting. In particular, in the various phases of the process, the company uses tools and models to support analyses (such as ratings and an early warning system) aimed at measuring and monitoring the counterparty's credit risk and any signs of deterioration in its risk profile, in order to support Management and units in charge of asset protection activities so as to start up, where necessary, credit collection action.

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 2023, direct commitments of Italian Partners for the repurchase of the equity investments totalled approximately 428 million euro (455 million euro at 31 December 2022). Repurchase commitments secured by bank and/or insurance guarantees amounted to approximately 26 million euro (32 million euro at 31 December 2022), while those secured by collateral amounted to 27 million euro (29 million euro at 31 December 2022).

(millions of euro; %)	31/12/2023		31/12/2022	
Direct commitments of Italian partners	428	89%	455	88%
Commitments secured by banks and insurance companies	26	5%	32	6%
Commitments secured by collateral	27	6%	29	6%
TOTAL	**481**	**100%**	**516**	**100%**

SIMEST, in line with its institutional role, acts as a partner in supporting creditworthy companies operating in strategic sectors and supply chains, with sustainability and impact investing characteristics aimed at international expansion.

The Credit Risk Policy sets out specific guidelines for breaking down, monitoring and managing 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. In 2023, operational limits continued to be monitored by rating and by counterparty/group, as envisaged by the Credit Risk Policy, with findings reported on a periodic basis to corporate bodies.

In line with the indications of the Policy, particular focus was placed on the loan origination stage, with new equity lending steered towards counterparties of greater creditworthiness, in line with the objective of progressively reducing the cost of risk and the weight of the non-performing component of the portfolio.

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) on the basis of (i) available information on the economic and financial performance of the counterparty and/or (ii) detrimental events/announcements of anomalies from internal and/or external data sources.

As part of credit risk monitoring tools and in line with the provisions of the Strategic Plan, SIMEST has started up a project aimed at defining an approach to monitoring and classifying credit exposures in line with the taxonomy and instruments used at Group level (i.e. early warning system model).

As part of the adjusted risk pricing methodology, applied to financing transactions, during 2023 some refinements were made to the calibration of specific components of the model. The pricing methodology produces risk-based returns in relation to the characteristics of the investment (e.g. duration and expected security framework) and the creditworthiness of the counterparties, with the aim of estimating the benchmark value for achieving a level of profitability, adjusted for risk, which is consistent with the economic value creation objectives set by the Strategic Plan. In addition, in support of Business, the Risk Management unit periodically updates the pricing grids showing the spread levels applicable to transactions as parameters such as rating, duration and security package change, corresponding to the different levels of remuneration expected for the shareholder (expressed as risk-adjusted return on capital – RAROC) in order to guide risk/return assessments.

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 evaluation provided for by IFRS 9 exposes a gradually lower 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, LDC) and (ii) the assessment of the level of company exposure to operational risks through Risk Self-Assessment.

As of January 2023, operational risks are managed in partnership with CDP under a service contract. During the year in the LDC field, alongside monitoring and follow-up activities on Action Plans, the company's information sources were updated, training sessions were organised for the various LDC representatives and managers, and some Near Miss events were detected. Within the framework of the Risk Self-Assessment, in addition to the monitoring of Action Plans in place, Operational Risk Assessments were carried out on the 394/81 Fund and on the equity portfolio.

Operational risks also include ICT risk, which is the risk of (current or potential) financial, reputational and market share losses arising from the use of information and communication technology (ICT), due to events that are likely to compromise the Availability, Integrity and Confidentiality of technical infrastructure and/or data.

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 property to settle financial obligations at maturity, promptly and 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 2023 confirmed the effectiveness of the liquidity indicators and the warning thresholds introduced.

Interest rate risk

Risk of losses caused by adverse movements in interest rates in terms of economic value and/or reinvestment of cash flows. In the first quarter of 2023, the Interest Rate Risk Policy was published, outlining a number of developments in the measurement and monitoring of this risk. The new framework provides for the adoption of the "Repricing Gap" methodology, which quantifies interest rate risk by calculating the "gap", differentiated by predetermined time buckets, between assets and liabilities exposed to interest rate risk. The Repricing Gap on the different maturities, combined with hypothetical changes in interest rates, enables potential impacts on the income statement to be quantified, identifying relative cut-offs ("hard limits") and warning thresholds ("soft limits").

In 2023, the maximum risk limits envisaged were respected and — considering the medium-long term funding facility negotiated in the second half of the year — the company remained well within the early warning indicators.

Concentration risk

In cases of "single name" and "geo-sector" risk, this is the risk arising from the concentration of exposures towards counterparties and/or groups of related counterparties and towards debtors belonging to the same economic sector or exercising the same activity or located in the same geographical area. Over the course of 2023, operating limits per counterparty/group were periodically monitored with reference to SIMEST's equity and sectoral concentrations, with findings reported to corporate bodies.

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, investors or regulators. 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, internal controls are carried out to mitigate this risk and specific safeguards have been adopted to prevent reputational events from occurring in the ordinary operations and management of public funds.

Money laundering risk

The risk arising from the infringement of legal, regulatory and corporate governance provisions aimed at preventing the use of the financial system for the purpose of money laundering, terrorist financing or crime. During 2023, SIMEST continued to carry 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 where anomalies and/or reasonable suspicions are found 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. It should be noted that the intensification of monitoring for potential money laundering has resulted in an increasing number of reports of suspicious transactions to the FIU.

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 corporate governance rules (e.g. articles of association, codes of conduct) or sanctions. These risks are particularly important considering the institutional role of SIMEST, as well as the extensive volume of transactions performed in managing Public Funds.

SIMEST adopts the Group's framework of specific policies, processes, and procedures to prevent, mitigate, and minimise 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. Climate and sustainability objectives, as set out in the CDP Group's Internal Policies and Code of Ethics, complement the mission and institutional role of SIMEST as a medium and long-term investor in support of the internationalisation of Italian companies. In line with the Group's Sustainability Framework, SIMEST is committed to steering investing activities by taking into account ethical, environmental and governance (ESG) issues. Accordingly, SIMEST has embarked on a path of internal transformation towards a business and operational model oriented towards creating sustainable value, in line with the Group's approach and the 2023-2025 Strategic Plan, providing, among other things, for the launch of projects aimed at integrating sustainability analysis and ESG risk assessment into the evaluation processes of bankable transactions. In the fourth quarter of 2023, the Board of Directors of SIMEST formally adopted the Group's "ESG Risk Assessment and Management" Policy, which sets out the principles and metrics with which CDP and Group Companies must comply in the assessment of ESG risks, the related scope of application, organisational and operational guidelines and the deadlines for implementing specific risk safeguards. In this framework, SIMEST Risk Management will be engaged in outlining and rolling out a work plan for the development and implementation of relevant ESG risk assessment and management methodologies.

Capital adequacy

The Risk Policy describes the internal process of assessing the adequacy of available capital resources (represented by equity) to meet the economic capital needed to cover existing risks, measured in accordance with methodologies in line with the CDP Group and the SIMEST business model. Assessment outcomes in 2023 confirmed the full adequacy of capital.

Specific controls are also in place for the subsidised funds managed by SIMEST to monitor and mitigate the main risks to which those funds are exposed.

In particular, the Venture Capital Fund has long enabled SIMEST to support the international expansion of SMEs through subsidised equity financing. Alongside traditional operations, the Venture Capital Fund supports the internationalisation of Italian start-ups and innovative SMEs (start-up operations), through equity investments or the subscription of units/shares of investment funds, in partnership with CDP Venture Capital SGR. The public funding available is divided up into investments through the subscription of Funds and direct investments made jointly with CDP Venture Capital SGR. In the first quarter of 2023, an investment was made in the International Fund of Funds and, during the year, the Steering and Reporting Committee began to deliberate on its direct operations.

With regard to the 295/73 Fund, at the beginning of 2023 a cross-functional group was set up with the MEF and the MAECI to review, with the support of an advisory firm, the fund's interest-rate and currency risk management and measurement framework, in view of a complete overhaul of the applicable regulatory framework. In this context, the 2024 Budget Law sets out the provisioning method for commitments undertaken by the Fund, in order to ensure its continuity, operation and sustainability. The method requires that provisions should be estimated, in line with best market practice, by applying the methodology adopted by the competent body to the administration of the Fund, at the proposal of SIMEST in its capacity as fund manager.

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 2023. Business units were also supported on methodological issues through the preparation of risk considerations. In particular, as part of the review of the system of guarantees to be required from companies for loans subsidized by the 394/81 Fund, risk considerations were produced to support meetings of the Subsidies Committee in March and July 2023.

As part of SIMEST's 2023-2025 Strategic Plan, the Risk Department participates in various working groups, contributing to the roll-out of cross-functional activities, and periodically monitors the progress of work against the deadlines set.

LEGAL DISPUTES

As at December 31, 2023, litigation against SIMEST was pending with four counterparties. In all four cases, the risk of loss has been assessed to be remote, for which no provisions have been allocated.

CDP IMMOBILIARE GROUP

The risks to which the company and its subsidiaries are exposed and the relevant monitoring and minimisation activities are described below.

MACROECONOMIC SCENARIO DISCLOSURE

Main risks and uncertainties

Below is a description of the risks to which the company is exposed, together with the related monitoring actions, which continued throughout 2023, in line with the methodologies adopted by the CDP Group.

During the year, the activities carried out by the project to streamline the Group's Real Estate portfolio continued, leading to the voluntary liquidation of CDP Immobiliare S.r.l., the appointment of Fintecna S.p.A. as the company's liquidator and the acquisition of CDP's shares in CDP Immobiliare S.r.l. by Fintecna S.p.A., the impact of which has also been analysed with reference to the risks described below.

Market risk

(i) Real Estate Risks

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 reference legislation. 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.

In the event of divestment operations, there is an assessment of the consistency of the sale 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.

(ii) 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. The exposure to interest rate risk is limited to the medium/long-term financial liability (currently being restructured with financial institutions) of the investee company Quadrifoglio Brescia which is currently in liquidation.

It is important to highlight that the company has cash on deposit with CDP which is available on-demand and earns a variable interest rate linked to Euribor.

(iii) Exchange rate risk

The group operates only in Italy; therefore, it is not exposed to exchange rate risk.

(iv) Risks related to the current macroeconomic environment

When drafting the assessment as at 31 December 2023, the impacts associated with the current economic environment characterised by a combination of factors linked to the ongoing geopolitical crises (Russian-Ukrainian conflict, crisis in the Middle East) in terms of GDP trends and high levels of inflation and interest rates have been taken into account throughout.

This reference context makes it necessary to focus attention on the possible repercussions, in the short to medium term, on the activities of CDP Immobiliare S.r.l. currently in liquidation.

As an example, including not limited to, the impacts on the company's activity may be related to:
- greater difficulties in obtaining funding on similar terms to the previous ones by potential buyers of the properties;
- increased asset management costs.

There could also be an increase in Cyber-risk, as the current geopolitical scenario has shown an overall increase in Hostile Cyber Activities (HCA). In this context, special emphasis was placed on enhancing defensive measures in the area of cyber security.

(v) Risks related to climate change

In line with CDP's "Sustainability Framework", the liquidator Fintecna launched - also for the areas of operations of CDP Immobiliare S.r.l. currently in liquidation - a process for mapping, measuring and reporting on the social and environmental impact of the company's activities. In line with the various CDP Group companies, the Company has been working, albeit in a manner dictated by the specific characteristics of its business model, to align its model towards promoting sustainable growth.

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 S.r.l. currently in liquidation has not made any medium to long term investments for liquidity management. Cash and cash equivalents are deposited with the shareholder CDP, as well as with Banking Institutions, in short-term transactions. Therefore, there is no risk linked to the recovery of capital invested in investment instruments.

Conversely, liquidity risk related to the ability to meet obligations and management activities must be weighted appropriately.

First of all, as previously known, it should be noted that on 22 June 2022 the Board of Directors of CDP S.p.A. approved the CDP Group's Real Estate Reorganisation Plan, which provided for, among other, the voluntary liquidation of CDP Immobiliare S.r.l. and the appointment of Fintecna S.p.A. as the company's liquidator. The Shareholders' Meeting of CDP Immobiliare S.r.l. held on 16 May 2023 implemented the above Parent Company resolution. Therefore, the company's assessment was made on the assumption that, in 2023, it is no longer a going concern thus meeting the liquidation criteria instead. On this basis, the assessment of liquidity risk relates primarily to the company completing its liquidation procedures within the agreed time frame. Based on management's assessments, cash and cash equivalents are adequate to meet the proposed liquidation plan and disbursements related to asset management.

Since cash and cash equivalents are the most effective assets to mitigate risk against liabilities for provisions and charges, an inaccurate forecast of the latter, with particular reference to the timing of liquidation, could represent a significant risk factor. In this regard, as part of the assessments of the provisions for risks and charges, the forecasts on the utilisation of these provisions, as defined in the liquidity management policies, have also been updated.

Credit and counterparty risk

Credit risk is linked to a counterparty's ability to fulfil the obligations entered into with the CDP Immobiliare S.r.l. currently in liquidation.

In view of its operational business management methods, credit risk essentially consists of the risks linked to its trade receivables by CDP Immobiliare S.r.l. currently in liquidation 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.

With regard to counterparty risk, for the most significant credit facilities, an analysis is carried out on the financial strength of the counterparty, using information contained in specialised databases.

There is also a limited counterparty risk linked to the investment of short-term liquidity held at banks. Available liquidity is managed in accordance with the policies followed by the liquidator Fintecna, which, among other things, outlines the minimum rating criteria that bank counterparties must meet, within the framework of the CDP Group Guidelines.

Operational risks

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.

Operational risks include, in addition to those arising from security related to owned properties, those related to environmental issues of owned assets, as well as those related to ongoing litigations. Given the complexity and future uncertainty of these situations, the directors — acting on the best available information and on the prudent principle — periodically update their evaluations of the adequacy of the provisions for risks and charges made in the financial statements.

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 continuing of the economic crisis could reduce the group's profitability and its ability to generate cash also in the relevant sectors. In the face of this risk, the group aims to increase its industrial efficiency and improve 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. 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 to customers*: the group is exposed to liability risks towards customers or third parties connected to the correct performance of contracts, to which it is liable by the conclusion of insurance policies normally available on the market to cover any damage caused. However, damage not covered by insurance policies, which exceeds the insured limit or increases in insurance premiums cannot be excluded in the future, which management is constantly monitoring ;
- *legislative compliance*: the group monitors, through special structures, the constant updating with the reference regulations, making the start commercial actions subject to verification of compliance with the restrictions and to the obtaining 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*, related to exposure to interests generating positions (interest rate risks) and operations in currency areas other than denomination areas (exchange rate risks);
- *credit risks*, arising from normal commercial transactions or from financing activities.

The group specifically monitors each of these financial risks, intervening with the aim of promptly minimising them including, for example the use of derivative hedging instruments.

The following paragraphs analyse the potential impact on the final results deriving from hypothetical fluctuations of the reference parameters. These analyses are based, as provided for in IFRS 7, on simplified scenarios applied to the balance sheet data of the periods taken as reference and, by their very nature, they cannot be considered as indicators of the real effects of future changes in bench-marks in relation to a different capital and financial structure and market conditions, nor can they reflect the interrelations and the complexity of the reference markets.

Liquidity risk

Liquidity risk represents 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 economic result if it was forced to bear additional costs to meet its commitments or an insolvency situation.

The aim of the group is to establish a financial structure which, in accordance with business objectives and the defined limits, (i) ensures an adequate level of liquidity, minimising the relative cost/opportunity and ii) maintains a balance in terms of duration and debt 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 as of 31 December 2023 and 2022. The first column represents the year-end balance, while the subsequent ones represent the cash-outs expected at the indicated deadlines, including interest.

(thousands of euro)	Balance at 31/12/2023	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Bond loan	189,689	191,952			191,952
Other current and non-current financial liabilities	811,082	203,821	461,165	390,319	1,055,305
Trade payables	49,813	49,813			49,813
Other current and non-current liabilities	120,768	71,777	48,991		120,768

(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		369,250
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

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.

It should be noted that following the revised terms and conditions on the Term loan (balance as at 31 December 2023 equal to 146 million euros) and the stipulation of a bank loan with SACE support (balance as at 31 December 2023 equal to 154 million euros), both included in the most complex financial manoeuvre finalised between the end of 2022 and the beginning of 2023, in order to hedge the cash flow risk due to the market trends in the variable interest rate curve, Ansaldo Energia entered into two "Interest rate cap" hedging transactions, respectively for a notional amount of 72.5 million euro and 77.5 million euro.

The remaining negative financial position consists mainly of fixed-rate debt. Therefore, pursuant to IFRS 7, no significant interest rate risks are recognised on these positions.

Exchange rate risk

The group procedures provide for the coverage, when acquiring the most significant contracts, of revenues and, if necessary costs, in foreign currencies at exchange risk. As far as costs are concerned, the group typically implements the policy of entering mainly supply contracts in Euro. The portion of purchases to be made in local currency is normally covered by a corresponding revenue value in the same currency.

As of 31 December 2023, the total notional value in Euro of the lots covered by derivative instruments on sale amounted to 51,985 thousand Euro while the purchase value amounted to 17,129 thousand Euro.

Given the above, and net of the effect of the policy of covering of transactions in currencies other than the Euro, the sensitivity analysis on exchange rate changes appears to be negligible.

Credit risk

The Ansaldo group is exposed to credit risk both in relation to the counterparties to its commercial operations, as well as in relation to financing and investing activities, as well as to guarantees given on third-party debts or commitments.

To eliminate or minimise the credit risk arising from commercial transactions, particularly with foreign countries, the group adopts an accurate risk coverage policy from the outset of the commercial 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 provided for as stand-by letter or irrevocable and confirmed letter of credit or, in cases where this is not possible and where 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 in which the financing of the supply is required.

The following table provides a breakdown of trade receivables, grouped by expired amount classes and by geographical area, before allowance for doubtful accounts:

	Other customers				
(thousands of euro)	Italy	Europe CIS Africa Middle East	Americas	Asia	Total at 31/12/2023
Receivables not past due	54,217	49,642	5,515	19,181	128,555
Receivables less than 6 months past due	15,893	63,089	(11,460)	14,256	81,778
Receivables 6 months to 1 year past due	1,192	24,106	95	3,875	29,268
Receivables 1 to 5 years past due	1,154	48,414	8,973	35,301	93,842
Receivables more than 5 years past due	7,033	25,906	2,971	319	36,229
TOTAL	**79,489**	**211,157**	**6,094**	**72,932**	**369,672**

The “less than 6 months overdue” bucket, in the “America” area, is affected by Embalse penalties for which reference is made to specific documentation.

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)
Valvitalia S.p.A. (5)	31/03/2023	7,655	75%	135,913	(49,524)
Omnia S.r.l.	29/03/2023	1,521	100%	176	98
Rete Nord S.r.l.	22/06/2023	14,609	100%	558	85
Snam: Acquisition of CGU Biometano Agri	2023	31,772	100%	9,640	238
Snam: Acquisition of CGU Biometano Waste	2023	66,916	100%	3,031	(35,429)
Euroavia S.r.l. (6)	14/11/2022	6,509	100%	178,373	3,693
Tecnomeccanica S.r.l.	16/01/2023	5,072	100%	7,033	1,254

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).
(5) Revenues and group Valvitalia net Profit (Loss) referred to FY2022.
(6) Business combination referring to the FICC consolidation scope, for which the information used in the preparation of this AFS refers to a period that does not coincide with the calendar year 2023, as specified in Part A-Section 3 - Scope and Methods of Consolidation.

Valvitalia S.p.A.

CDPE Investimenti participated in the financial and equity strengthening initiative of the Valvitalia group, resulting in the subsidiary's full conversion of the Convertible Bond (CB) on 31 March 2023 which resulted in an increase of its shareholding from 50% to 75%, transitioning from joint to sole control.

From an accounting point of view, the operation involved:
- the investment in Valvitalia Finanziaria valued at fair value as of the transaction date, estimated at 3,840 thousand euro (with 2,655 thousand euro attributed to the 75% share held through CDPE Investimenti).
- the write-off, subsequent to the reversal of the write-down recognised in the financial statements of CDPE Investimenti, pertaining to the value of Equity Instruments issued by Valvitalia S.p.A. and subscribed by CDPE Investimenti in the second half of 2021, totalling 5 million euro.

As a result of the reverse merger of Valvitalia Finanziaria S.p.A. into Valvitalia S.p.A., with the consequent dissolution of Valvitalia Finanziaria S.p.A. from the Companies' Register on 3 October 2023, the CDPE Investimenti shareholding relationship is to be referred to Valvitalia S.p.A.

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).

Valvitalia S.p.A.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	66,704		66,704
20. Financial assets designated at fair value through profit or loss	955		955
40. Financial assets measured at amortised cost	3,837		3,837
70. Equity investments	1,458		1,458
90. Property, plant and equipment	55,341		55,341
100. Intangible assets	36,514	(22,982)	13,532
110. Tax assets	11,982		11,982
120. Non-current assets and disposal groups held for sale	139		139
130. Other assets	152,257		152,257
TOTAL ACQUIRED ASSETS	**329,187**	**(22,982)**	**306,205**

LIABILITIES			
10. Financial liabilities at amortised cost	107,619		107,619
60. Tax liabilities	19,489		19,489
70. Liabilities associated with non-current assets and disposal groups held for sale	114		114
80. Other liabilities	94,402		94,402
90. Staff severance pay	3,384		3,384
100. Provisions for risks and charges	25,146	11,436	36,582
190. Non-controlling interests	45,565	(8,605)	36,960
TOTAL LIABILITIES ASSUMED	**295,719**	**2,832**	**298,550**
Net acquired assets	**33,469**	**(25,814)**	**7,655**
Goodwill			
Cost of business combination	**33,469**	**(25,814)**	**7,655**

Acquisition of Omnia S.r.l.

On 29 March 2023, LT S.r.l. (a wholly-owned subsidiary of Terna Energy Solutions S.r.l., in turn a subsidiary of Terna S.p.A.) acquired 100% of Omnia S.r.l., a company operating in the Operation & Maintenance of photovoltaic plants. The acquisition is aimed at consolidating LT S.r.l.'s position as a leader on the national market in the construction and operation of photovoltaic plants.

The cost of acquiring 100% of the company's capital for 1.5 million euro exceeded the valuation of net assets at the acquisition date, leading to recognition of goodwill totalling around 1.4 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).

Omnia S.r.l.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	17		17
30. Financial assets at fair value through other comprehensive income	2		2
90. Property, plant and equipment	4		4
110. Tax assets	25		25
130. Other assets	220		220
TOTAL ACQUIRED ASSETS	**268**		**268**
LIABILITIES			
60. Tax liabilities	27		27
80. Other liabilities	77		77
TOTAL LIABILITIES ASSUMED	**104**		**104**
Net acquired assets	**164**		**164**
Goodwill	1,357		1,357
Cost of business combination	**1,521**		**1,521**

Acquisition of Rete Nord S.r.l.

On 22 June 2023, Terna S.p.A. acquired 100% of Rete Nord S.r.l. (formerly "Edyna Transmission S.r.l."), the company that owns the following NTG assets:

- a portion of 220 kV power line in Trentino-Alto Adige, approximately 70 km long;
- a 220 kV station in Resia (Udine);
- a 220 kV station in Naturno (Bolzano).

The cost of acquiring 100% of the company's capital for 14.6 million euro was largely consistent with the valuation of net assets at the acquisition date.

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).

Rete Nord S.r.l.

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	293		293
90. Property, plant and equipment	13,249		13,249
100. Intangible assets	801		801
110. Tax assets	180		180
130. Other assets	412		412
TOTAL ACQUIRED ASSETS	**14,935**		**14,935**
LIABILITIES			
60. Tax liabilities	203		203
80. Other liabilities	137		137
TOTAL LIABILITIES ASSUMED	**340**		**340**
Net acquired assets	**14,595**		**14,595**
Goodwill	14		14
Cost of business combination	**14,609**		**14,609**

Snam: acquisition of companies operating in the Biogas/Biomethane Agri business

During 2023, Snam acquired total control of eight companies operating in the Agri Biogas/Biomethane business: Agriwatt Goffredo, Soragna Agroenergie, Zibello Agroenergie, Bietfin, MST, Agrimetano Ro, Agrimetano Pozzonovo, Moglia Energia.

For the purposes of the 2023 Annual Financial Statements, a preliminary purchase price allocation was carried out; the process of identifying the fair value of the acquired assets and liabilities will be completed in the following period, within 12 months from each of the respective acquisition dates.

The acquisitions relating to the Biomethane Agri CGU were completed for a total consideration of 32 million euro which accounted for the estimated earn-outs outlined in the agreement. The preliminary PPA resulted in the recognition of a goodwill amount of 13 million euro and the allocation of capital gains under intangible assets (attributable to the fair value of the authorisations of the plants held by the acquired companies), in addition to deferred taxes.

The table below shows the consideration paid for the acquisition of the companies and gives a breakdown of the assets acquired and liabilities assumed in total (amounts in thousands of euro).

CGU Biogas/Biometano Agri

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	3,999		3,999
90. Property, plant and equipment	12,953	3,284	16,237
100. Intangible assets	257	14,192	14,449
110. Tax assets	233	79	312
130. Other assets	11,914	717	12,631
TOTAL ACQUIRED ASSETS	**29,356**	**18,272**	**47,628**
LIABILITIES			
10. Financial liabilities at amortised cost	9,967	620	10,587
60. Tax liabilities	575	4,079	4,654
80. Other liabilities	11,397	365	11,762
90. Staff severance pay	245		245
100. Provisions for risks and charges		2,034	2,034
TOTAL LIABILITIES ASSUMED	**22,184**	**7,098**	**29,282**
Net acquired assets	**7,172**	**11,174**	**18,346**
Goodwill	1,533	11,893	13,426
Cost of business combination	**8,705**	**23,067**	**31,772**

Snam: acquisition of companies operating in the Biogas/Biomethane Waste business

During 2023, Snam acquired control of two companies operating in the Biogas/Biomethane Waste business: CH Energy and Biowaste CH4 Legnano.

For the purposes of the 2023 Annual Financial Statements, a preliminary purchase price allocation was carried out; the process of identifying the fair value of the acquired assets and liabilities will be completed in the following period, within 12 months from each of the respective acquisition dates.

Regarding the acquisition related to the Biomethane Waste CGU, which amounted to 67 million euro (inclusive of the expected earn-outs outlined in the contract), the preliminary allocation of the acquisition price led to the recognition of 11 million euro in goodwill as well as to the allocation of capital gains in both intangible and tangible assets, along with the relevant deferred taxes.

CGU Biogas/Biometano Waste

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	109		109
90. Property, plant and equipment	53,436	1,433	54,869
100. Intangible assets	219	35,636	35,855
110. Tax assets	449	934	1,383
130. Other assets	6,236		6,236
TOTAL ACQUIRED ASSETS	**60,449**	**38,003**	**98,452**
LIABILITIES			
10. Financial liabilities at amortised cost	1,756	1,055	2,811
60. Tax liabilities	44	10,008	10,052
80. Other liabilities	28,790	347	29,137
90. Staff severance pay	11		11
100. Provisions for risks and charges		334	334
TOTAL LIABILITIES ASSUMED	**30,601**	**11,744**	**42,345**
Net acquired assets	**29,848**	**26,259**	**56,107**
Goodwill		10,809	10,809
Cost of business combination	**29,848**	**37,068**	**66,916**

Acquisition of Euroavia S.r.l.

Mecaer Aviation Group (MAG), a subsidiary of Fondo Italiano d'Investimento SGR through Fondo Italiano Consolidamento e Crescita (FICC), has completed, at the end of 2022, the acquisition of 100% of Euroavia S.r.l., a company specialising in services for rotary and fixed-wing aircraft.

With Euroavia joining the Group, MAG solidifies its position as Italy's leadership in helicopter maintenance services across the country. This achievement is made possible by leveraging the synergies between the Monteprandone (Ap) plant, which serves government and private operators in the Centre-South region, and Euroavia, headquartered in Reggio Emilia, serving the entire Centre-North area.

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 reference date of the transaction (amounts in thousands of euro).

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	280		280
70. Equity investments	2		2
90. Property, plant and equipment	426		426
100. Intangible assets		1,615	1,615
130. Other assets	2,769		2,769
TOTAL ACQUIRED ASSETS	**3,477**	**1,615**	**5,092**
LIABILITIES			
10. Financial liabilities at amortised cost	585		585
80. Other liabilities	1,138		1,138
90. Staff severance pay	92		92
TOTAL LIABILITIES ASSUMED	**1,815**		**1,815**
Net acquired assets	**1,662**	**1,615**	**3,277**
Goodwill		3,232	3,232
Cost of business combination	**1,662**	**4,847**	**6,509**

Tecnomeccanica S.r.l.

C2Mac Group, controlled by Fondo Italiano d'Investimento SGR through the Fondo Italiano Consolidamento e Crescita (FICC), and active in the design, production and marketing of components for the hydraulics industry, has acquired 100% of Tecnomeccanica S.r.l., a Mantua-based company specialising in industrial machining and high-precision assembly.

The table below shows the consideration paid for the acquisition of the company, and provides a breakdown of the assets acquired and liabilities assumed at the reference date of the transaction (amounts in thousands of euro).

ASSETS	Book value	Adjustment	Fair value
10. Cash and cash equivalents	3,263		3,263
90. Property, plant and equipment	1,133		1,133
100. Intangible assets	11		11
130. Other assets	3,284		3,284
TOTAL ACQUIRED ASSETS	**7,691**		**7,691**
LIABILITIES			
10. Financial liabilities measured at amortised cost	2,979		2,979
80. Other liabilities	434		434
90. Staff severance pay	359		359
TOTAL LIABILITIES ASSUMED	**3,772**		**3,772**
Net acquired assets	**3,919**		**3,919**
Goodwill	1,153		1,153
Cost of business combination	**5,072**		**5,072**

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

GPI

On 23 June 2022, a decision was made by CDP and CDP Equity to formalise an investment agreement, facilitating CDP Equity's forthcoming investment in the share capital of GPI (a group listed on the Euronext Milan regulated market, managed by Borsa Italiana), contingent upon meeting specified conditions precedent.

The transaction, which closed in December 2022, was carried out through a share capital increase in GPI for a total amount of 140 million euro and the subscription by CDP Equity of a tranche equal to half of the above-mentioned capital increase, amounting to 70 million euro. Upon completion of the transaction, CDP Equity's ownership in GPI's share capital amounts to 18,41%.

This equity investment was accounted for in the consolidated financial statements of the CDP Group as at 31 December 2022 in accordance with 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 2022 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.

In view of the interest acquired, significant influence on GPI 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. Following the Purchase Price Allocation process, it was identified that the equity investment holds implicit goodwill totalling 175 million euro (of which the CDP Group's share is 32 million euro). Taking into account that, from an accounting point of view, 31 December 2022 was the date of purchase of significant influence over GPI, no impact was recognised on the 2022 income statement as a result of the retrospective change.

PART H - TRANSACTIONS WITH RELATED PARTIES

INTRODUCTION

The financial statements disclose related party transactions in accordance with IAS 24, ensuring they provide a comprehensive description of how the financial position of the reporting entity could be influenced by related parties as well as transactions, outstanding balances and commitments with such parties.

IAS24 is applied in identifying the related parties of an entity and in determining the disclosures to be made about the entity's relationships with them.

In accordance with IAS 24, related parties of the CDP Group include:
- the Ministry of the Economy and Finance;
- associates and joint ventures companies of the CDP Group and their subsidiaries and unconsolidated subsidiaries;
- direct and indirect subsidiaries and associated companies of the Ministry of Economy and Finance;
- key management personnel of CDP and their close family members as well as businesses controlled by them, whether individually or jointly;
- post-employment benefit plans for employees of the Group.

In the preparation of the CDP Group's consolidated financial statements, transactions and outstanding intercompany balances with related parties are eliminated.

1. INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table shows the remuneration paid in 2023 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	18,755	3,484	34,480
b) Post-employment benefits	389		1,426
c) Other long-term benefits	823		3,587
d) Severance benefits			
e) Share-based payments	379		2,031
TOTAL	**20,346**	**3,484**	**41,524**

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 atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the company, have not been carried out. 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 2023 with:

- the Ministry of the Economy and Finance;
- Group companies subject to significant influence or joint control and their subsidiaries;
- 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 and CDP's key management personnel).

(thousands of euro) Items/Related parties	Ministry of Economy and Finance (MEF)	Associates and subject to joint control entities 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		28	152,481		152,509
Financial assets measured at fair value through other comprehensive income	8,206,926		154,831		8,361,757
Financial assets measured at amortised cost:					
– *loans to banks*		2,126	*1,776,189*	64,725	*1,843,040*
– *loans to customers*	*234,130,649*	*2,092,422*	*3,138,905*		*239,361,976*
Other assets	157,047	756,529	323,263	2,017	1,238,856
Liabilities					
Financial liabilities measured at amortised cost:					
– *due to banks*			638		638
– *due to customers*	*3,490,702*	*54,147*	*121,917*		*3,666,766*
– *securities issued*		*3,011,884*	50		*3,011,934*
Other liabilities	47,379	801,479	288,290	9,381	1,146,529
Off-balance sheet	**5,804,641**	**6,020,629**	**2,114,115**		**13,939,385**
Income statements					
Interest income and similar income	7,013,399	102,717	166,729	1,948	7,284,793
Interest expense and similar expense	(94,776)	(65,727)	(3,492)		(163,995)
Commission income	308,688	37,987	7,258		353,933
Commission expense	(4,911)	(1,236,557)	(27)		(1,241,495)
Profits (losses) on trading activities	(8,862)	(58)	17,402		8,482
Gains (losses) on disposal or repurchase	(25)	15			(10)
Net adjustments/recoveries for credit risk	(5,893)	(708)	1,793	310	(4,498)
Administrative expenses	(4,166)	(40,460)	(149,122)	(3,965)	(197,713)
Other operating income (costs)	1,193	1,472,678	2,420,602	(2,759)	3,891,714

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 for management, as well as the related Regulation. Divided into three cycles, each lasting three years, the plan came to an end on 2 July 2021 with the assignment of shares to the beneficiaries of the third cycle.

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, as well as the relative regulation, the outline of which was defined by the Board of Directors of Fincantieri at its 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's 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 board members or key management personnel of Fincantieri. 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 Fincantieri ordinary shares 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 Fincantieri ordinary shares 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 Fincantieri ordinary shares 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 fair value of each cycle of the plan, as 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	5,958,937
Third cycle of the Plan	10/06/2021	9,796,047	7,416,783

In regard to the first cycle of the 2019-2021 Performance Share Plan, on 30 June 2022 the Board of Directors adopted a resolution closing the cycle and assigning, free of charge to the beneficiaries, 6,818,769 Fincantieri ordinary shares. 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.

In regard to the second cycle of the 2019-2021 Performance Share Plan, on 13 June 2023 the Board of Directors adopted a resolution closing the cycle and assigning, free of charge to the beneficiaries, 6,459,445 Fincantieri ordinary shares. The net shares actually assigned amounted to 3,068,752 shares (net of those withheld to meet the tax obligations of the beneficiaries and the shares withheld pending the completion of succession procedures following the death of one of the beneficiaries). The shares were assigned on 6 July 2023 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 pursuant to article 84-*bis* of Regulation 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, as well as the relative regulation, the outline of which was defined and approved by the Board of Directors of Fincantieri at its 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's 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 board members or key management personnel of Fincantieri.

In the first cycle of the plan, 12,282,025 Fincantieri ordinary shares were assigned to the beneficiaries identified by the Board of Directors on 26 July 2022. In the second cycle of the Plan, 15,178,090 Fincantieri ordinary shares were assigned to the beneficiaries identified by the Board of Directors on 13 June 2023. The beneficiaries for the third cycle will be identified by the grant date of 31 July 2024 for the assignment of rights under the third cycle.

In addition to the EBITDA and TSR parameters, already included in the 2019-2021 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 are based on the percentage of achievement of the Sustainability Plan targets that Fincantieri has set for itself for the three-year period 2023-2025. 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 Fincantieri 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 fair value of each cycle of the plan, as 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	26/07/2022	12,282,025	5,738,776
Second cycle of the Plan	13/06/2023	15,178,090	6,204,500

The features of the plan, as described above, are described in further detail in the information document prepared by Fincantieri pursuant to article 84-*bis* of Regulation 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

At the Snam Shareholders' Meetings held on 18 June 2020 and 4 May 2023, the Shareholders approved the 2020-2022 and 2023-2025 long-term performance share plans, granting the Board of Directors, and by default the Chief Executive Officer on its behalf, with express power of sub-delegation, all powers necessary to implement the plans.

The incentive plans are designed to reward senior executives, identified by Snam's Chief Executive Officer, such as Snam's management team and that of its subsidiaries as well as those employees who hold roles with the greatest impact on the achievement of medium-long term business results or with strategic relevance for the achievement of Snam's multi-year objectives. Additionally, the plans are aimed at rewarding any other positions identified, in relation to the performance achieved, the skills possessed or with a view to staff retention. The maximum number of beneficiaries per three-year cycle is 100.

The plans provide for three allocations of ordinary shares each in the years 2020-2021-2022 and 2023-2024-2025, respectively. Each allocation is subject to a three-year vesting period, in the years 2023-2024-2025 and 2026-2027-2028, respectively, at the end of which the actual allocation of shares, if applicable, takes place, as illustrated in the diagram below.

	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

	Vesting period and performance			
2023 award	2023	2024	2025	2026 free share award

The Board of Directors set the maximum number of shares backing each three-year period of the plans to 3,500,000.

The 2023-2025 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 actual vesting of the shares assigned is subject to the achievement of specific performance targets, which are reviewed for all beneficiaries at the end of each three-year vesting period, and is subject to a timely review by the Appointments and Compensation Committee of the actual achievement of the targets, in support of the resolutions passed in this regard by the Board of Directors of Snam.

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 weighting of 40%;
- Value Added generated in the three-year period corresponding to the performance period, with a weighting of 20%;
- Energy Transition Readiness metric, with an overall weighting of 20%, in respect of the following parameters:
  - i) Kilometres of "H2 ready" network (weighting 10%);
  - ii) installed MW in biomethane projects (weighting 5%);
  - iii) CSS - H2 projects and market design (weighting 5%);
- ESG Metric, with a weighting of 20%, measured through performance against two indicators over a three-year period, aiming to:
  - i) reduce natural gas emissions over the next three years (weighting 10%);
  - ii) ensure fair representation of the least present gender in Snam's management team (weighting of 10%), in terms of % of senior and middle manager positions of the least represented gender on the total of senior and middle manager positions of the Snam 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 "2023-2025 Long-term Performance Share Plan Information Document" prepared pursuant to article 84-*bis* of the Issuers' Regulation, available on Snam's website.

Consistent with the substantial nature of remuneration, in accordance with International Accounting Standards, the plan's costs are determined by reference to the fair value of the instruments granted and the forecast of the number of shares to be granted at the end of the vesting period; the cost is recognised in proportion to the time over the vesting period.

The costs for 2023, 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 costs against a corresponding equity reserve and totalled 5 million euro (6 million euro in 2022).

INCENTIVE PLANS OF TERNA

The Regulations of the new Performance Share Plan 2023-2027 were approved by the Board of Directors on 14 June 2023, in implementation of the terms set by the Ordinary General Meeting of Shareholders held on 9 May 2023.

The Plan provides for the right to be freely assigned a number of Terna S.p.A. shares (Performance Share) at the end of the performance period, provided that the performance targets the plan is linked to have been achieved.

The share buyback programme to service the Performance Share Plan 2023-2027 was completed on 10 July 2023 at a total cost of approximately 7 million euro and with the acquisition of 917,611 of Terna's ordinary shares (representing approximately 0.046% of the share capital). In keeping with Terna's commitment to sustainability and social and environmental responsibility, the programme includes a mechanism linked to Terna's achievement of specific ESG objectives.

As at 31 December 2023, Terna holds a total of 4,213,660 treasury shares (equal to 0.210% of the share capital).

The above total number of treasury shares held by Terna is the sum of the purchases made in implementation of four separate buy-back programmes to service:

i) the Performance Share Plan 2020-2023, in the period between 29 June 2020 and 6 August 2020,
ii) the Performance Share Plan 2021-2025, in the period between 31 May 2021 and 23 June 2021,
iii) the Performance Share Plan 2022-2026, in the period between 27 May 2022 and 13 June 2022 and
iv) the Performance Share Plan 2023-2027, in the period between 22 June 2023 and 6 July 2023,
v) after the 1,079,860 treasury shares allotted by Terna, in the period between 9 May 2023 and 1 June 2023, to the beneficiaries of the Performance Share Plan 2020-2023.

Terna does not hold any additional treasury shares other than those purchased under the above programmes, including through subsidiaries.

LONG-TERM PERFORMANCE SHARE PLANS OF ITALGAS S.P.A.

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 Italgas ordinary shares to the beneficiaries 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.

On 12 March 2024, in implementation of the 2021-2023 Co-Investment Plan approved by the Company's Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021, the Board of Directors of Italgas resolved on the free assignment of a total of 497,089 new Italgas ordinary shares to the beneficiaries of the plan and executed the first tranche of the capital increase approved by the same Shareholders' Meeting, for a nominal amount of 616,390 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, CDP Equity Investimenti, CDP Real Asset SGR, CDP Industria (merged into CDP Equity as of 31 December 2022), the funds FIV Plus, FIV Extra, FNT, FT1, FT2, FNAS and Fondo Sviluppo, CDP Immobiliare and its subsidiaries[108];
- 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, Valvitalia and CDP Venture Capital SGR) and by the financial data deriving from consolidation with the equity method of associates or companies subject to joint control by CDP Group.

In assessing the principal economic and financial trends outlined below, it's crucial to note that the figures for the prior period have been restated, as extensively explained in Section 5 - Other issues, to reflect the effects arising from the implementation of IFRS 17 Insurance Contracts, commencing 1 January 2023. This adoption has resulted in changes to the economic and financial results of the subsidiary Poste Italiane.

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 2.7 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 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 (1.3 billion euro), Poste Italiane (0.6 billion euro) and Holding Reti Autostradali (0.1 billion euro) offset by the negative result of Open Fiber Holdings (0.2 billion euro) and Nexi (0.7 billion euro).

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 13.4 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.

[108] 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 2023 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 - 2023

	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	272,212,032	465,619	869,802	**273,547,453**	5,529,518	**279,076,971**
Equity investments			27,353	**27,353**	26,589,219	**26,616,572**
Debt and equity securities and units in collective investment undertakings	86,774,385	5,165	1,172,803	**87,952,353**	613,289	**88,565,642**
Property, plant and equipment/technical investments	344,280	11,187	1,597,111	**1,952,578**	43,165,802	**45,118,380**
Other assets (including Inventories)	405,466	22,619	132,797	**560,882**	18,416,177	**18,977,059**
Funding	361,695,280	151,138	1,757,881	**363,604,299**	39,115,812	**402,720,111**
– *of which bonds*	*17,739,907*		*351,691*	**18,091,598**	*21,953,573*	**40,045,171**

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**	26,699,973	**26,736,106**
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 income statement - 2023

(thousands of euro)	Support for the economy	Companies subject to management and coordination: International expansion	Companies subject to management and coordination: Other segments	Total(*)	Companies not subject to management and coordination	Total
Net interest income	**2,814,024**	**19,792**	**(21,200)**	**2,812,616**	(545,687)	**2,266,929**
Dividends	1,960,208		1,113,142	**64,348**	12,901	**77,249**
Gains (losses) on equity investments			(8,818)	**(8,818)**	1,547,318	**1,538,500**
Net commission income (expense)	148,112	47,332	9,370	**204,814**	(14,220)	**190,594**
Other net revenues (costs)	10,553	(2,323)	(24,310)	**(16,080)**	(40,269)	**(56,349)**
Gross income	**4,932,897**	**64,801**	**1,068,184**	**3,056,880**	**960,043**	**4,016,923**
Net recoveries (impairment)	48,840	(5,500)	(11)	**43,329**	(11,829)	**31,500**
Administrative expenses	(278,277)	(41,262)	(97,008)	**(416,547)**	(13,026,135)	**(13,442,682)**
Other net operating income (costs)	42,149	(3)	61,625	**103,771**	19,222,420	**19,326,191**
Operating income	**4,745,609**	**18,036**	**1,032,790**	**2,787,433**	**7,144,499**	**9,931,932**
Net Provisions for risks and charges	12,190	(2,155)	(14,109)	**(4,074)**	(225,111)	**(229,185)**
Net adjustment to property, plant and equipment and intangible assets	(36,581)	(3,532)	(62,519)	**(102,632)**	(3,051,476)	**(3,154,108)**
Goodwill impairment					(46,037)	**(46,037)**
Other	(2)		998	**996**	135,359	**136,355**
Income (loss) for the year before tax	**4,721,216**	**12,349**	**957,160**	**2,681,723**	**3,957,234**	**6,638,957**
Income taxes						**(1,611,680)**
INCOME (LOSS) FOR THE YEAR						**5,027,277**

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

Reclassified consolidated income statement - 2022

(thousands of euro)	Support for the economy	Companies subject to management and coordination: International expansion	Companies subject to management and coordination: Other segments	Total(*)	Companies not subject to management and coordination	Total
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)**	4,393,528	**4,389,670**
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**	**4,156,738**	**6,113,767**
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**	**9,766,625**	**11,333,772**
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**	**6,441,077**	**8,125,218**
Income taxes						**(1,297,302)**
INCOME (LOSS) FOR THE YEAR						**6,827,916**

(*) 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 rules of the principle that states that *"the underlying asset can only be of low value provided that:*

- *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 leases in place as a lessor, which include 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 31/12/2023 Lease payments to be received
Up to 1 year	17,211
Between 1 and 2 years	23,812
Between 2 and 3 years	23,891
Between 3 and 4 years	24,065
Between 4 and 5 years	24,247
Over 5 years	306,772
Total	**419,998**

3.2 Other information

There is no additional information to report.

ANNEXES

1. ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 SCOPE OF CONSOLIDATION
1.2 DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1 PARAGRAPHS 125-129

2. ANNEXES TO THE REPORT ON OPERATIONS

2.1 RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND BALANCE SHEET AND THE FINANCIAL STATEMENTS — CDP GROUP

1. ANNEXES TO THE CONSOLIDATED 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 SI S.p.A.	52.50%	Equity method
		Fincantieri S.p.A.	2.50%	Equity method
4TB13 S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	55.00%	Equity method
4TCC1 S.c.ar.l.	Trieste	Fincantieri S.p.A.	5.00%	Equity method
		Fincantieri SI S.p.A.	75.00%	Equity method
A-U Finance Holdings BV	Amsterdam	Ansaldo Energia S.p.A.	40.00%	Equity method
ACE Marine LLC	Madison, WI	Fincantieri Marine Group LLC	100.00%	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
Asset Company 2 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Avvenia The Energy Innovator S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Acqua S.r.l.	Milan	Nepta S.p.A.	100.00%	Line-by-line
Acqualatina S.p.A.	Latina	Idrolatina S.r.l.	49.00%	Equity method
Agriwatt Castel Goffredo Società Agricola ar.l.	Como	Bioenerys Agri S.r.l.	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 S.A.	Athens	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
Ansaldo Algerie 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 Energia S.p.A.	70.00%	Line-by-line
		Ansaldo Russia LLC	30.00%	Line-by-line
Ansaldo Energia Muscat LLC	Muscat	Ansaldo Energia Switzerland AG	50.00%	At cost
		Ansaldo Energia S.p.A.	50.00%	At cost
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.	99.52%	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.r.l. Società Benefit	San Donato Milanese (MI)	Snam S.p.A.	100.00%	At cost
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

Company name	Registered office	Investor	% holding	Consolidation method
Asset Company 4 S.r.l.	San Donato Milanese (MI)	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
Auto Sport Engineering Limited	United Kingdom	Marval S.r.l.	100.00%	Line-by-line
BMT Energy Transmission Development LCC	Wilmington	Terna USA LLC	40.00%	Equity method
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
BUSBAR4F S.c.ar.l.	Trieste	Fincantieri SI S.p.A.	50.00%	Equity method
		Fincantieri S.p.A.	10.00%	Equity method
BYS Società Agricola Impianti S.r.l.	Piacenza	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Bacini di Palermo S.p.A.	Palermo	Fincantieri S.p.A.	100.00%	Line-by-line
Bietifin S.r.l.	Bologna	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Bioenerys Agri S.r.l.	Pordenone	Bioenerys S.r.l.	100.00%	Line-by-line
Bioenerys Ambiente S.r.l.	San Donato Milanese (MI)	Bioenerys S.r.l.	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.	Pordenone	Bioenerys Agri S.r.l.	99.90%	Line-by-line
Bioteca soc. cons. ar.l.	Carpi (MO)	SOF S.p.A.	33.33%	Equity method
Biowaste CH4 Anzio S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Biowaste CH4 Foligno S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Biowaste CH4 Genova S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Biowaste CH4 Group S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Biowaste CH4 Legnano	Turin	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Biowaste CH4 Tuscania S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Bludigit S.p.A.	Milan	Italgas S.p.A.	100.00%	Line-by-line
Bonafous S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l. in liquidazione	100.00%	Line-by-line
Brevik Technology AS	Brevik	Vard Group AS	34.00%	Equity method
Broady Flow Control Ltd.	Kingston Upon Hull	Valvitalia S.p.A.	100.00%	Line-by-line
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	Riyadh	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 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
C.S.I S.r.l.	Milan	Fincantieri NexTech S.p.A.	75.65%	Line-by-line
C2Mac Group S.p.A.	Montorso Vicentino (VI)	Melt 1 S.r.l. a socio unico	57.00%	Line-by-line
C2Mac - North America	Menomonee Falls, WI	C2Mac Group S.p.A.	100.00%	Line-by-line
CDP Equity S.p.A.	Milan	CDP S.p.A.	100.00%	Line-by-line
CDP Immobiliare S.r.l. in liquidazione	Rome	Fintecna S.p.A.	100.00%	Line-by-line
CDP Real Asset SGR S.p.A.	Rome	CDP S.p.A.	70.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
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
CDPE Investimenti S.p.A.	Milan	CDP Equity S.p.A.	77.12%	Line-by-line
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
CH4 Energy S.r.l.	Palermo	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Consorzio F.S.B.	Marghera (VE)	Fincantieri S.p.A.	58.36%	Equity method
CORESO S.A.	Brussels	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
Castor Drilling Solution AS	Kristiansand S	Seaonics AS	34.13%	Equity method
Centro Servizi Navali S.p.A.	San Giorgio di Nogaro (UD)	Fincantieri S.p.A.	10.93%	Equity method
Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Fincantieri NexTech S.p.A.	86.10%	Line-by-line
Changsha Xi Mai Mechanical Construcion Co. Ltd.	China	Marval S.r.l.	98.78%	Line-by-line
Cinque Cerchi S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l. in liquidazione	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
Consorzio Bancario Sir S.p.A. in liquidazione	Rome	Fintecna S.p.A.	100.00%	At cost
Consorzio IMAFID in liquidazione	Naples	Fintecna S.p.A.	56.85%	At cost
Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Fintecna S.p.A.	45.46%	At cost
Consorzio MED.IN. in liquidazione	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	Ansaldo Energia S.p.A.	20.00%	Line-by-line
		Ansaldo Nucleare S.p.A.	70.00%	Line-by-line
		Nuclear Engineering Group Limited	10.00%	Line-by-line
Constructora Finso Chile S.p.A.	Santiago de Chile	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	Line-by-line
Cubogas S.r.l.	San Donato Milanese (MI)	Greenture S.p.A.	100.00%	Line-by-line
dCarbonX Ltd.	London	Snam International B.V.	50.00%	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
Darsena Europa S.c.ar.l.	Rome	Fincantieri Infrastructure Opere Marittime S.p.A.	26.00%	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
E-phors S.p.A.	Milan	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
EES Valvitalia Nigeria	Port Harcourt	Valvitalia S.p.A.	35.00%	At cost
ELMED Etudes S.àr.l.	Tunis	Terna S.p.A.	50.00%	Equity method
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
Etihad Shipping Building LLC	Abu Dhabi	Fincantieri S.p.A.	35.00%	Equity method

Company name	Registered office	Investor	% holding	Consolidation method
Europrogetti & Finanza S.r.l. in liquidazione	Rome	CDP S.p.A.	31.80%	Equity method
East Mediterranean Gas Company S.a.e.	Cairo	Snam International B.V.	25.00%	Equity method
Ecoprogetto Milano S.r.l.	San Donato Milanese (MI)	Renerwaste Lodi S.r.l.	55.00%	Line-by-line
		Bioenerys Ambiente S.r.l.	45.00%	Line-by-line
Ecoprogetto Tortona S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Ecos S.r.l.	Genoa	Snam S.p.A.	33.34%	Equity method
Elco - Valvitalia TGT JV	Netanya	Valvitalia S.p.A.	50.00%	Equity method
Elettra One S.p.A.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	90.20%	At cost
Elite S.p.A.	Milan	CDP S.p.A.	15.00%	Equity method
Emiliana Agroenergia Società Agricola S.r.l.	Piacenza	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Empoli Salute Gestione S.c.ar.l.	Florence	Fincantieri Infrastrutture Sociali S.p.A.	95.00%	Line-by-line
		SOF S.p.A.	4.50%	Line-by-line
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. (in liquidazione)	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)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Eni S.p.A.	Rome	CDP S.p.A.	27.73%	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
Equigy B.V.	Arnhem	Terna S.p.A.	20.00%	Equity method
Ergon Projects ltd	Gzira	SOF S.p.A.	1.00%	Line-by-line
		Fincantieri Infrastrutture Sociali S.p.A.	99.00%	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
Euroavia S.r.l.	Reggio Emilia	Mecaer Aviation Group S.p.A.	100.00%	Line-by-line
Eusebi Impianti - Russia	Moscow	Valvitalia S.p.A.	100.00%	Line-by-line
Eusebi Impianti Kazakhstan	Aktau	Valvitalia S.p.A.	75.00%	Line-by-line
Eusebi Impianti Polska	Bielsko	Valvitalia S.p.A.	100.00%	Line-by-line
Evolve S.p.A.	Milan	Renovit S.p.A.	100.00%	Line-by-line
Fincantieri Infrastrutture Sociali S.p.A.	Florence	Fincantieri Infrastructure S.p.A.	90.00%	Line-by-line
Fincantieri Marine Group LLC	Carson City, NV	Fincantieri Marine Group Holdings Inc.	100.00%	Line-by-line
Fincantieri Oil & Gas S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
FINMESA S.c.ar.l.	Milan	Fincantieri SI S.p.A.	50.00%	Equity method
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
FMSNA YK	Nagasaki	Fincantieri Marine Systems North America Inc.	100.00%	Line-by-line
FNAS - Fondo Nazionale Abitare Sociale	Rome	CDP S.p.A.	100.00%	Line-by-line
FNT Fondo Nazionale per il Turismo - Comparto A	Rome	CDP S.p.A.	76.96%	Line-by-line
FOF Private Equity Italia [a]	Milan	CDP S.p.A.	60.40%	Fair value
FOF Impact Investing (FOF Impact) [a]	Milan	CDP Equity S.p.A.	100.00%	Fair value
FOF Private Debt	Milan	CDP S.p.A.	62.50%	Line-by-line
FSRU I Limited	Hamilton	Snam FSRU Italia S.r.l.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
FT1 Fondo Turismo 1	Rome	FNT Fondo Nazionale per il Turismo - Comparto A	100.00%	Line-by-line
FT2 Fondo Turismo 2	Rome	FNT Fondo Nazionale per il Turismo - Comparto 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.	Middletown, DE	Fincantieri Infrastructure S.p.A.	100.00%	Line-by-line
Fincantieri Marine Group Holdings Inc.	Wilmington, DE	Fincantieri USA Inc.	87.44%	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 Naval Services - Sole Proprietorship LLC	Abu Dhabi	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri NexTech S.p.A.	Milan	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 SI Impianti S.c.ar.l.	Milan	Fincantieri SI S.p.A.	60.00%	Line-by-line
Fincantieri SI S.p.A.	Trieste	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	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 USA Holding LLC	Wilmington, DE	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri USA Inc.	Wilmington, DE	Fincantieri USA Holding LLC	35.00%	Line-by-line
		Fincantieri S.p.A.	65.00%	Line-by-line
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
Fly One S.p.A.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	67.30%	Line-by-line
Flytop S.r.l. in liquidazione	Rome	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
FoF Infrastrutture [a]	Rome	CDP Equity S.p.A.	97.77%	Fair value
FoF Private Debt Italia [a]	Milan	CDP Equity S.p.A.	73.35%	Fair value
FoF Venture Capital [a]	Milan	CDP S.p.A.	76.69%	Fair value
Fondmatic Hydraulic Machining S.r.l.	Crevalcore (BO)	C2Mac Group S.p.A.	100.00%	Line-by-line
Fondo Boost Innovation [a]	Rome	CDP Equity S.p.A.	66.67%	Fair value
Fondo Corporate Partners I - Comparto EnergyTech [a]	Rome	CDP Equity S.p.A.	33.33%	Fair value
		Other società del Gruppo	44.45%	Fair value
Fondo Corporate Partners I - Comparto IndustryTech [a]	Rome	CDP Equity S.p.A.	66.67%	Fair value

Company name	Registered office	Investor	% holding	Consolidation method
Fondo Corporate Partners I - Comparto InfraTech [(a)]	Rome	CDP Equity S.p.A.	50.00%	Fair value
		Other companies of the Group	16.67%	Fair value
Fondo Corporate Partners I - Comparto ServiceTech [(a)]	Rome	CDP Equity S.p.A.	66.67%	Fair value
Fondo Evoluzione [(a)]	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 Tecnologia e Crescita (FITEC) [(a)]	Milan	CDP S.p.A.	64.89%	Fair value
Fondo Italiano d'Investimento SGR S.p.A.	Milan	CDP Equity S.p.A.	55.00%	Line-by-line
Fondo Sviluppo Comparto A	Rome	CDP S.p.A.	100.00%	Line-by-line
Fondo Acceleratori [(a)]	Rome	CDP Equity S.p.A.	82.24%	Fair value
Fondo di Fondi Internazionale [(a)]	Rome	CDP Equity S.p.A.	50.00%	Fair value
		Other companies of the Group	50.00%	Fair value
Fondo di fondi Venturitaly [(a)]	Rome	CDP Equity S.p.A.	82.19%	Fair value
Fondo technology transfer - comparto diretto [(a)]	Rome	CDP Equity S.p.A.	92.06%	Fair value
Fondo technology transfer - comparto indiretto [(a)]	Rome	CDP Equity S.p.A.	100.00%	Fair value
GNL Italia S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
GPI S.p.A.	Trento	CDP Equity S.p.A.	18.41%	Equity method
Galaxy Pipeline Assets Holdco Limited	Jersey	Snam S.p.A.	12.33%	Equity method
Gannouch Maintenance S.àr.l.	Tunis	Ansaldo Energia Switzerland AG	1.00%	Line-by-line
		Ansaldo Energia Netherlands BV	99.00%	Line-by-line
Gasrule Insurance D.A.C.	Dublin	Snam S.p.A.	100.00%	Line-by-line
Geoside S.p.A.	Casalecchio di Reno (BO)	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
Govone Biometano S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	At cost
Grandry Technicast	Sable-sur-Sarthe	C2Mac Group S.p.A.	100.00%	Line-by-line
Greenit S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	49.00%	Equity method
Greenture S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Gruppo PSC S.p.A.	Maratea (PZ)	Fincantieri S.p.A.	10.00%	Equity method
HMS IT S.p.A.	Rome	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Halfbridge Automation S.r.l.	Rome	LT S.r.l.	70.00%	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.	Hendra	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.	100.00%	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. (Argentina) in liquidazione	Buenos Aires	Bioenerys S.r.l.	5.00%	At cost
		Bioenerys Agri S.r.l.	95.00%	At cost
ITS Integrated Tech System S.r.l.	La Spezia	Rob. Int. S.r.l.	51.00%	Equity method
ITsART S.p.A. in liquidazione	Milan	CDP S.p.A.	51.00%	At cost

Company name	Registered office	Investor	% holding	Consolidation method
Idrolatina S.r.l.	Milan	Acqua S.r.l.	100.00%	Line-by-line
Idrosicilia S.p.A.	Milan	Acqua S.r.l.	98.70%	Line-by-line
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.	21.59%	Equity method
Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (MI)	Asset Company 2 S.r.l.	100.00%	Line-by-line
Interconnector Ltd.	London	Snam International B.V.	23.68%	Equity method
Interconnector Zeebrugge Terminal B.V.	Brussels	Snam International B.V.	25.00%	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
Isotta Fraschini Motori S.p.A.	Bari	Fincantieri S.p.A.	100.00%	Line-by-line
Issel Nord S.r.l.	Follo	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
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	CDP Reti S.p.A.	25.99%	Line-by-line
		Snam S.p.A.	13.47%	Line-by-line
LT S.r.l.	Rome	Terna Energy Solutions S.r.l.	75.00%	Line-by-line
Latina Biometano S.r.l.	Rome	Bioenerys Agri S.r.l.	32.50%	At cost
M.T. Manifattura Tabacchi S.p.A.	Rome	Fondo Sviluppo Comparto A	40.00%	Equity method
Marine Interior Cabins S.p.A.	Trieste	Marine Interiors S.p.A.	100.00%	Line-by-line
MC4COM - Mission critical for communication S.c.ar.l.	Milan	HMS IT S.p.A.	50.00%	Equity method
MI S.p.A.	Trieste	Marine Interiors S.p.A.	100.00%	Line-by-line
MST S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
MTM S.c.ar.l.	Venice	Fincantieri S.p.A.	41.00%	Line-by-line
MZ Biogas S.ar.l.	Pordenone	Bioenerys Agri S.r.l.	99.90%	Line-by-line
Maiero Energia S.ar.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Marina Bay S.A.	Luxembourg	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
Marine Interiors S.p.A.	Trieste	Fincantieri 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
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.	Borgomanero (NO)	Fly One S.p.A.	75.77%	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
Moglia Energia Società Agricola ar.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Mozart Holdco S.p.A.	Milan	CDP Equity S.p.A.	14.96%	Equity method
Naviris S.p.A.	Genoa	Fincantieri S.p.A.	50.00%	Equity method
Nepta S.p.A.	Milan	Italgas S.p.A.	100.00%	Line-by-line
Nexi S.p.A.	Milan	CDP Equity S.p.A.	5.29%	Equity method
		CDPE Investimenti S.p.A.	8.27%	Equity method
Niehlgas Gmbh	Oberursel	Ansaldo Energia Switzerland AG	100.00%	Line-by-line
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

Company name	Registered office	Investor	% holding	Consolidation method
Nuova Torneria Zanotti S.r.l.	Crevalcore (BO)	C2Mac Group S.p.A.	100.00%	Line-by-line
Nuovo Santa Chiara Hospital S.c.ar.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
OPERAE a Marine Interiors Company S.r.l.	Trieste	Marine Interiors S.p.A.	85.00%	Line-by-line
Open Fiber Holdings 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
PerGenova S.c.p.a.	Genoa	Fincantieri Infrastructure S.p.A.	50.00%	Equity method
Pentagramma Piemonte S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l. in liquidazione	100.00%	Line-by-line
Pentagramma Romagna S.p.A. in liquidazione unipersonale	Rome	CDP Immobiliare S.r.l. in liquidazione	100.00%	Line-by-line
Perucchini S.p.A.	Omegna (VB)	C2Mac Group S.p.A.	100.00%	Line-by-line
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%	Line-by-line
Prelios Solutions & Technologies S.r.l.	Milan	Fincantieri NexTech S.p.A.	49.00%	Equity method
Quadrifoglio Brescia S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l. in liquidazione	50.00%	At cost
Quadrifoglio Genova S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l. in liquidazione	100.00%	At cost
REICOM S.r.l.	Milan	Fincantieri NexTech S.p.A.	100.00%	Line-by-line
RENPV1 S.r.l	Milan	Tep Energy Solution S.r.l.	100.00%	At cost
RENPV2 S.r.l.	Milan	Tep Energy Solution 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
Renerwaste Cupello S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Renerwaste Lodi S.r.l.	San Donato Milanese (MI)	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Renovit Public Solutions S.p.A.	Milan	Renovit S.p.A.	100.00%	Line-by-line
Renovit S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	60.05%	Line-by-line
		CDP Equity S.p.A.	30.00%	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%	IFRS 5
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 (RM)	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
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
SOF S.p.A.	Florence	Fincantieri Infrastrutture Sociali S.p.A.	100.00%	Line-by-line
Southeast Electricity Network Coordination Center S.A.	Thessaloniki	Terna S.p.A.	33.00%	Equity method
SPE Transmissora de Energia Linha Verde I S.A.	Belo Horizonte	Terna Plus S.r.l.	75.00%	Line-by-line
STARS Railway Systems	Rome	TRS Sistemi S.r.l.	2.00%	Equity method
		IDS Ingegneria Dei Sistemi S.p.A.	48.00%	Equity method
Saipem S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	12.82%	Equity method
Scaranello S.r.l.	Rovigo	C2Mac Group S.p.A.	100.00%	Line-by-line
Sea One S.p.A.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	71.43%	Equity method
Seacorridor S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	49.90%	Equity method

Company name	Registered office	Investor	% holding	Consolidation method
Seanergy a Marine Interiors Company S.r.l.	Pordenone	Marine Interior Cabins S.p.A.	80.00%	Line-by-line
Seaonics AS	Alesund	Vard Group AS	100.00%	Line-by-line
Seaonics Polska Sp.zo.o.	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
Siciliacque S.p.A.	Palermo	Idrosicilia S.p.A.	75.00%	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 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	Snam International B.V.	100.00%	At cost
Snam International B.V.	Amsterdam	Snam S.p.A.	100.00%	Line-by-line
Snam Energy Services Private Ltd	New Delhi	Snam S.p.A.	0.001%	At cost
		Snam International B.V.	99.999%	At cost
Società Agricola Agrimetano Pozzonovo S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Agrimetano Ro S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Agrimetano S.r.l.	Faenza (RA)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Agrimezzana Biogas S.r.l.	San Rocco al Porto LO)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Asola Energie Biogas S.r.l.	Asola (MN)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 1 S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 2 S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 3 S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Biostellato 4 S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Carignano Biogas S.r.l.	Bologna	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola G.B.E. Gruppo Bio Energie S.r.l.	Pordenone	Società Agricola Sangiovanni S.r.l.	100.00%	Line-by-line
Società Agricola La Valle Green Energy S.r.l	Cerea (VR)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola San Giuseppe Agroenergia S.r.l.	Bologna	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Sangiovanni S.r.l.	Pordenone	Società Agricola SQ Energy S.r.l.	50.00%	Line-by-line
		Bioenerys Agri S.r.l.	50.00%	Line-by-line
Società Agricola Santo Stefano Energia S.r.l.	Casalmoro (MN)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola T4 Energy S.r.l.	Pordenone	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Tessagli Agroenergia S.r.l.	Commessaggio (MN)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Zoppola Biogas S.r.l.	Pordenone	Società Agricola Sangiovanni S.r.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
Solstad Supply AS	Alesund	Vard Group AS	26.66%	Equity method
Soragna Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Sosaval S.àr.l.	Dar El Beida	Valvitalia S.p.A.	40.00%	At cost
Stark Two S.r.l.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	75.14%	Line-by-line
Stogit S.p.A.	San Donato Milanese (MI)	Snam S.p.A.	100.00%	Line-by-line
Terna Crna Gora d.o.o.	Podgorica	Terna S.p.A.	100.00%	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
TRS Sistemi S.r.l.	Rome	IDS Ingegneria Dei Sistemi S.p.A.	100.00%	Line-by-line
Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	Tamini Trasformatori S.r.l.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
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 S.a.s.	La Trinité De Thouberville	Fincantieri S.p.A.	85.00%	Line-by-line
Tecnomeccanica S.r.l.	Volta Mantovana (MN)	C2Mac Group S.p.A.	100.00%	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 de Chile	Terna Plus S.r.l.	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
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 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
Tianjin Ei Fire Fighting Equipment Co. Ltd.	Tianjin Airport Economic Area	Valvitalia S.p.A.	33.00%	At cost
Tlux S.r.l.	Piancogno (BS)	Renovit Public Solutions 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.	21.28%	Equity method
Umbria Distribuzione GAS S.p.A.	Terni	Italgas S.p.A.	45.00%	Equity method
Unifer Navale S.r.l. in liquidazione	Finale Emilia (MO)	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	20.00%	Equity method
Vard Marine Gdansk Sp.zo.o.	Gdansk	Vard Group AS	100.00%	Line-by-line
Valvitalia (Suzhou) Valves Co., Ltd.	Suzhou	Valvitalia S.p.A.	100.00%	Line-by-line
Valvitalia Algerie EURL	Algiers	Valvitalia S.p.A.	100.00%	Line-by-line
Valvitalia Canada Ltd.	Edmonton (Alberta)	Valvitalia S.p.A.	100.00%	Line-by-line
Valvitalia S.p.A.	Milan	CDPE Investimenti S.p.A.	75.00%	Line-by-line
Valvitalia USA Inc	Houston, TX	Valvitalia S.p.A.	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 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

Company name	Registered office	Investor	% holding	Consolidation method
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 Constanta S.r.l.	Costanta	Vard Braila SA	30.00%	Line-by-line
		Vard RO Holding S.r.l.	70.00%	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 Interiors AS (ex Vard Accommodation AS)	Tennfjord	Vard Group AS	100.00%	Line-by-line
Vard International Services S.r.l.	Costanta	Vard Braila SA	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
Vard Niteroi RJ S.A.	Rio de Janeiro	Vard Group AS	99.99%	Line-by-line
		Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	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 Shipyards Romania SA	Tulcea	Vard Group AS	2.89%	Line-by-line
		Vard RO Holding S.r.l.	97.11%	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	SOF S.p.A.	3.65%	Equity method
		Fincantieri Infrastrutture Sociali S.p.A.	49.10%	Equity method
Webuild S.p.A.	Milan	CDP Equity S.p.A.	16.44%	Equity method
		Fincantieri S.p.A.	0.07%	Equity method
White S.r.l.	Milan	Fondo Italiano Consolidamento e Crescita (FICC)	65.00%	Equity method
Yeni Aen Insaat Anonim Sirketi	Istanbul	Ansaldo Energia S.p.A.	100.00%	Line-by-line
Zena Project S.p.A.	Carpi (MO)	Renovit Public Solutions S.p.A.	35.93%	Equity method
Zibello Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	Bioenerys Agri S.r.l.	100.00%	Line-by-line

(a) Investment funds in which CDP has acquired control and which, in accordance with the practices adopted for the definition of the full scope of consolidation, are excluded in view of the overall value of the assets.

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, and subsequently revised due to the most recent updates introduced by Law No. 160 of 2023.

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.

According to the amendments introduced by Law No. 160 of 27 October 2023, paragraph 125d of Law No. 124/2017, as modified by the aforementioned law, currently stipulates that "*in the case of State aid and de minimis aid listed in the National Register of State Aid referred to in Article 52 of Law No. 234 of 24 December 2012, the registration of aid in the said system, along with its subsequent publication in the transparency section provided therein, carried out by the entities granting or managing such aid in accordance with the relevant regulations, shall fulfil the publication obligations imposed on beneficiary companies as outlined in Article 1, paragraphs 125 and 125-bis.*"

Consequently, the requirement to disclose in the footnotes to the financial statements the details of any State aid and de minimis aid received by the entities specified in paragraph 125-*quinquies* of Article 1 of Law No. 124 of 4 August 2017, is no longer applicable.

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	6,618
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	3,371
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	745
Fincantieri S.p.A.	Ministry of Enterprises and Made in Italy	Non-repayable fund	163
Fincantieri S.p.A.	Ministry of Enterprises and Made in Italy	Non-repayable fund	185
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	748
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	25
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	596
Fincantieri S.p.A.	Ministry of Enterprises and Made in Italy	Non-repayable fund	819
Fincantieri S.p.A.	Ministry of Infrastructure and Transport	Non-repayable fund	568
Fincantieri S.p.A.	Ministry of University and Research - Ministry of Economy and Finance	Non-repayable fund	740
Isotta Fraschini Motori S.p.A.	Ministry of Enterprises and Made in Italy	Non-repayable fund	257
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	FILSE	Non-repayable fund	63
Fincantieri S.p.A.	Friuli-Venezia Giulia Region	Non-repayable fund	2,353
Fincantieri S.p.A.	Sicily Region	Non-repayable fund	1,143
Italgas Reti S.p.A.	Belvedere Marittimo	Grants related to plants - see note (1)	485
Italgas Reti S.p.A.	Melito di Porto Salvo	Grants related to plants - see note (1)	170
Italgas Reti S.p.A.	Morro d'Oro	Grants related to plants - see note (1)	15
Toscana Energia S.p.A.	Castiglione della Pescaia	Grants related to plants - see note (1)	3
Toscana Energia S.p.A.	Vinci	Grants related to plants - see note (1)	1
Toscana Energia S.p.A.	Ponsacco	Grants related to plants - see note (1)	10
Toscana Energia S.p.A.	Monsummano Terme	Grants related to plants - see note (1)	21
Toscana Energia S.p.A.	Bagno a Ripoli	Grants related to plants - see note (1)	7
Medea S.p.A.	Union of Basso Municipalites	Grants related to plants - see note (2)	2,299
INSIS S.p.A.	Liguria Region	Non-repayable fund	83
GNL Italia S.p.A.	Ministry of Infrastructure and Transport - NRRP Supplementary Fund	Project for the Adaptation of the Panigallia Terminal located in Portovenere	1,102
Greenture S.p.A.	Ministry of Infrastructure and Transport - NRRP Supplementary Fund	Construction of a liquefaction plant in Pignataro Maggiore for the supply, storage and utilisation of Bio LNG and LNG	3,374
Snam S.p.A.	Lombardy Region	I-Gap Project - Development of technologies for the design of natural gas absorption heat pumps for residential use	74

(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.	Reg. Ag. for Safety and Civil Protection of Emilia Romagna	Charitable donation for the Emilia Romagna flood emergency - see note (1)	106
CDP S.p.A.	CDP Foundation	Charitable donations for project grants	2,111
Terna S.p.A.	"Venezia Capitale Mondiale della Sostenibilità" Foundation	Charitable contribution	33
Terna S.p.A.	Susan G. Komen Italia Onlus	Charitable contribution	15
Terna S.p.A.	S. Cecilia National Academy	Charitable contribution	10
Terna S.p.A.	Italian Botanical Society Onlus	Charitable contribution	56
Terna S.p.A.	Italian Association Against Leukaemias	Charitable contribution	60
Terna S.p.A.	Sistech - Association Loi 1901	Charitable contribution	60
Terna S.p.A.	Chigiana Music Academy Foundation	Charitable contribution	20
Terna S.p.A.	Fond. Pol. Univ. A. Gemelli IRCCS	Charitable contribution	65
Fincantieri Marine Group LLC	Coast Guard Foundation	Donation	14
Fincantieri Marine Group LLC	Navy League Greater Green Bay	Donation	14
Fincantieri Marine Group LLC	American Academy In Rome	Donation	10
Fincantieri Marine Group LLC	Greater Green Bay Community Foundation "Flight of Champions"	Donation	12
Fincantieri Marine Group LLC	Rotary Club of Sturgeon Bay	Donation	11
Fincantieri S.p.A.	Virginia Tech Foundation	Donation	55
Fincantieri S.p.A.	Child Jesus Foundation Onlus	Donation	36
Fincantieri S.p.A.	University of Pisa - Department of Information Engineering	Charitable contribution	15
Fincantieri S.p.A.	Catholic University of The Sacred Heart	Charitable contribution	10
Fincantieri S.p.A.	Ruin-Mi Foundation Peschiere University Residence	Charitable contribution	10
Fincantieri S.p.A.	Ente Autonomo del Teatro Stabile di Genova	Donation	230
Tamini Trasformatori S.r.l.	Fondimpresa	Charitable contribution	35
FIV Plus	Municipality of Milano	Loan for free use	see note (2)
FIV Plus	Municipality of Macerata	Loan for free use	see note (2)
FIV Extra	Human Foundation	Loan for free use	see note (2)
FIV Extra	Municipality of Bologna	Loan for free use	see note (2)
FIV Extra	Municipality of Cremona	Loan for free use	see note (2)
CDP S.p.A.	Metropolitan City of Bologna	Flood events - see note (3)	1,680
CDP S.p.A.	Municipality of Alfonsine	Flood events - see note (3)	125
CDP S.p.A.	Municipality of Bagnacavallo	Flood events - see note (3)	123
CDP S.p.A.	Municipality of Bagnara di Romagna	Flood events - see note (3)	52
CDP S.p.A.	Municipality of Bagno di Romagna	Flood events - see note (3)	328
CDP S.p.A.	Municipality of Bertinoro	Flood events - see note (3)	213
CDP S.p.A.	Municipality of Borgo Tossignano	Flood events - see note (3)	82
CDP S.p.A.	Municipality of Brisighella	Flood events - see note (3)	46
CDP S.p.A.	Municipality of Budrio	Flood events - see note (3)	1,051
CDP S.p.A.	Municipality of Casalfiumanese	Flood events - see note (3)	19
CDP S.p.A.	Municipality of Casola Valsenio	Flood events - see note (3)	11

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Castel Del Rio	Flood events - see note (3)	82
CDP S.p.A.	Municipality of Castel Guelfo di Bologna	Flood events - see note (3)	27
CDP S.p.A.	Municipality of Casteldelci	Flood events - see note (3)	51
CDP S.p.A.	Municipality of Castrocaro Terme e Terra del Sole	Flood events - see note (3)	89
CDP S.p.A.	Municipality of Cervia	Flood events - see note (3)	539
CDP S.p.A.	Municipality of Cesena	Flood events - see note (3)	1,605
CDP S.p.A.	Municipality of Cesenatico	Flood events - see note (3)	1,797
CDP S.p.A.	Municipality of Civitella di Romagna	Flood events - see note (3)	172
CDP S.p.A.	Municipality of Conselice	Flood events - see note (3)	109
CDP S.p.A.	Municipality of Cotignola	Flood events - see note (3)	129
CDP S.p.A.	Municipality of Dovadola	Flood events - see note (3)	102
CDP S.p.A.	Municipality of Dozza	Flood events - see note (3)	209
CDP S.p.A.	Municipality of Faenza	Flood events - see note (3)	1,801
CDP S.p.A.	Municipality of Firenzuola	Flood events - see note (3)	137
CDP S.p.A.	Municipality of Fontanelice	Flood events - see note (3)	78
CDP S.p.A.	Municipality of Forli	Flood events - see note (3)	762
CDP S.p.A.	Municipality of Forlimpopoli	Flood events - see note (3)	130
CDP S.p.A.	Municipality of Fusignano	Flood events - see note (3)	96
CDP S.p.A.	Municipality of Galeata	Flood events - see note (3)	414
CDP S.p.A.	Municipality of Gambettola	Flood events - see note (3)	110
CDP S.p.A.	Municipality of Gatteo	Flood events - see note (3)	213
CDP S.p.A.	Municipality of Imola	Flood events - see note (3)	3,391
CDP S.p.A.	Municipality of Loiano	Flood events - see note (3)	23
CDP S.p.A.	Municipality of Londa	Flood events - see note (3)	28
CDP S.p.A.	Municipality of Longiano	Flood events - see note (3)	14
CDP S.p.A.	Municipality of Lugo	Flood events - see note (3)	1,020
CDP S.p.A.	Municipality of Marradi	Flood events - see note (3)	79
CDP S.p.A.	Municipality of Massa Lombarda	Flood events - see note (3)	84
CDP S.p.A.	Municipality of Meldola	Flood events - see note (3)	532
CDP S.p.A.	Municipality of Mercato Saraceno	Flood events - see note (3)	208
CDP S.p.A.	Municipality of Modigliana	Flood events - see note (3)	105
CDP S.p.A.	Municipality of Molinella	Flood events - see note (3)	1,144
CDP S.p.A.	Municipality of Monghidoro	Flood events - see note (3)	111
CDP S.p.A.	Municipality of Monte Grimano Terme	Flood events - see note (3)	82
CDP S.p.A.	Municipality of Montelabbate	Flood events - see note (3)	383
CDP S.p.A.	Municipality of Monterenzio	Flood events - see note (3)	90
CDP S.p.A.	Municipality of Montescudo - Monte Colombo	Flood events - see note (3)	240
CDP S.p.A.	Municipality of Montiano	Flood events - see note (3)	11
CDP S.p.A.	Municipality of Monzuno	Flood events - see note (3)	156
CDP S.p.A.	Municipality of Mordano	Flood events - see note (3)	56
CDP S.p.A.	Municipality of Ozzano dell'Emilia	Flood events - see note (3)	476
CDP S.p.A.	Municipality of Palazzuolo sul Senio	Flood events - see note (3)	47
CDP S.p.A.	Municipality of Pesaro	Flood events - see note (3)	2,390

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Pianoro	Flood events - see note (3)	233
CDP S.p.A.	Municipality of Portico e San Benedetto	Flood events - see note (3)	77
CDP S.p.A.	Municipality of Predappio	Flood events - see note (3)	215
CDP S.p.A.	Municipality of Premilcuore	Flood events - see note (3)	27
CDP S.p.A.	Municipality of Ravenna	Flood events - see note (3)	132
CDP S.p.A.	Municipality of Rocca San Casciano	Flood events - see note (3)	91
CDP S.p.A.	Municipality of Roncofreddo	Flood events - see note (3)	56
CDP S.p.A.	Municipality of Russi	Flood events - see note (3)	81
CDP S.p.A.	Municipality of San Benedetto Val di Sambro	Flood events - see note (3)	143
CDP S.p.A.	Municipality of San Lazzaro di Savena	Flood events - see note (3)	995
CDP S.p.A.	Municipality of San Leo	Flood events - see note (3)	145
CDP S.p.A.	Municipality of San Mauro Pascoli	Flood events - see note (3)	98
CDP S.p.A.	Municipality of Santa Sofia	Flood events - see note (3)	306
CDP S.p.A.	Municipality of Sant'Agata Feltria	Flood events - see note (3)	220
CDP S.p.A.	Municipality of Sant'Agata sul Santerno	Flood events - see note (3)	66
CDP S.p.A.	Municipality of Sarsina	Flood events - see note (3)	257
CDP S.p.A.	Municipality of Sasso Marconi	Flood events - see note (3)	168
CDP S.p.A.	Municipality of Sassocorvaro Auditore	Flood events - see note (3)	340
CDP S.p.A.	Municipality of Solarolo	Flood events - see note (3)	15
CDP S.p.A.	Municipality of Tredozio	Flood events - see note (3)	115
CDP S.p.A.	Municipality of Urbino	Flood events - see note (3)	779
CDP S.p.A.	Municipality of Valsamoggia	Flood events - see note (3)	959
CDP S.p.A.	Municipality of Verghereto	Flood events - see note (3)	155
CDP S.p.A.	Province of Forlì - Cesena	Flood events - see note (3)	4,821
CDP S.p.A.	Province of Pesaro e Urbino	Flood events - see note (3)	1,110
CDP S.p.A.	Province of Ravenna	Flood events - see note (3)	3,156
CDP S.p.A.	Province of Rimini	Flood events - see note (3)	3,201
CDP S.p.A.	Municipality of Bagnolo di Po	2012 earthquake - see note (3)	44
CDP S.p.A.	Municipality of Bergantino	2012 earthquake - see note (3)	40
CDP S.p.A.	Municipality of Bondeno	2012 earthquake - see note (3)	16
CDP S.p.A.	Municipality of Calto	2012 earthquake - see note (3)	30
CDP S.p.A.	Municipality of Canaro	2012 earthquake - see note (3)	215
CDP S.p.A.	Municipality of Castelmassa	2012 earthquake - see note (3)	223
CDP S.p.A.	Municipality of Castelnovo Bariano	2012 earthquake - see note (3)	82
CDP S.p.A.	Municipality of Ceneselli	2012 earthquake - see note (3)	22
CDP S.p.A.	Municipality of Cento	2012 earthquake - see note (3)	1,550
CDP S.p.A.	Municipality of Fiesso Umbertiano	2012 earthquake - see note (3)	147
CDP S.p.A.	Municipality of Gaiba	2012 earthquake - see note (3)	19
CDP S.p.A.	Municipality of Gavello	2012 earthquake - see note (3)	39
CDP S.p.A.	Municipality of Giacciano con Baruchella	2012 earthquake - see note (3)	14
CDP S.p.A.	Municipality of Magnacavallo	2012 earthquake - see note (3)	135
CDP S.p.A.	Municipality of Melara	2012 earthquake - see note (3)	72
CDP S.p.A.	Municipality of Pincara	2012 earthquake - see note (3)	37
CDP S.p.A.	Municipality of Poggio Rusco	2012 earthquake - see note (3)	129

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Quingentole	2012 earthquake - see note (3)	21
CDP S.p.A.	Municipality of Salara	2012 earthquake - see note (3)	26
CDP S.p.A.	Municipality of San Felice sul Panaro	2012 earthquake - see note (3)	311
CDP S.p.A.	Municipality of San Giacomo delle Segnate	2012 earthquake - see note (3)	95
CDP S.p.A.	Municipality of San Giovanni del Dosso	2012 earthquake - see note (3)	14
CDP S.p.A.	Municipality of Schivenoglia	2012 earthquake - see note (3)	70
CDP S.p.A.	Municipality of Sustinente	2012 earthquake - see note (3)	52
CDP S.p.A.	Municipality of Suzzara	2012 earthquake - see note (3)	632
CDP S.p.A.	Municipality of Trecenta	2012 earthquake - see note (3)	317
CDP S.p.A.	Municipality of Accumoli	Central Italy earthquake - see note (3)	97
CDP S.p.A.	Municipality of Acquasanta Terme	Central Italy earthquake - see note (3)	167
CDP S.p.A.	Municipality of Amandola	Central Italy earthquake - see note (3)	123
CDP S.p.A.	Municipality of Amatrice	Central Italy earthquake - see note (3)	65
CDP S.p.A.	Municipality of Antrodoco	Central Italy earthquake - see note (3)	95
CDP S.p.A.	Municipality of Apiro	Central Italy earthquake - see note (3)	215
CDP S.p.A.	Municipality of Appignano del Tronto	Central Italy earthquake - see note (3)	58
CDP S.p.A.	Municipality of Arquata del Tronto	Central Italy earthquake - see note (3)	57
CDP S.p.A.	Municipality of Arrone	Central Italy earthquake - see note (3)	203
CDP S.p.A.	Municipality of Ascoli Piceno	Central Italy earthquake - see note (3)	1,096
CDP S.p.A.	Municipality of Barete	Central Italy earthquake - see note (3)	61
CDP S.p.A.	Municipality of Belforte del Chienti	Central Italy earthquake - see note (3)	42
CDP S.p.A.	Municipality of Belmonte Piceno	Central Italy earthquake - see note (3)	39
CDP S.p.A.	Municipality of Bolognola	Central Italy earthquake - see note (3)	23
CDP S.p.A.	Municipality of Borbona	Central Italy earthquake - see note (3)	42
CDP S.p.A.	Municipality of Cagnano Amiterno	Central Italy earthquake - see note (3)	10
CDP S.p.A.	Municipality of Caldarola	Central Italy earthquake - see note (3)	75
CDP S.p.A.	Municipality of Camerino	Central Italy earthquake - see note (3)	679
CDP S.p.A.	Municipality of Campli	Central Italy earthquake - see note (3)	244
CDP S.p.A.	Municipality of Camporotondo di Fiastrone	Central Italy earthquake - see note (3)	19
CDP S.p.A.	Municipality of Campotosto	Central Italy earthquake - see note (3)	45
CDP S.p.A.	Municipality of Cantalice	Central Italy earthquake - see note (3)	132
CDP S.p.A.	Municipality of Cascia	Central Italy earthquake - see note (3)	84
CDP S.p.A.	Municipality of Castel Castagna	Central Italy earthquake - see note (3)	27
CDP S.p.A.	Municipality of Castel di Lama	Central Italy earthquake - see note (3)	336
CDP S.p.A.	Municipality of Castel Sant'Angelo	Central Italy earthquake - see note (3)	24
CDP S.p.A.	Municipality of Castelli	Central Italy earthquake - see note (3)	132
CDP S.p.A.	Municipality of Castelraimondo	Central Italy earthquake - see note (3)	593
CDP S.p.A.	Municipality of Castelsantangelo sul Nera	Central Italy earthquake - see note (3)	114
CDP S.p.A.	Municipality of Castignano	Central Italy earthquake - see note (3)	13
CDP S.p.A.	Municipality of Castorano	Central Italy earthquake - see note (3)	76
CDP S.p.A.	Municipality of Cerreto d'Esi	Central Italy earthquake - see note (3)	528
CDP S.p.A.	Municipality of Cerreto di Spoleto	Central Italy earthquake - see note (3)	89
CDP S.p.A.	Municipality of Cessapalombo	Central Italy earthquake - see note (3)	45
CDP S.p.A.	Municipality of Cingoli	Central Italy earthquake - see note (3)	943

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Cittaducale	Central Italy earthquake - see note (3)	586
CDP S.p.A.	Municipality of Cittareale	Central Italy earthquake - see note (3)	27
CDP S.p.A.	Municipality of Civitella del Tronto	Central Italy earthquake - see note (3)	272
CDP S.p.A.	Municipality of Colledara	Central Italy earthquake - see note (3)	151
CDP S.p.A.	Municipality of Colli del Tronto	Central Italy earthquake - see note (3)	124
CDP S.p.A.	Municipality of Colmurano	Central Italy earthquake - see note (3)	98
CDP S.p.A.	Municipality of Comunanza	Central Italy earthquake - see note (3)	256
CDP S.p.A.	Municipality of Corridonia	Central Italy earthquake - see note (3)	390
CDP S.p.A.	Municipality of Cortino	Central Italy earthquake - see note (3)	125
CDP S.p.A.	Municipality of Cossignano	Central Italy earthquake - see note (3)	25
CDP S.p.A.	Municipality of Crognaleto	Central Italy earthquake - see note (3)	115
CDP S.p.A.	Municipality of Esanatoglia	Central Italy earthquake - see note (3)	282
CDP S.p.A.	Municipality of Fabriano	Central Italy earthquake - see note (3)	2,010
CDP S.p.A.	Municipality of Falerone	Central Italy earthquake - see note (3)	142
CDP S.p.A.	Municipality of Fano Adriano	Central Italy earthquake - see note (3)	39
CDP S.p.A.	Municipality of Farindola	Central Italy earthquake - see note (3)	47
CDP S.p.A.	Municipality of Ferentillo	Central Italy earthquake - see note (3)	157
CDP S.p.A.	Municipality of Fiastra	Central Italy earthquake - see note (3)	77
CDP S.p.A.	Municipality of Fiuminata	Central Italy earthquake - see note (3)	160
CDP S.p.A.	Municipality of Folignano	Central Italy earthquake - see note (3)	495
CDP S.p.A.	Municipality of Force	Central Italy earthquake - see note (3)	88
CDP S.p.A.	Municipality of Gagliole	Central Italy earthquake - see note (3)	70
CDP S.p.A.	Municipality of Gualdo	Central Italy earthquake - see note (3)	96
CDP S.p.A.	Municipality of Isola del Gran Sasso d'Italia	Central Italy earthquake - see note (3)	106
CDP S.p.A.	Municipality of Leonessa	Central Italy earthquake - see note (3)	87
CDP S.p.A.	Municipality of Loro Piceno	Central Italy earthquake - see note (3)	202
CDP S.p.A.	Municipality of Macerata	Central Italy earthquake - see note (3)	2,170
CDP S.p.A.	Municipality of Massa Fermana	Central Italy earthquake - see note (3)	71
CDP S.p.A.	Municipality of Matelica	Central Italy earthquake - see note (3)	825
CDP S.p.A.	Municipality of Micigliano	Central Italy earthquake - see note (3)	26
CDP S.p.A.	Municipality of Mogliano	Central Italy earthquake - see note (3)	291
CDP S.p.A.	Municipality of Monsampietro Morico	Central Italy earthquake - see note (3)	52
CDP S.p.A.	Municipality of Montalto delle Marche	Central Italy earthquake - see note (3)	148
CDP S.p.A.	Municipality of Montappone	Central Italy earthquake - see note (3)	156
CDP S.p.A.	Municipality of Monte Cavallo	Central Italy earthquake - see note (3)	41
CDP S.p.A.	Municipality of Monte Rinaldo	Central Italy earthquake - see note (3)	25
CDP S.p.A.	Municipality of Monte San Martino	Central Italy earthquake - see note (3)	56
CDP S.p.A.	Municipality of Monte Vidon Corrado	Central Italy earthquake - see note (3)	43
CDP S.p.A.	Municipality of Montefalcone Appennino	Central Italy earthquake - see note (3)	25
CDP S.p.A.	Municipality of Montefortino	Central Italy earthquake - see note (3)	21
CDP S.p.A.	Municipality of Montefranco	Central Italy earthquake - see note (3)	30
CDP S.p.A.	Municipality of Montegallo	Central Italy earthquake - see note (3)	61
CDP S.p.A.	Municipality of Montegiorgio	Central Italy earthquake - see note (3)	309
CDP S.p.A.	Municipality of Monteleone di Fermo	Central Italy earthquake - see note (3)	29

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Monteleone di Spoleto	Central Italy earthquake - see note (3)	13
CDP S.p.A.	Municipality of Montelparo	Central Italy earthquake - see note (3)	56
CDP S.p.A.	Municipality of Montereale	Central Italy earthquake - see note (3)	86
CDP S.p.A.	Municipality of Montorio al Vomano	Central Italy earthquake - see note (3)	293
CDP S.p.A.	Municipality of Muccia	Central Italy earthquake - see note (3)	39
CDP S.p.A.	Municipality of Norcia	Central Italy earthquake - see note (3)	321
CDP S.p.A.	Municipality of Offida	Central Italy earthquake - see note (3)	191
CDP S.p.A.	Municipality of Ortezzano	Central Italy earthquake - see note (3)	34
CDP S.p.A.	Municipality of Penna San Giovanni	Central Italy earthquake - see note (3)	151
CDP S.p.A.	Municipality of Petriolo	Central Italy earthquake - see note (3)	87
CDP S.p.A.	Municipality of Pietracamela	Central Italy earthquake - see note (3)	57
CDP S.p.A.	Municipality of Pieve Torina	Central Italy earthquake - see note (3)	281
CDP S.p.A.	Municipality of Pioraco	Central Italy earthquake - see note (3)	104
CDP S.p.A.	Municipality of Pizzoli	Central Italy earthquake - see note (3)	154
CDP S.p.A.	Municipality of Poggio Bustone	Central Italy earthquake - see note (3)	34
CDP S.p.A.	Municipality of Poggiodomo	Central Italy earthquake - see note (3)	29
CDP S.p.A.	Municipality of Polino	Central Italy earthquake - see note (3)	63
CDP S.p.A.	Municipality of Pollenza	Central Italy earthquake - see note (3)	234
CDP S.p.A.	Municipality of Preci	Central Italy earthquake - see note (3)	29
CDP S.p.A.	Municipality of Rieti	Central Italy earthquake - see note (3)	1,970
CDP S.p.A.	Municipality of Ripe San Ginesio	Central Italy earthquake - see note (3)	42
CDP S.p.A.	Municipality of Rivodutri	Central Italy earthquake - see note (3)	42
CDP S.p.A.	Municipality of Rocca Santa Maria	Central Italy earthquake - see note (3)	87
CDP S.p.A.	Municipality of Roccafluvione	Central Italy earthquake - see note (3)	55
CDP S.p.A.	Municipality of San Ginesio	Central Italy earthquake - see note (3)	297
CDP S.p.A.	Municipality of San Severino Marche	Central Italy earthquake - see note (3)	433
CDP S.p.A.	Municipality of Santa Vittoria in Matenano	Central Italy earthquake - see note (3)	26
CDP S.p.A.	Municipality of Sant'Anatolia di Narco	Central Italy earthquake - see note (3)	46
CDP S.p.A.	Municipality of Sant'Angelo in Pontano	Central Italy earthquake - see note (3)	109
CDP S.p.A.	Municipality of Sarnano	Central Italy earthquake - see note (3)	400
CDP S.p.A.	Municipality of Scheggino	Central Italy earthquake - see note (3)	46
CDP S.p.A.	Municipality of Sefro	Central Italy earthquake - see note (3)	61
CDP S.p.A.	Municipality of Sellano	Central Italy earthquake - see note (3)	13
CDP S.p.A.	Municipality of Serravalle di Chienti	Central Italy earthquake - see note (3)	97
CDP S.p.A.	Municipality of Servigliano	Central Italy earthquake - see note (3)	71
CDP S.p.A.	Municipality of Smerillo	Central Italy earthquake - see note (3)	20
CDP S.p.A.	Municipality of Spoleto	Central Italy earthquake - see note (3)	1,330
CDP S.p.A.	Municipality of Teramo	Central Italy earthquake - see note (3)	1,771
CDP S.p.A.	Municipality of Tolentino	Central Italy earthquake - see note (3)	1,599
CDP S.p.A.	Municipality of Torricella Sicura	Central Italy earthquake - see note (3)	49
CDP S.p.A.	Municipality of Tossicia	Central Italy earthquake - see note (3)	49
CDP S.p.A.	Municipality of Treia	Central Italy earthquake - see note (3)	327
CDP S.p.A.	Municipality of Urbisaglia	Central Italy earthquake - see note (3)	244
CDP S.p.A.	Municipality of Ussita	Central Italy earthquake - see note (3)	746

(thousands of euro)

Grantor	Beneficiary	Motive	Amount
CDP S.p.A.	Municipality of Valfornace	Central Italy earthquake - see note (3)	189
CDP S.p.A.	Municipality of Valle Castellana	Central Italy earthquake - see note (3)	92
CDP S.p.A.	Municipality of Venarotta	Central Italy earthquake - see note (3)	96
CDP S.p.A.	Municipality of Visso	Central Italy earthquake - see note (3)	177
CDP S.p.A.	Province of Ancona	Central Italy earthquake - see note (3)	830
CDP S.p.A.	Province of Ascoli Piceno	Central Italy earthquake - see note (3)	1,223
CDP S.p.A.	Province of Fermo	Central Italy earthquake - see note (3)	1,420
CDP S.p.A.	Province of Macerata	Central Italy earthquake - see note (3)	1,154
CDP S.p.A.	Province of Pescara	Central Italy earthquake - see note (3)	2,778
CDP S.p.A.	Province of Rieti	Central Italy earthquake - see note (3)	987
CDP S.p.A.	Province of Teramo	Central Italy earthquake - see note (3)	1,025
CDP S.p.A.	Province of Terni	Central Italy earthquake - see note (3)	1,168

(1) As part of the solidarity initiatives in favour of the areas of Emilia Romagna affected by the floods in 2023, the parent company CDP made charitable contributions in the amount of 94 thousands euro. Other subsidiaries of the CDP Group made contributions in favour of the same cause, which individually taken together do not exceed the threshold envisaged by the legislation in question, contributing a further 12 thousands euro.

(2) 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.

(3) 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.

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	31/12/2023	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	3,570	3,570						
20. Financial assets measured at fair value through profit or loss:	3,964							
a) financial assets held for trading	342					342		
b) financial assets designated at fair value	193		193					
c) other financial assets mandatorily measured at fair value	3,429		59	3,370				
30. Financial assets measured at fair value through other comprehensive income	12,154			12,154				
40. Financial assets measured at amortised cost:	348,297							
a) loans to banks	25,288	5,717	14,948	4,623				
b) loans to customers	323,009	147,404	107,186	68,419				
50. Hedging derivatives	2,267					2,267		
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,002)							(2,002)
70. Equity investments	26,617				26,617			
80. Reinsurers' share of technical reserves								
90. Property, plant and equipment	45,118						45,118	
100. Intangible assets	13,768						13,768	
110. Tax assets	2,044							2,044
120. Non-current assets and disposal groups held for sale	206							206
130. Other assets	18,977							18,977
TOTAL ASSETS	**474,980**	**156,691**	**122,386**	**88,566**	**26,617**	**2,609**	**58,886**	**19,225**

Reclassified consolidated balance sheet - Liabilities and equity

(million of euro) LIABILITIES AND EQUITY - Balance sheet items		31/12/2023	Funding	Funding detail: Postal Funding	Funding from banks	Funding from customers	Bond Funding	Liabilities held for trading and hedging derivatives	Other liabilities	Provisions for contin-gencies, taxes and staff severance pay	Total equity
10.	Financial liabilities measured at amortised cost:	402,711									
	a) due to banks	49,196	49,196	361	48,835						
	b) due to customers	313,470	313,470	284,263	19,393	9,814					
	c) securities issued	40,045	40,045				40,045				
20.	Financial liabilities held for trading	304						304			
30.	Financial liabilities designated at fair value	9	9			9					
40.	Hedging derivatives	1,956						1,956			
50.	Fair value change of financial liabilities in hedged portfolios										
60.	Tax liabilities	2,823								2,823	
70.	Liabilities associated with non-current assets and disposal groups held for sale	5							5		
80.	Other liabilities	22,274							22,274		
90.	Staff severance pay	174								174	
100.	Provisions for risks and charges	2,937								2,937	
110.	Technical reserves	-									
120.	Valuation reserves	(728)									(728)
150.	Reserves	17,006									17,006
160.	Share premium reserve	2,379									2,379
170.	Share capital	4,051									4,051
180.	Treasury shares	(322)									(322)
190.	Non-controlling interests	16,094									16,094
200.	Net income (loss) for the year	3,307									3,307
TOTAL LIABILITIES AND EQUITY		**474,980**	**402,720**	**284,624**	**68,228**	**9,823**	**40,045**	**2,260**	**22,279**	**5,934**	**41,787**

Reclassified consolidated income statement

(million of euro) INCOME STATEMENT - Financial statement items		2023	Net interest income	Gains (losses) on equity investments	Net commission income (expense)	Other net revenues (costs)	Gross Income
10.	Interest income and similiar income	11,336	11,336				11,336
20.	Interest expense and similar expense	(8,090)	(8,090)				(8,090)
40.	Commission income	551	258		293		551
50.	Commission expense	(1,339)	(1,237)		(102)		(1,339)
70.	Dividends and similar revenues	77		77			77
80.	Profits (losses) on trading activities	(122)				(122)	(122)
90.	Net gain (loss) on hedging activities	(28)				(28)	(28)
100.	Gains (losses) on disposal or repurchase	25				25	25
110.	Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	68				68	68
130.	Net adjustments/recoveries for credit risk	58					
140.	Gains/losses from changes in contracts without derecognition	(10)					
160.	Net premium income						
170.	Net other income (expense) from insurance operations						
190.	Administrative expenses	(13,443)					
200.	Net accruals to the provisions for risks and charges	(245)					
210.	Net adjustments to/recoveries on property, plant and equipment	(2,160)					
220.	Net adjustments to/recoveries on intangible assets	(994)					
230.	Other operating income (costs)	19,326					
250.	Gains (losses) on equity investments	1,539		1,539			1,539
270.	Goodwill impairment	(46)					
280.	Gains (losses) on disposal of investments	136					
300.	Income tax for the year on continuing operations	(1,612)					
320.	Income (loss) after tax on discontinued operations						
330.	**Net income (loss) for the year**	**5,027**	**2,267**	**1,616**	**191**	**(57)**	**4,017**
340.	Net income (loss) for the year pertaining to non-controlling interests	1,720					
350.	**NET INCOME (LOSS) FOR THE YEAR PERTAINING TO SHAREHOLDERS OF THE PARENT COMPANY**	**3,307**					

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
			11,336						11,336
			(8,090)						(8,090)
			551						551
			(1,339)						(1,339)
			77						77
			(122)						(122)
			(28)						(28)
			25						25
			68						68
58			58						58
(10)			(10)						(10)
	(13,443)		(13,443)						(13,443)
(16)			(16)	(229)					(245)
					(2,160)				(2,160)
					(994)				(994)
		19,326	19,326						19,326
			1,539						1,539
						(46)			(46)
							136		136
								(1,612)	(1,612)
32	**(13,443)**	**19,326**	**9,932**	**(229)**	**(3,154)**	**(46)**	**136**	**(1,612)**	**5,027**
									1,720
									3,307

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 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, 2023, 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, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 , and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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.

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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, 2023 include equity investments amounting to Euro 26,617 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, 2023, the Management also considered the indications issued by national and international authorities in relation to the current reference scenario, with a combination of factors related to heightened geopolitical tensions, linked to the protracted war in Ukraine and exacerbated by events in the Middle East, which continue to weigh on the global outlook, tightening monetary policy conditions, a general deterioration in the economic climate and uncertainties about 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, 2023, 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 statements of Cassa Depositi e Prestiti as at December 31, 2023.

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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 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; • analysis of the subsequent events after the reporting period; • verification of the adequacy of the disclosure provided by Directors in the consolidated financial statements and its compliance with IAS 36.

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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.

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.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.,

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Cassa 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, 2023, 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, 2023 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, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the 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, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and 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, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the 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 18, 2024

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Cassa Depositi e Prestiti S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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 2023.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the consolidated financial statements at 31 December 2023 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 2023:
     - 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, 18 April 2024

Chief Executive Officer	Manager in charge with preparing the company's financial reports
Dario Scannapieco	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 2023.

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 investments, 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 detailed 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.

Accredited Intermediaries are banking institutions, as well as other entities with appropriate experience and professional qualifications, including consulting, 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] Reference is made to the "Notice for Accreditation as Intermediary", published on CDP's procurement portal on 31 March 2021 and last updated on 7 June 2021.
[3] Reference is made to 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 company making the application, 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. 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, bringing consumption and industrial production to a halt, with negative effects on levels of economic confidence.

Already compromised in 2022 by uncertainty related to the Russian-Ukrainian conflict, high inflation rates and restrictive monetary policies, the situation today is affected by a far more complex geopolitical environment, worsened by the outbreak of the Israeli-Palestinian war in the Middle East, with potential impacts on commodity prices and inflation.

In this context, world GDP growth, which stood at 3.5% in 2022, is expected to decline in both 2023 (at 3%) and 2024 (at 2.9%)[4].

This trend is also applied at the domestic level, where macroeconomic projections for Italy show a contained GDP growth in 2023 (less than 1%) with a downward trend until 2024, compared to the 3.9% growth recorded in 2022. This result would be affected, in particular, by the following factors:
- weak growth in household consumption, influenced by inflation-related reduction in purchasing power;
- a low level of private investment, linked to the increase in borrowing costs and to the highly uncertain economic environment;
- a reduced boost of international trade.

Macroeconomic projections (year-on-year percentage changes)	2022	2023	2024	2025	2026
GDP	**3.9**	**0.7**	**0.6**	**1.1**	**1.1**
Household consumption	5.0	1.3	0.9	1.2	1.1
Government consumption	0.7	(0.3)	(0.1)	0.6	(0.7)
Gross fixed capital formation	10.1	0.5	(0.1)	1.5	1.8
Total exports	10.7	0.5	2.1	3.0	3.2
Total imports	13.1	1.0	2.0	3.0	2.8
Consumer prices (HICP)	8.7	6.0	1.9	1.8	1.7
HICP net of energy and food	3.3	4.5	2.2	1.9	1.8
Employment (hours worked)	4.5	1.7	0.3	0.6	0.5
Employment (persons employed)	2.5	1.9	0.8	0.4	0.4
Unemployment rate (annual average)	8.1	7.7	7.7	7.6	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023

The assumptions underlying Italy's macroeconomic scenario for the period 2023 - 2024, which takes into account the measures set out in the Government budget and the interventions outlined in the National Recovery and Resilience Plan (NRRP), are summarised below:
- consumer inflation averaging 6% in 2023 and gradually declining over a three-year period from 2024 to 2026, averaging below 2%, thanks to the reduction in commodity prices;
- an increase in the nominal short-term interest rate (benchmarked against the three-month Euribor rate) until 2024, alongside a forecasted rate decrease from 2025. The long-term interest rate (benchmarked against the 10-year Italian Government Bond Yield) is expected to increase throughout the forecast period, with potential repercussions on financing costs and conditions of access to credit;
- a recovery in world trade starting in 2024, with stable growth in the following two years.

[4] Source: EY *Italian Macroeconomic Bulletin* no. 5 issued on December 2023, based on the October 2023 projections of the International Monetary Fund.

Assumptions for the main exogenous variables (*) year-on-year percentage changes (**) annual average	2023	2024	2025	2026
Weighted foreign demand (*)	0.1	2.3	3.0	3.0
Dollar/Euro (**)	1.1	1.1	1.1	1.1
Nominal effective exchange rate (*)	(2.0)	(0.4)	0.0	0.0
Prices of foreign manufactures (*)	3.4	2.5	2.6	2.4
Crude oil prices (**)	83.2	79.3	75.7	72.8
Natural gas prices (**)	41.5	47.4	44.2	36.9
3-month Euribor (**)	3.4	3.5	2.8	2.7
Interest rate (10-year BTPs) (**)	4.3	4.4	4.6	4.5

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023.

These projections are influenced by a high degree of uncertainty, therefore a conservative and prudent approach has been applied to the risks to growth forecast, taking into account the following factors of instability:

- the geo-political environment, from which new increases in commodity prices may arise, with a potential increase in inflation, and a deterioration in household, business and investor confidence;
- the development of global economic activity, which may be affected, to a greater extent, by the Chinese economy challenges, particularly related to the crisis in the real estate sector, and the uncertainty related to international tensions;
- a more significant tightening of financing conditions which is also related to the increased risk of the investees' entities.

The unfavourable economic situation, with the persistence of inflation and interest rates uncertainties, slowing economic growth and development of the geopolitical scenario, will lead to an increase in credit-impaired financial assets[5] over the next two years, which will increase significantly compared to the historically low levels recorded in previous years.

According to the September 2023 projections of the Italian Banking Association (ABI) and those of Cerved[6], for the entire year, credit-impaired default rates were estimated at 3.1% (2.2% in 2022), exceeding for the first time the pre-Covid values (2.9% in 2019). In 2024, a further increase is expected, which will bring the index to a peak of 3.8%, the highest value since 2016. In 2025, however, this trend will be reversed, with a reduction in the number of new non-performing loans thus taking the default rate back to 3.1%, in line with 2023 levels.

5 The default rate is calculated as the percentage between the number of impaired credit positions during the year and the *stock* of non-impaired positions at the beginning of the year. Credit-impaired financial assets are positions classified as: past-due loans not yet in default, past-due loans likely to default or non-performing loans.

6 Source: ABI-Cerved September 2023 Outlook on corporate non-performing loans.

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2023

As specified in more detail in the paragraph "Mission and Presentation of the Sub-Fund", the measures consisting of capital increases (CAPINCs), CBs and CSBs are only granted after having satisfactorily verified 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) were 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) were also based on a detailed credit rating assessment.

CDP approved the 21 investment grants 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.

Of these, 20 investments were disbursed[7] for a total amount of 392.8 million euro, of which:
- 11 CSBs for a total amount of 274.2 million euro;
- 7 SBs for a total amount of 44.4 million euro;
- 2 CBs for a total amount of 74.2 million euro.

The investments granted by the FNST relates to companies that employ around 22,500 employees and operate in some of the most strategically important sectors of the Italian economy, such as, for example, automotive, production of components for industrial sectors, plant engineering, infrastructure and construction, agribusiness, publishing and culture.

As of December 31, 2023, the FNST held 18 instruments[8] in its portfolio, for a total of 369.3 million, of which:
- 10 CSBs for a total of 244.2 million euro;
- 5 SBs for a total of 19.4 million euro;
- 2 CBs for a total of 74.2 million euro;
- Equity Instruments for a total of 31.5 million euro.

Specifically, 10 CSBs were issued in favour of companies operating in the manufacturing of industrial components, infrastructure and construction, creative, artistic and entertainment industries, 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.

Five SBs investments were provided to companies operating in the electronics, infrastructure and construction, publishing, catering and leisure as well as 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.

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7 One subordinated convertible bond was not finalised through the signing of the related contract, due to the failure to acquire by 30 June 2022 the official documentation, set as a condition precedent to the signing of the contract, needed to prove the existence of certain access requirements set forth in Article 3, paragraph 1, letters h) and i) of the Implementing Decree.

8 Additional two non-convertible subordinated bonds were subject to voluntary early redemption by the respective issuing companies, pursuant to the loan regulations.

Lastly, one CB investment was granted in favour of a company operating in the machinery and equipment manufacturing sector. 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. 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 an investee company that benefited from a CSB of 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 subscription agreement. On 28th September 2022, CDP resolved (i) to exercise the termination clause in the contract, (ii) not to exercise the contractual option to require the company to convert bonds into shares for the purpose of mandatory early redemption, with the resulting obligation for the company to make such redemption in cash, and (iii) to exercise the contractual option (so-called put option) to require the controlling shareholder to purchase the FNST bonds issued by the investee company at a nominal value of 30 million euro, plus interest, to be paid on 10 February 2023. Given the impossibility of meeting its obligations, the company, with the support of its advisors, has started a petition on 28th October 2022 in the legal context of the negotiated crisis settlement pursuant to the Corporate Crisis and Insolvency Code. On 28 December 2022, the controlling shareholder had access to the negotiated crisis settlement, thus extending the recovery process to the latter as well. Following several discussions and exchanges between the parties involved in the negotiated crisis settlement, the investee company and the controlling shareholder shared, on 15 and 16 February 2023, the term sheet and the explanatory document illustrating the group financial measures to define, in a single context, the debt restructuring of both the beneficiary company and the controlling shareholder. The main terms and conditions contained in the term sheet relating to the financial measures were incorporated into an amended agreement - signed between the parties, including the FNST - on 30 March 2023. At the same time as the signing of the restructuring agreement, the closing of the transaction was finalised, which for the FNST involved (i) the conversion into equity instruments ("SFP Serie 1") of the receivable from the investee company as per CSBs' terms, amounting to 30 million euro plus interest accrued up to the closing date of the closing, and (ii) the waiver of the put option vis-à-vis the controlling shareholder.

It should also be noted that on 16 June 2022, a company that took advantage of a CB investment, amounting to 39.5 million euro, filed a request for an arrangement with creditors "with reserve" with the competent Court, pursuant to Articles 161, sixth paragraph, and 186-bis of the Bankruptcy Law. On 16 January 2023, the investee company filed a "final" application with the Court for admission to the arrangement with creditors as a going concern. Following the occurrence material events qualifying as "default" pursuant to the loan agreement as well as the prejudicial events pursuant to the subscription agreement, on 30 March 2023, CDP resolved to i) exercise the termination clause in the agreement and ii) exercise the contractual option (so-called put option) to request the controlling shareholder to purchase the FNST bonds issued by the investee company, at a nominal value of approximately 39.5 million euro, plus interest, to be paid on 9 August 2023. On 7 August 2023, the controlling shareholder sent a notice to CDP in which, among other things, it contested the validity of the put option and indicated that it would not, therefore, proceed with the payment of the sum requested by CDP. On 7 November 2023, CDP commenced civil proceedings against the controlling shareholder to obtain an order to pay the sum of 39.5 million euro, plus interest. On 12 December 2023, the investee company filed the final settlement agreement proposal with the Court, which does not contain any satisfactory resolution regarding the FNST exposure.

Lastly, it should be noted that an investee company that benefited from a further CSBs investment of 30 million euro, on 28 July 2023, reported the occurrence of a relevant event pursuant to the loan regulations as well as a prejudicial event pursuant to the subscription agreement, requesting the suspension of the term for exercising the right to convert bonds into shares, initially, until 31 December 2023, and subsequently until 29 February 2024, without prejudice to all FNST rights alongside with all the terms provided for under the CSBs contractual documentation. In the context of insolvencies, the company, with the support of its advisors, has started a petition on 2 August 2023 in the legal context of the negotiated crisis settlement pursuant to the Corporate Crisis and Insolvency Code. CDP was in favour of the aforementioned request for an extension of the deadline to exercise the right to convert the bonds into shares, in order to be able to diligently assess how the loan would be repaid, thus enabling them to make an informed decision pending the resolution of the negotiated crisis settlement. In this regard, on 22 December 2023, the company sent CDP an updated appraisal report on the value of the company to evaluate the opportunity of exercising the aforementioned right of conversion by the deadline of 29 February 2024.

Finally, it should be noted that, as part of the Patrimonio Rilancio overall liquidity improvement, to ensure the investment capacity of the Sub-funds are more closely aligned to their financial needs; at its meeting on 24th November 2023, the CDP's Board of Directors, in accordance with the provisions of Article 29, paragraph 1, letter q), of the Implementing Decree and Article 2.3 of the Patrimonio Rilancio Regulation, resolved to reallocate the contributions made between the Sub-funds, by transferring to the FNRI (i) the entire surplus of resources allocated to the FNST and (ii) a portion of the resources allocated to the FNS..

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 2024, 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.

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2023, total assets amounted to 239,713 thousand euro, recording a decrease of 474,144 thousand euro compared to the previous year.

This decrease is mainly due to the restructuring of resources allocated to the Patrimonio Rilancio sub-funds, approved by the Board of Directors of CDP on 24/11/2023, which involved the transfer of government bonds for an equivalent value of approximately 394 million euro from the Fondo Nazionale Supporto Temporaneo Sub-Fund to the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund. The restructuring of resources also envisaged the simultaneous transfer of inflows from the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund amounting to approximately 123 million euro, used to reimburse outstanding repurchase agreements.

The balance sheet assets mainly consist of: (i) financial assets related to investments completed under the Temporary Framework, i.e. financial assets measured at fair value through profit and loss (equity instruments, CSBs and CBs) for 209,683 thousand euro and financial assets measured at amortised cost (SBs) for 12,980 thousand euro, (ii) cash and cash equivalents deposited in the current account of the Central Treasury no. 25083 equal to 12,428 thousand euro and (iii) deposits and other assets for a total of 4,621 thousand euro.

Equity amounted to 239,465 thousand euro, down by 289,088 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 increase in the nominal value of the Equity Instruments initially issued for an amount equal to 271,461 thousand euro, that is, the value of the transferred government securities, through cancellation and subsequent re-issue of the Equity Instruments.

The balance sheet liabilities are composed of payables to CDP and suppliers, totalling 248 thousand euro.

A loss of 81,526 thousand euro for the year was posted, mainly due to (i) losses on the disposal of financial assets amounting to 49,734 thousand euro, (ii) net negative changes in fair value relating to financial assets measured at fair value through profit or loss of 45,619 thousand euro, (iii) interest expense of 4,883 thousand euro and (iv) administrative expenses of 2,730 thousand euro.

These negative income components were partially offset by net recoveries for credit risk totalling 1,252 thousand euro and interest income on financial instruments which amounted to 20,236 thousand euro for the year, of which: (i) 16,379 thousand euro related to financial assets measured at fair value through profit and loss (convertible and mandatory convertible subordinated bonds); (ii) 1,824 thousand euro related to financial assets measured at amortised cost (deposits and non-convertible subordinated bonds); (iii) 1,468 thousand euro relating to financial assets measured at fair value through other comprehensive income (government bonds contributed by the MEF), (iv) 565 thousand euro accrued on the sums deposited in interest-bearing treasury account no. 25083.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro)

Assets	31/12/2023	31/12/2022	Notes
Financial assets measured at fair value through profit or loss	**209,683,468**	**249,743,426**	**II.1.1**
Investments in equity instruments	5,911,476		
Convertible subordinated bonds	194,008,826	239,188,163	
Mandatory Convertible Bonds	9,763,166	10,555,263	
Financial assets measured at fair value through other comprehensive income		**382,115,581**	**II.1.2**
Government securities		382,115,581	
Financial assets measured at amortised cost	**17,567,301**	**52,022,970**	**II.1.3**
Subordinated bonds	12,980,205	37,248,906	
Deposits	4,587,096	14,774,064	
Other assets	**33,838**	**1,519,851**	**II.1.4**
Cash and cash equivalents	**12,427,956**	**28,454,373**	**II.1.5**
TOTAL ASSETS	**239,712,563**	**713,856,201**	

(euro)

Liabilities and equity	31/12/2023	31/12/2022	Note
Equity	**239,464,900**	**528,552,992**	**II.2.1**
Equity instruments	590,438,725	861,899,808	
Valuation reserves		(63,898,897)	
Retained earnings or loss	(269,447,919)	(2,204,689)	
Net income (loss) (+/-)	(81,525,906)	(267,243,230)	
Financial liabilities measured at amortised cost		**179,288,885**	**II.2.2**
Repurchase agreements		179,288,885	
Other liabilities	**247,663**	**6,014,324**	**II.2.3**
TOTAL LIABILITIES AND EQUITY	**239,712,563**	**713,856,201**	

INCOME STATEMENT

(euro)

Items	2023	2022	Note
Income	**(25,383,011)**	**(92,051,319)**	**III.1**
Interest income and similar income	20,236,186	11,467,332	III.1.1
– *of which: Interest income calculated using the effective interests rate method*	*3,857,486*	*4,588,949*	
Commission income	54	79	III.1.2
Net profit (loss) on financial assets measured at fair value through profit or loss	(45,619,251)	(103,518,730)	III.1.3
Costs	**(56,142,895)**	**(175,191,911)**	**III.2**
Interest expense	(4,883,007)	(591,246)	III.2.1
Commission expense	(48,360)	(40,856)	III.2.2
Administrative expenses	(2,730,023)	(4,079,146)	III.2.3
Losses on disposal of:	(49,733,807)	(164,637,513)	III.2.4
Financial assets measured at fair value through other comprehensive income	(49,510,945)	(164,637,513)	
Financial assets measured at amortised cost	(222,862)		
Net adjustments/recoveries due to credit risk	1,252,302	(5,843,150)	III.2.5
NET INCOME (LOSS) FOR THE YEAR	**(81,525,906)**	**(267,243,230)**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2023	2022
Net income (loss)	(81,525,906)	(267,243,230)
Financial assets measured at fair value through other comprehensive income	63,898,897	(44,406,996)
Comprehensive income	**(17,627,009)**	**(311,650,226)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the period			
(euro)	Balance at 31/12/2022	Changes in opening balance	Balance at 01/01/2023	Reserves	Dividends and other allocations	Cancellation of equity instruments	Issue of new equity instruments	Comprehensive income at 31/12/2023	Equity at 31/12/2023
Equity instruments	861,899,808		861,899,808			(861,899,808)	590,438,725		590,438,725
Retained earnings or loss	(2,204,689)		(2,204,689)	(267,243,230)					(269,447,919)
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(63,898,897)		(63,898,897)					63,898,897	
Net income (loss)	(267,243,230)		(267,243,230)	267,243,230				(81,525,906)	(81,525,906)
EQUITY	**528,552,992**		**528,552,992**			**(861,899,808)**	**590,438,725**	**(17,627,009)**	**239,464,900**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS 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 CASH FLOWS (INDIRECT METHOD)

(euro)	2023	2022
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**3,424,404**	**14,798,828**
- net income (loss) for the year (+/-)	(81,525,906)	(267,243,230)
- gains (losses) on financial assets measured at fair value through profit or loss (-/+)	45,619,251	103,518,730
- gains (losses) on financial assets measured at fair value through other comprehensive income (-/+)	49,510,945	164,637,513
- net impairment adjustments (+/-)	(1,252,302)	5,843,150
- adjustments for uncollected/paid interests	(3,160,925)	4,476,018
- other adjustments	(5,766,659)	3,566,647
2. Cash generated/(used) by financial assets	**36,966,044**	**(184,638,898)**
- financial assets measured at fair value through profit or loss		(221,000,000)
- financial assets measured at fair value through other comprehensive income		91,505,000
- financial assets measured at amortised cost	35,480,030	(53,636,168)
- other assets	1,486,014	(1,507,730)
3. Cash generated/(used) by financial liabilities	**(179,288,885)**	**178,799,422**
- financial liabilities measured at amortised cost	(179,288,885)	178,799,422
- other liabilities		
Cash generated/(used) by operating activities (1. + 2. + 3.)	**(138,898,437)**	**8,959,352**
C. FINANCING ACTIVITIES		
- transfers of resources in/(out) for value adjustment of equity instruments (+/-)	122,867,759	
Cash generated by/used in financing activities	**122,867,759**	
CASH GENERATED/(USED) DURING THE YEAR	**(16,030,678)**	**8,959,352**

Reconciliation

(euro) Items (*)	2023	2022
Cash and cash equivalents at beginning of the year	28,461,938	19,502,586
Total cash generated/(used) during the year	(16,030,678)	8,959,352
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**12,431,260**	**28,461,938**

(*) 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 Patrimonio Rilancio - "Fondo Nazionale Supporto Temporaneo" (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 2023, 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:
- 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 assets have been offset against liabilities, nor revenues against expenses, 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 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 4 March 2024, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2023.

As already described in the Report on Operations, on 28 July 2023, a company benefiting from a CSBs investment of 30 million euro, reported the occurrence of a relevant event pursuant to the CBSs regulations, as well as a prejudicial event pursuant to the subscription agreement. Such an event would entail: (i) the obligation of the company to repay the CSBs in advance; (ii) the right of the FNST to request that early repayment be made by converting the bonds into summary shares; and (iii) the right of the FNST to terminate the subscription agreement and to request the controlling shareholder to purchase the CSBs or the shares in the event of conversion. On 7 August 2023, the company initiated a procedure for negotiated crisis settlement pursuant to Article 12 and following of the Corporate Crisis and Insolvency Code. On 20 December 2023, the company shared with its creditors a preliminary proposal for a financial manoeuvre which, as subsequently amended during the month of February 2024, provides for the FNST to convert the CSBs into equity instruments. However, some essential information for the evaluation of the proposed treatment for the FNST was still missing. Pending a final version of the financial manoeuvre agreed by the creditors involved, the FNST has accepted the company's request to further extend, until 10 May 2024, the deadline to exercise the aforementioned right. This extension should allow the latter to have a more complete information framework, in order to decide whether to convert the CSBs into shares, or to participate in the manoeuvre, or exercise other contractual rights, as indicated above, provided for in the CSBs regulations.

In addition, it should be noted that, on 25 January 2024, a company benefiting from a CSBs investment, amounting to 4.8 million euro, filed with the Court of Brescia (i) a application for debt relief, through admission to a crisis and insolvency settlement procedure pursuant to Articles 40 and 44 of the Code of Business Crisis and Insolvency, and (ii) an application for the granting of protective measures pursuant to Article 54 of the Code of Business Crisis and Insolvency. The Court (i) upheld the protective measures requested by the company for a period of four months and (ii) granted the company a period of 60 days, extendable by a further 60 days, starting from the application for the debt relief plan, to file the complete application for documents necessary for the selected crisis and insolvency settlement procedure.

The current market context, due to the ongoing effects of the present geopolitical situation, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2023 AND IN FORCE SINCE 2023

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 2023, are provided below:

- 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;

- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 12.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET EFFECTIVE (EFFECTIVE FOR THE FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2024)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements as at 31 December 2023:
- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2023

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:
- Amendment to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments": Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August 2023).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

The macroeconomic landscape, penalized by the pandemic crisis and subsequently by the conflicts in Ukraine and the Middle East, has further destabilized the economic situation both internationally and domestically.

During the second half of 2023, the economic performance of the euro area showed signs of weakening, mainly due to restrictive financing conditions, lack of confidence and loss of competitiveness. Economic indicators showed weak economic activity in the fourth quarter of 2023, forecasting a stronger pace of growth in the first few months of 2024, also following the slowdown in inflation, the increase in wages and maintained employment. Restrictive monetary policies and unfavourable conditions in the credit sector continue to have an impact on the economy, affecting short-term growth prospects. However, the ECB estimates that these negative effects will lessen in the medium term, helping to support growth.

Overall, the annual growth rate of euro area GDP in real terms was estimated to decrease from 3.4% in 2022 to 0.6% in 2023, then rise to 0.8% in 2024 and stabilise at 1.5% in 2025 and 2026[9].

This trend is mainly influenced by the decline in purchasing power caused by inflation which contributed to a weak growth in household consumption, limiting spending and negatively affecting overall economic growth. The increase in the cost of money characterized by the context of uncertainty has discouraged household investment, thus reducing the contribution of the private sector to economic growth. The unfavourable economic environment and the contraction of international trade have limited the opportunities for growth deriving from exports, exerting a further negative impact on the Italian economy.

Globally, the economic landscape continues to be affected by monetary tightening and declining consumer and business confidence. Moreover, the expansion of conflict in the Middle East poses a significant risk to both economic growth and inflation. According to OECD estimates published in November, world GDP is expected to slow to 2.7% in 2024, compared to 2.9% in 2023[10].

[9] European Central Bank, Eurosystem staff macroeconomic projections for the euro area, December 2023
[10] Bank of Italy, Economic Bulletin no. 1 - 2024

The economic outlook remains uncertain, also considering the implications of a scenario in which the conflicts in Europe and the Middle East intensify.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the Fondo Nazionale Supporto Temporaneo (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".

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

I.2 THE MAIN ITEMS OF THE ANNUAL REPORT

The annual report of the Fondo Nazionale Supporto Temporaneo Sub-Fund at 31 December 2023 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2023, 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:
- assets represented by debt securities, equity securities, loans, units of UCITS (Undertakings for Collective Investment in Transferable Securities) included in the business model "Other/Trading", as well as derivatives not designated as hedging instruments;
- assets represented by debt securities, equity securities, units of UCITS and loans, i.e. those assets other than those designated at fair value through profit or loss, which do not meet the amortised cost classification requirements nor the classification at fair value through other comprehensive income. They are substantially represented by those financial assets whose contractual terms provide for periodic cash 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 equity instruments, mandatory convertible 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.

After initial recognition, these assets are measured at fair value, with any FV movement charged to 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 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:

- financial assets held within a *business model* whose objective is achieved through both the collection of contractual cash flows and the sale of 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.

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 through profit or loss 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.

Financial instruments measured at fair value through other comprehensive income are also subject to adjustments in the income statement to reflect any expected credit losses (impairment) 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 their origination or acquisition, which are instead recognised separately as "purchased or originated impaired financial assets" (Purchased or Originated Credit Impaired - POCI) from the date of initial recognition until their derecognition.

For financial assets that are classified in stage 1 and 2, impairment is calculated according to 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 (such as 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 present value of the expected cash flows, discounted using 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:

- 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

Financial liabilities measured at amortised cost are initially recognised on the settlement date of the transaction at their fair value. The fair value of the financial instrument at initial recognition is typically, though not always, the transaction price.

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 EXPENSE

Interest income and expense is recognised through profit or loss, 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 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. 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 cash deposits with Cassa Depositi e Prestiti S.p.A. and amounts payable for the reimbursements of costs incurred by the manager and other 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 items measured at Fair Value on a recurring basis, the annual financial statement of the Sub-Fund National Temporary Support Fund (FNST) as of 31 December 2023 no longer includes any financial instruments whose Fair Value is classified as Level 1 and Level 2.

In contrast, the following financial assets are classified in Level 3 of the fair value hierarchy: i) equity instruments (EI) ii) convertible subordinated bonds (CSBs) and iii) mandatory convertible subordinated bonds (CBs) . This is due to the fact that the Fair Value of these assets is based on unobservable inputs that are supported by little or no market activity such as the following:

- enterprise and 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);
- for convertible bonds, the 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.

In general, for the product types under consideration, an increase in enterprise/equity value contributes to an increase in Fair Value; for a bond with an optionality component linked to the issuer's equity value, an increase in credit spreads tends to reduce its Fair Value.

With regard to the estimate of the enterprise/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, deviations between actual and forecasted values could also be significant considering the current economic context characterised by a combination of factors related to the effects of ongoing conflicts (e.g., Russia-Ukraine, Israel-Palestine), uncertainties about the volatility of inflation and interest rates, and the general macroeconomic situation.

With reference to instruments that are not measured at Fair Value, as at 31 December 2023, there include subordinated bonds (SBs) whose fair value is classified at Level 3 of the fair value hierarchy.

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.

Description of unobservable inputs in the measurement of fair value on a recurring basis of Level 3 instruments and analysis of the fair value sensitivity to changes in such inputs

For fair value measurements in which significant unobservable inputs are used (Level 3), a sensitivity analysis is carried out to obtain a range of possible and reasonable alternative valuations. In general, the impact of an unobservable input on a Level 3 fair value measurement depends on the interaction among the various inputs used in the valuation process.

As regards convertible and mandatory convertible bonds, measured based on a discounted cash flows model, a sensitivity analysis was carried out with reference to the discount rate. The analysis showed that an unfavourable change in the discount rate of +100 bps would cause a further change in fair value of approximately -7 million euro compared to that identified for these instruments at 31/12/2023.

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)	31/12/2023			31/12/2022		
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			**209,683,468**			**249,743,426**
Investments in equity instruments			5,911,476			
Convertible subordinated bonds			194,008,826			239,188,163
Mandatory convertible Bonds			9,763,166			10,555,263
2. Financial assets measured at fair value through other comprehensive income				**382,115,581**		
Government securities				382,115,581		
TOTAL ASSETS			**209,683,468**	**382,115,581**		**249,743,426**

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: Investments in equity instruments	of which: Mandatory convertible bonds
1. Opening balance	**249,743,426**	**239,188,163**		**10,555,263**
2. Increases	**22,290,176**	**14,570,028**	**5,911,476**	**1,808,672**
2.1 Subscriptions				
2.2 Profits taken to:	19,557,678	14,570,028	3,178,978	1,808,672
2.2.1 Income statement	*19,557,678*	*14,570,028*	*3,178,978*	*1,808,672*
2.2.2 Equity	*X*	*X*	*X*	*X*
2.3 Transfers from other levels				
2.4 Other increases	2,732,498		2,732,498	
3. Decreases	**62,350,134**	**59,749,365**		**2,600,769**
3.1 Sales				
3.2 Repayments	10,819,407	9,608,442		1,210,965
3.3 Losses taken to:				
3.3.1 Income statement	*48,798,229*	*47,408,425*		*1,389,804*
3.3.2 Equity	*X*	*X*	*X*	*X*
3.4 Transfers to other levels				
3.5 Other decreases	2,732,498	2,732,498		
4. CLOSING BALANCE	**209,683,468**	**194,008,826**	**5,911,476**	**9,763,166**

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	31/12/2023				31/12/2022			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**17,567,301**			**22,449,017**	**52,022,970**			**51,041,819**
Subordinated bonds	12,980,205			17,861,921	37,248,906			36,267,755
Deposits for GMRA	4,587,096			4,587,096	14,774,064			14,774,064
Cash and cash equivalents	**12,427,956**			**12,427,956**	**28,454,373**			**28,454,373**
Central Treasury current account n. 25083	12,427,956			12,427,956	28,454,373			28,454,373
TOTAL ASSETS	**29,995,257**			**34,876,973**	**80,477,343**			**79,496,192**
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)	31/12/2023			31/12/2022		
Items/Values	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss						
Investments in equity instruments			5,911,476			
Convertible bonds			194,008,826			239,188,163
Mandatory convertible bonds			9,763,166			10,555,263
TOTAL			**209,683,468**			**249,743,426**

The balance of the item, equal to 209,683,468 euro, includes 5,911,476 euro of equity instruments, 194,008,826 of convertible subordinated bonds and 9,763,166 euro of mandatory convertible bonds. The Sub-Fund subscribed to these instruments as part of the Temporary Framework measures.

Investments in equity instruments: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			
2. Increases			**5,911,476**
2.1 Subscriptions			
2.2 Profits taken to income statement			3,178,978
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			2,732,498
3. Decreases			
3.1 Divestments			
3.2 Repayments			
3.3 Losses taken to income statement			
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			**5,911,476**

The other increases derive from the conversion of the credit claimed against a company benefiting from a convertible subordinated bond, for which during 2022, a "Prejudicial Event" was identified pursuant to the Agreement and a "Significant Event" pursuant to the Bond Regulations.

On 23/2/2023, the Board of Directors of CDP S.p.A. resolved to participate in the capital and financial consolidation of the reference group, through the conversion of the instrument into Equity Instruments.

At 31 December 2023, positive changes in fair value through profit or loss of 3,178,978 euro were recorded.

Convertible subordinated bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			**239,188,163**
2. Increases			**14,570,028**
2.1 Subscriptions			
2.2 Profits taken to income statement			14,570,028
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			**59,749,365**
3.1 Divestments			
3.2 Repayments			9,608,442
3.3 Losses taken to income statement			47,408,425
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			2,732,498
4. CLOSING BALANCE			**194,008,826**

The increases in the item, amounting to 14,570,028 euro, are attributable to profits recognised in the income statement relating to accrued interest.

Decreases instead refer to: (i) redemptions relating to coupons collected of 9,608,442 euro, (ii) negative net changes in fair value through profit or loss equal to 47,408,425 euro and (iii) other decreases, amounting to 2,732,498 euro, recognised following the conversion of the credit claimed against a company benefiting from a subordinated bond loan convertible into Equity Instruments, as specified in the previous paragraph.

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 2023, 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".

Mandatory convertible bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			**10,555,263**
2. Increases			**1,808,672**
2.1 Subscriptions			
2.2 Profits taken to income statement			1,808,672
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			**2,600,769**
3.1 Divestments			
3.2 Repayments			1,210,965
3.3 Losses taken to income statement			1,389,804
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			**9,763,166**

The increases in the item, amounting to 1,808,672 euro, are attributable to profits recognised in the income statement relating to accrued interest.

The decreases are due to: (i) redemptions relating to coupons collected for 1,210,965 euro; and (ii) negative changes in fair value with an impact on the income statement equal to 1,389,804 euro.

II.1.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income: annual changes

(euro)	Level 1	Level 2	Level 3
1. Opening balance	**382,115,581**		
2. Increases	**65,841,935**		
2.1 Contributions			
2.2 Profits taken to:	65,841,935		
2.2.1 Income statement	*1,943,038*		
2.2.2 Other comprehensive income	*63,898,897*		
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	**447,957,516**		
3.1 Sales			
3.2 Repayments	4,117,729		
3.3 Losses taken to:	49,510,945		
3.3.1 Income statement	*49,510,945*		
3.3.2 Other comprehensive income			
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	394,328,842		
4. CLOSING BALANCE			

The increases in the item of 65,841,935 euro are due to: (i) profits posted to the income statement relating to accrued interest income of 1,468,345 euro; (ii) net recoveries for credit risk, recognised in the income statement in accordance with IFRS 9, equal to 474,693 euro and (iii) positive changes in fair value, with a balancing entry in equity, equal to 63,898,897 euro.

The decreases relate, instead, to: (i) redemptions from coupons collected amounting to 4,117,729 euro; (ii) other decreases due to the reallocation of the resources of Sub-Funds, approved by the Board of Directors of CDP on 24/11/2023, which led to the transfer of government securities for an equivalent value of 394,328,842 euro from the Fondo Nazionale Supporto Temporaneo Sub-Fund to the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund and (iii) losses on disposal equal to 49,510,945 euro, recognised in the income statement, as a result of the reallocation of the resources.

II.1.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: breakdown

(euro) Instruments/Values	Gross value Stage 1	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	Net value Stage 1	Net value Stage 2	Net value Stage 3	Net value Purchased or originated credit impaired
a) Subordinated bonds	12,859,052	7,001,866			(2,865,806)	(4,014,907)			9,993,246	2,986,959		
b) Deposits for GMRA	4,587,150				(54)				4,587,096			
TOTAL 31/12/2023	**17,446,202**	**7,001,866**			**(2,865,860)**	**(4,014,907)**			**14,580,342**	**2,986,959**		
Total 31/12/2022	**54,227,183**	**5,449,904**			**(6,483,335)**	**(1,170,782)**			**47,743,848**	**4,279,122**		

The item refers to: (i) 5 subordinated bonds for 12,980,205 euro and (ii) Default Fund deposits with CDP for 4,587,096 euro.

Subordinated bonds: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance			**37,248,906**
2. Increases			**2,106,952**
2.1 Subscriptions			
2.2 Profits taken to income statement			2,106,952
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			**26,375,653**
3.1 Divestments			
3.2 Repayments			26,152,791
3.3 Losses taken to income statement			222,862
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			**12,980,205**

The increases in the item of 2,106,952 euro are due to: (i) accrued interest income of 1,333,724 euro; and (ii) net recoveries for credit risk, recognised in the income statement in accordance with IFRS 9, equal to 773,228 euro.

The decreases, instead, refer to (i) repayments for early settlements of 25,000,000 euro and for coupons collected of 1,152,791 euro and (ii) losses recognised in the income statement for early settlements of 222,862 euro.

II.1.4 OTHER ASSETS

(euro) Type of operations/Values	31/12/2023	31/12/2022
Tax receivables	13,784	6,776
Receivables for financial transactions	20,054	1,513,075
TOTAL	**33,838**	**1,519,851**

The balance of the item, equal to 33,838 euro, includes:

- resources deposited in the account managed by CDP for 20,054 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 13,784 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	12,431,260				(3,304)				12,427,956			
TOTAL 31/12/2023	**12,431,260**				**(3,304)**				**12,427,956**			
Total 31/12/2022	**28,461,938**				**(7,565)**				**28,454,373**			

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 2023.

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 2023, accrued interest not yet collected was equal to 323,615 euro.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2023	31/12/2022
Equity instruments	590,438,725	861,899,808
Valuation reserves:		
Financial assets measured at fair value through other comprehensive income		(63,898,897)
Retained earnings or loss	(269,447,919)	(2,204,689)
Net income (loss) (+/-)	(81,525,906)	(267,243,230)
TOTAL	**239,464,900**	**528,552,992**

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 valuation reserves accumulated up to the date of the restructuring of the sub-fund's resources, completed through the transfer of all the government bonds in the portfolio, were recognised in full in the income statement, measuring a loss on disposal of 49,510,945 euro.

At 31 December 2023 the Sub-Fund showed a loss for the year of 81,525,906 euro.

Equity instruments: changes for the year

(euro)	
Equity instruments as at 01/01/2023	**861,899,808**
Increases	**590,438,725**
New issues	590,438,725
Decreases	**861,899,808**
Cancellations	861,899,808
EQUITY INSTRUMENTS AS AT 31/12/2023	**590,438,725**

In the Board meeting of 24/11/2023, the Board of Directors of CDP resolved to proceed with the adjustment of the nominal value of the Equity Instruments issued for the Sub-Fund (through the cancellation and subsequent re-issue of the same), for an amount equal to the equivalent value of the financial assets transferred as part of the restructuring of resources allocated to Patrimonio Rilancio Sub-Funds.

LIABILITIES

II.2.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This item, at 31/12/2022, included Repurchase agreements undertaken with CDP for 179,288,885 euro, was equal to zero at 31/12/2023 following the settlement of the liability. This settlement took place in conjunction with the restructuring of the resource contribution plan completed on 27/11/2023.

II.2.3 OTHER LIABILITIES: BREAKDOWN

(euro)

Type of operations/Values	31/12/2023	31/12/2022
a) Payables due to suppliers	233,850	247,956
b) Tax payables		15,664
c) Payables due to CDP	9,898	5,747,304
d) Other liabilities	3,915	3,400
Total	**247,663**	**6,014,324**

At 31 December 2023 the item "Other liabilities" amounted to 247,663 euro and consisted of:

- payables to suppliers for 233,850 euro;
- payables to CDP in the amount of 9,898 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;
- commission expense on default fund deposits with CDP not yet settled at 31 December 2023, amounting to 3,915 euro.

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2023, no commitments to disburse funds or financial guarantees had been issued.

OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

At 31 December 2023, no other commitments to disburse funds or other guarantees had been issued.

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows the securities owned by the Sub-Fund 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)	31/12/2023	31/12/2022
Securities deposited with third-parties		
Government securities		433,445,000
Investments in equity instruments	31,501,572	
Convertible subordinated bonds	244,200,000	274,200,000
Mandatory convertible subordinated bonds	74,200,000	74,200,000
Subordinated bonds	19,400,000	44,400,000
TOTAL	**369,301,572**	**826,245,000**

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 31/12/2023 (F=C-D-E)	Net amount 31/12/2022
Repurchase agreements							
TOTAL 31/12/2023							**X**
Total 31/12/2022	**179,288,885**		**179,288,885**	**179,288,885**		**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".

The restructuring of the resources contributed to the Patrimonio Rilancio Sub-Fund, finalised on 27 November 2023, provided for the transfer of 123 million euro of liquid assets from the Sub-Fund Fondo Nazionale Ristrutturazioni Imprese to the Sub-Fund Fondo Nazionale Supporto Temporaneo. This cash injection enabled the latter to repay the outstanding repurchase agreements, to meet the availability criteria of government bonds pledged as collateral and also to free up the cash deposited in the relevant margin and default fund accounts.

As at 31 December 2023, 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	2023	2022
1. Financial assets measured at fair value through profit or loss	**16,378,700**	**6,878,383**
1.1 Interest on convertible subordinated bonds	14,570,028	5,662,104
1.2 Interest on mandatory convertible bonds	1,808,672	1,216,279
2. Financial assets measured at fair value through other comprehensive income	**1,468,345**	**3,244,470**
2.1 Interest on Government securities	1,468,345	3,244,470
3. Financial assets measured at amortised cost	**1,824,254**	**676,296**
3.1 Interest on subordinated bonds	1,333,724	638,225
3.2 Interest Deposits for GMRA	490,530	38,071
4. Cash and cash equivalents	**564,887**	**227,447**
4.1 Interest on Central Treasury current account no. 25083	564,887	227,447
5. Financial liabilities		**440,736**
5.1 Interest income on repurchase agreements		440,736
TOTAL	**20,236,186**	**11,467,332**

The item, amounting to 20,236,186 euro, consists of:

- interest income accrued on convertible subordinated bonds for 14,570,028 euro;
- interest income accrued on mandatory convertible bonds for 1,808,672 euro;
- interest income on government securities for 1,468,345 euro;
- interest income accrued on subordinated bonds for 1,333,724 euro;
- interest income on default fund deposits with CDP for 490,530 euro;
- interest income accrued on the treasury account for 564,887 euro.

The increase in the item (8,768,854 euro) is mainly related to the rises in interest rates during 2023.

III.1.2 COMMISSION INCOME

This item, amounting to 54 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	Profits	Losses	2023	2022
Net profit (loss) on financial assets measured at fair value through profit or loss				
Investments in equity instruments	3,178,978		3,178,978	
Convertible subordinated bonds	2,451,227	(49,859,652)	(47,408,425)	(38,657,714)
Mandatory Convertible Bonds		(1,389,804)	(1,389,804)	(64,861,016)
TOTAL	**5,630,205**	**(51,249,456)**	**(45,619,251)**	**(103,518,730)**

The balance of the item, negative for 45,619,251 euro, includes the result arising from the fair value measurement of equity instruments, convertible subordinated bonds and mandatory convertible bonds, recognised under financial assets measured at fair value through profit or loss.

III.2 COSTS

III.2.1 INTEREST EXPENSE

Interest expense: breakdown

(euro)

Items/Values	2023	2022
1. Financial liabilities measured at amortised cost	**(4,883,007)**	**(553,689)**
Repurchase agreements	(4,883,007)	(553,689)
2. Financial Assets		**(37,557)**
Deposits for GMRA		(37,557)
TOTAL	**(4,883,007)**	**(591,246)**

The item, amounting to 4,883,007 euro, consists entirely of interest expense on repurchase agreements.

III.2.2 COMMISSION EXPENSE

This item, amounting to 48,360 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro)

Type of expenses/Values	2023	2022
Professional services	(527,145)	(248,279)
Repayments of assessment costs to beneficiary enterprises	(224,568)	(417,728)
Operating costs charged from CDP	(1,978,310)	(3,413,139)
TOTAL	**(2,730,023)**	**(4,079,146)**

This item includes: (i) expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund amounting to 1,978,310 euro, (ii) repayments of preliminary assessment costs to beneficiary enterprises, as provided for in Article 26 of Ministerial Decree no. 26 of 3 February 2021, amounting to 224,568 euro, and (iii) costs for other professional services of 527,145 euro.

AUDIT FEES

The audit fees for 2023 are shown below. Note that no non-audit services were provided in 2023.

(euro) Type of services	Deloitte & Touche S.p.A.
Auditing	46,487
TOTAL	**46,487**

III.2.4 LOSSES ON DISPOSAL

(euro) Items/Values	2023	2022
Financial assets measured at fair value through other comprehensive income	**(49,510,945)**	**(164,637,513)**
Government securities	(49,510,945)	(164,637,513)
Financial assets measured at amortised cost	**(222,862)**	
Subordinated bonds	(222,862)	
TOTAL	**(49,733,807)**	**(164,637,513)**

The item, equal to 49,733,807 euro, consists of (i) losses from disposal on government securities measured at fair value through other comprehensive income for 49,510,945 euro, recognised following the transfer of government bonds, on the occasion of the reallocation of the Sub-Funds' resources and (ii) losses from disposal on subordinated bonds equal to 222,862 euro, recognised following the early repayment of 2 instruments during the 2023 financial year.

III.2.5 NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK

	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired					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		2023	2022
Financial assets measured at fair value through other comprehensive income							**474,693**				**474,693**	**1,728,588**
Government securities							474,693				474,693	1,728,588
Financial assets measured at amortised cost		**(2,225,404)**					**2,998,752**				**773,348**	**(7,569,357)**
Subordinated bonds		(2,225,404)					2,998,632				773,228	(7,569,184)
Deposits for GMRA							120				120	(173)
Cash and cash equivalents							**4,261**				**4,261**	**(2,381)**
Central Treasury current account n. 25083							4,261				4,261	(2,381)
TOTAL		**(2,225,404)**					**3,477,706**				**1,252,302**	**(5,843,150)**

This item, positive for a total of 1,252,302 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.

As at 31 December 2023, 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 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 refers to performing 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.

Any instruments classified as POCI (*purchased or originated credit impaired*) are classified separately and, in accordance with the accounting standards, cannot be transferred to another classification.

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 on 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.

As of 31 December 2023, the liquidity position of the Sub-Fund, net of its investments, which are illiquid by nature, was overall positive.

4. MARKET RISK

In terms of market risk, the Sub-Fund holds Convertible and Mandatory Convertible Bonds as well as Equity investments recognised at Fair Value through profit and loss: it is therefore exposed to the risk of price fluctuations. There were no exposures to foreign currencies as of 31 December 2023.

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 2023.

	(euro) Items	Ministry for the Economy and Finance	CDP	Total transaction with related parties
Assets	Financial assets measured at amortised cost		4,587,096	**4,587,096**
	Other assets		20,054	**20,054**
	Cash and cash equivalents	12,427,956		**12,427,956**
Liabilities	Financial liabilities measured at amortised cost			
	Other liabilities		13,813	**13,813**
Income statement	Interest income and similar revenues	2,033,232	490,530	**2,523,762**
	Interest expense and similar charges		(4,883,007)	**(4,883,007)**
	Commission expense		(46,980)	**(46,980)**
	Administrative expenses		(1,978,310)	**(1,978,310)**
	Losses on disposal of financial assets	(49,510,945)		**(49,510,945)**
	Net adjustments/recoveries for credit risk	478,954	120	**479,074**

Transactions carried out with the Ministry of Economy and Finance refer to:
- "cash and cash equivalents", for 12,427,956 euro;
- "Interest income and similar income", for 2,033,232 euro;
- "losses on disposal of financial assets", for 49,510,945 euro;
- "net adjustments/recoveries for credit risk", for 478,954 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.

REPORT OF THE INDEPENDENT AUDITORS

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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, 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report, including material accounting policy information.

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, 2023, 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.

Deloitte.

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.

Deloitte.

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 18, 2024

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 19th May 2020, "Urgent measures regarding health, labour and economic support, and social policies related to the COVID-19 epidemiological emergency" ("Relaunch Decree"), converted with amendments by Law No. 77 of 17th 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 the development of Italy's entrepreneurial backbone, 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 investments, 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 FNS, the Patrimonio Rilancio participates, alongside other pari-passu co-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 (so-called "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.

The FNS investments are aimed at joint-stock companies (listed and unlisted), with registered offices in Italy, having a turnover of over 50 million euro, which do not operate in the insurance sector and to payment institutions which, for at least two of the last three financial years, have reported an operating profit in their financial statements.

Investments are granted following objective verification of the existence of the requirements provided for in the current regulations and following the conduct of an objective and documented due-diligence process aimed at selecting worthy investment opportunities that are in compliance with regulatory rules and regulations.

MARKET CONTEXT

The world economic cycle, already compromised in 2022 by the uncertainty related to the Russian-Ukrainian conflict, high inflation and tight monetary policies, is affected in 2023 by a very complex geopolitical context, worsened by the outbreak of the Israeli-Palestinian war in the Middle East, with potential impacts on commodity prices and inflation.

In this context, world GDP growth, which stood at 3.5% in 2022, is expected to decline in both 2023 (at 3%) and 2024 (at 2.9%)[2].

This trend is also applied at the domestic level, where macroeconomic projections for Italy show a contained GDP growth in 2023 (less than 1%) with a downward trend until 2024, compared to the 3.9% growth recorded in 2022. This result would be affected, in particular, by the following factors:

- weak growth in household consumption, influenced by inflation-related reduction in purchasing power;
- a low level of private investment, linked to the increase in borrowing costs and to the highly uncertain economic environment;
- a reduced boost of international trade.

Macroeconomic projections (year-on-year percentage changes)	2022	2023	2024	2025	2026
GDP	**3.9**	**0.7**	**0.6**	**1.1**	**1.1**
Household consumption	5.0	1.3	0.9	1.2	1.1
Government consumption	0.7	(0.3)	(0.1)	0.6	(0.7)
Gross fixed capital formation	10.1	0.5	(0.1)	1.5	1.8
Total exports	10.7	0.5	2.1	3.0	3.2
Total imports	13.1	1.0	2.0	3.0	2.8
Consumer prices (HICP)	8.7	6.0	1.9	1.8	1.7
HICP net of energy and food	3.3	4.5	2.2	1.9	1.8
Employment (hours worked)	4.5	1.7	0.3	0.6	0.5
Employment (persons employed)	2.5	1.9	0.8	0.4	0.4
Unemployment rate (annual average)	8.1	7.7	7.7	7.6	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023.

The assumptions underlying Italy's macroeconomic scenario for the period 2023 - 2024, which takes into account the measures set out in the Government budget and the interventions outlined in the National Recovery and Resilience Plan (NRRP), are summarised below:

- consumer inflation averaging 6% in 2023 and gradually declining over a three-year period from 2024 to 2026, averaging below 2%, thanks to the reduction in commodity prices;
- an increase in the nominal short-term interest rate (benchmarked against the three-month Euribor rate) until 2024, alongside a forecasted rate decrease from 2025. The long-term interest rate (benchmarked against the 10-year Italian Government Bond Yield) is expected to increase throughout the forecast period, with potential repercussions on financing costs and conditions of access to credit;
- a recovery in world trade starting in 2024, with stable growth in the following two years.

[2] Source: EY *Italian Macroeconomic Bulletin* no. 5 issued on December 2023, based on the October 2023 projections of the International Monetary Fund.

Assumptions for the main exogenous variables (*) year-on-year percentage changes (**) annual average	2023	2024	2025	2026
Weighted foreign demand (*)	0.1	2.3	3.0	3.0
Dollar/Euro (**)	1.1	1.1	1.1	1.1
Nominal effective exchange rate (*)	(2.0)	(0.4)	0.0	0.0
Prices of foreign manufactures (*)	3.4	2.5	2.6	2.4
Crude oil prices (**)	83.2	79.3	75.7	72.8
Natural gas prices (**)	41.5	47.4	44.2	36.9
3-month Euribor (**)	3.4	3.5	2.8	2.7
Interest rate (10-year BTPs) (**)	4.3	4.4	4.6	4.5

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023.

These projections are influenced by a high degree of uncertainty, therefore a conservative and prudent approach has been applied to the risks to growth forecast, taking into account the following factors of instability:

- the geo-political environment, from which new increases in commodity prices may arise, with a potential increase in inflation, and a deterioration in household, business and investor confidence;
- the development of global economic activity, which may be affected, to a greater extent, by the Chinese economy challenges, particularly related to the crisis in the real estate sector, and the uncertainty related to international tensions;
- a more significant tightening of financing conditions which is also related to the increased risk of the investees' entities.

The unfavourable economic situation, with the persistence of inflation and interest rates uncertainties, slowing economic growth and development of the geopolitical scenario, will lead to an increase in credit-impaired financial assets[3] over the next two years, which will increase significantly compared to the historically low levels recorded in previous years.

According to the September 2023 projections of the Italian Banking Association (ABI) and those of Cerved[4], for the entire year, credit-impaired default rates were estimated at 3.1% (2.2% in 2022), exceeding for the first time the pre-Covid values (2.9% in 2019). In 2024, a further increase is expected, which will bring the index to a peak of 3.8%, the highest value since 2016. In 2025, however, this trend will be reversed, with a reduction in the number of new non-performing loans thus taking the default rate back to 3.1%, in line with 2023 levels.

3 The default rate is calculated as the percentage between the number of impaired credit positions during the year and the *stock* of non-impaired positions at the beginning of the year. Credit-impaired financial assets are positions classified as: past-due loans not yet in default, past-due loans likely to default or non-performing loans.

4 Source: ABI-Cerved September 2023 Outlook on corporate non-performing loans.

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2023

As further detailed in the section “Mission and Presentation of the Sub-Fund”, the FNS participates, together with other market investors, in primary market investment transactions, such as capital increases, through the purchase of minority interests in strategic companies.

During 2023, the Board of Directors of CDP approved the first investment of the FNS (the “Investment”) for a total of 100 million euro, as part of a capital increase (“CAPINC”) in cash, in favour of a company operating in the Italian agri-food sector that employs about 2,600 people worldwide (of which about 1,700 operating in Italy). The investment closing was completed in June 2023.

The Investment is: (i) consistent with Article 15 of the Implementing Decree and attributable to the priority areas identified by the Patrimonio Rilancio Regulations, as it is aimed at strengthening and developing a strategic production chain; (ii) in compliance with the Market Economy Operator Principle (“MEO Principle”, Article 15.2 of the Implementing Decree) and; (iii) in pari-passu co-investment with a private investor as indicated in Article 17.2 of the Implementing Decree.

The FNS investment will therefore contribute to:
- strengthening the Italian agri-food supply chain;
- promoting the industrialisation process of the milk supply chain;
- increasing the presence and competitiveness of the beneficiary company internationally;
- promoting the consolidation process of the Italian dairy sector.

The CAPINC proceeds, detailed in the Use of Proceeds Plan (Article 27.4 of the Implementing Decree), will be used for: (i) the purchase and/or investment in intangible and tangible fixed assets — including the expansion of existing production sites, the financing of research and development activities, the purchase of industrial patents and licenses, (ii) investments in working capital and (iii) supporting growth strategies, including extra-ordinary operations, such as mergers and/or acquisitions.

During the last months of 2023, the preliminary investigation process was launched for a new investment that could be finalised during the first half of 2024.

Finally, it should be noted that as part of the Patrimonio Rilancio overall liquidity improvement, to ensure the investment capacity of the Sub-funds are more closely aligned to their financial needs, at its meeting on 24 November 2023, the CDP’s Board of Directors, in accordance with the provisions of Article 29, paragraph 1, letter q), of the Implementing Decree and Article 2.3 of the Patrimonio Rilancio Regulation, resolved to reallocate the contributions made between the Sub-funds, by transferring to the FNRI (i) the entire surplus of resources allocated to the FNST and (ii) a portion of the resources allocated to the FNS.

OUTLOOK OF OPERATIONS

During 2023, CDP began to manage and monitor the investment activities completed in June 2023, through the collection, verification, *reporting* and management of information (sent periodically and on an ad-hoc basis) by the beneficiary company.

CDP also monitors the investment portfolio and milestones reached, through controls, in respect of: (i) the maintenance of the requirements for access to the measures, based on public sources, information and/or self-certified declarations collected periodically and "on an event-driven basis" which the beneficiary companies agree to provide pursuant to the Regulation of the Patrimonio Rilancio, and (ii) the contractual obligations undertaken by the beneficiary companies throughout the duration of the investment.

Lastly, as illustrated above, in the last months of 2023 a preliminary investment due diligence assessment has been undertaken which may be completed and finalised in the first half of 2024.

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2023, total assets amounted to 953,782 thousand euro, recording a decrease of 14,291 thousand euro compared to the previous year. This decrease is mainly due to the restructuring of resources allocated to the Patrimonio Rilancio sub-funds, approved by the Board of Directors of CDP on 24/11/2023, which involved the transfer of government bonds for an equivalent value of approximately 74 million euro from the Fondo Nazionale Strategico Sub-Fund to the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund.

The decrease was partially offset by positive changes in the fair value of government bonds of approximately 44,170 thousand euro.

The balance sheet assets are mainly composed of: (i) Equity investments measured at fair value through other comprehensive income amounting to 106,108 thousand euro, relating to the first intervention of the Sub-Fund which took place through a capital increase, completed in the first half of 2023, (ii) financial assets measured at fair value through other comprehensive income (government securities contributed by the MEF) for 720,045 thousand euro; (iii) deposits and other assets for 121 thousand euro; and (iv) cash and cash equivalents deposited in central treasury account no. 25083 for 127,509 thousand euro.

Equity amounted to 952,424 thousand euro, down by 11,751 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 decrease in the nominal value of the Equity Instruments owned by the MEF for an amount equal to 74,450 thousand euro, that is, the value of the transferred resources as part of the restructuring operation, through the cancellation and subsequent re-issue of the Equity Instruments.

This effect was partially offset by the positive change in valuation reserves for 44,170 thousand euro and by the profit for the year.

The balance sheet liabilities are composed of payables to CDP and suppliers, totalling 1,358 thousand euro.

Net income for the year amounted to 18,529 thousand euro, mainly due to (i) interest income on financial assets measured at fair value through other comprehensive income, equal to 14,158 thousand euro, (ii) positive changes in the fair value of financial assets measured at fair value through other comprehensive income equal to 6,108 thousand euro and (ii) interest income accrued on Central Treasury account no. 25083 for 5,919 thousand euro.

These positive economic components were partially offset by (i) administrative expenses for 2,544 thousand euro and (ii) losses from the transfer of government bonds for 5,171 thousand euro.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro)

Assets	31/12/2023	31/12/2022	Notes
Financial assets measured at fair value through profit or loss	**106,108,025**		**II.1.1**
Equity investments	106,108,025		
Financial assets measured at fair value through other comprehensive income	**720,044,533**	**749,333,375**	**II.1.2**
Government securities	720,044,533	749,333,375	
Financial assets measured at amortised cost	**100,942**	**100,264**	**II.1.3**
Deposits	100,942	100,264	
Other assets	**20,000**	**20,000**	**II.1.4**
Cash and cash equivalents	**127,508,911**	**218,619,765**	**II.1.5**
TOTAL ASSETS	**953,782,411**	**968,073,404**	

(euro)

Liabilities and equity	31/12/2023	31/12/2022	Notes
Equity	**952,424,179**	**964,174,859**	**II.2.1**
Equity instruments	956,708,602	1,031,158,419	
Valuation reserves	(27,734,576)	(71,904,661)	
Retained earnings or loss	4,921,101	(1,532,460)	
Net income (loss) (+/-)	18,529,052	6,453,561	
Other liabilities	**1,358,232**	**3,898,545**	**II.2.2**
TOTAL LIABILITIES AND EQUITY	**953,782,411**	**968,073,404**	

INCOME STATEMENT

(euro)

Items	2023	2022	Notes
Income	**26,187,955**	**9,330,032**	**III.1**
Interest income and similar income	20,079,930	9,330,032	III.1.1
– *of which: Interest income calculated using the effective interests rate method*	*20,079,930*	*9,330,032*	
Net profit (loss) on financial assets measured at fair value through profit or loss	6,108,025		III.1.2
Costs	**(7,658,903)**	**(2,876,471)**	**III.2**
Interest expense		(447)	III.2.1
Commission expense	(46,980)	(40,800)	III.2.2
Administrative expenses	(2,543,763)	(2,360,267)	III.2.3
Losses on disposal of:	(5,170,565)		III.2.4
Financial assets measured at fair value through other comprehensive income	(5,170,565)		
Net adjustments/recoveries for credit risk	102,405	(474,957)	III.2.5
NET INCOME (LOSS) FOR THE YEAR	**18,529,052**	**6,453,561**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2023	2022
Net income (loss)	18,529,052	6,453,561
Financial assets measured at fair value through other comprehensive income	44,170,085	(67,932,572)
COMPREHENSIVE INCOME	**62,699,137**	**(61,479,011)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the period			
(euro)	Balance at 31/12/2022	Changes in opening balance	Balance at 01/01/2023	Reserves	Dividends and other allocations	Cancellation of equity instruments	Issue of new equity instruments	Comprehensive income at 31/12/2023	Equity at 31/12/2023
Equity instruments	1,031,158,419		1,031,158,419			(1,031,158,419)	956,708,602		956,708,602
Retained earnings or loss	(1,532,460)		(1,532,460)	6,453,561					4,921,101
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(71,904,661)		(71,904,661)					44,170,085	(27,734,576)
Net income (loss)	6,453,561		6,453,561	(6,453,561)				18,529,052	18,529,052
EQUITY	**964,174,859**		**964,174,859**			**(1,031,158,419)**	**956,708,602**	**62,699,137**	**952,424,179**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS 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	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 CASH FLOWS (INDIRECT METHOD)

(euro)	2023	2022
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**8,864,923**	**8,319,128**
- net income (loss) for the year (+/-)	18,529,052	6,453,561
- gains (losses) on financial assets measured at fair value through profit or loss (-/+)	(6,108,025)	
- gains (losses) on financial assets measured at fair value through other comprehensive income (-/+)	5,170,565	
- net impairment adjustments (+/-)	(102,405)	474,957
- adjustments for uncollected/paid interests	(6,083,950)	(936,985)
- other adjustments	(2,540,314)	2,327,595
2. Cash generated/(used) by financial assets	**(100,000,000)**	**179,432,419**
- financial assets measured at fair value through other comprehensive income	(100,000,000)	
- financial assets measured at amortised cost		179,443,000
- other assets		(10,581)
Cash generated/(used) by operating activities (1. + 2.)	**(91,135,077)**	**187,751,547**
CASH GENERATED/(USED) DURING THE YEAR	**(91,135,077)**	**187,751,547**

Reconciliation

(euro) Items (*)	2023	2022
Cash and cash equivalents at beginning of the year	218,677,888	30,926,341
Total cash generated/(used) during the year	(91,135,077)	187,751,547
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**127,542,811**	**218,677,888**

(*) 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 Patrimonio Rilancio - "Fondo Nazionale Strategico" (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 2023, 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:

- 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 assets have been offset against liabilities, nor revenues against expenses, 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 4 March 2024, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2023.

It should be noted that during the last few months of 2023, preliminary analysis was started for a further intervention - in the form of a capital increase, which could be completed during the first half of 2024.

The current market context, due to the ongoing effects of the present geopolitical situation, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2023 AND IN FORCE SINCE 2023

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 2023, are provided below:

- 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;
- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 12.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION, BUT NOT YET EFFECTIVE (EFFECTIVE FOR THE FINANCIAL YEARS BEGINNING FROM 1 JANUARY 2024)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements as at 31 December 2023:

- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2023

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:

- Amendment to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments": Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August 2023).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

The macroeconomic landscape, penalized by the pandemic crisis and subsequently by the conflicts in Ukraine and the Middle East, has further destabilized the economic situation both internationally and domestically.

During the second half of 2023, the economic performance of the euro area showed signs of weakening, mainly due to restrictive financing conditions, lack of confidence and loss of competitiveness. Economic indicators showed weak economic activity in the fourth quarter of 2023, forecasting a stronger pace of growth in the first few months of 2024, also following the slowdown in inflation, the increase in wages and maintained employment. Restrictive monetary policies and unfavourable conditions in the credit sector continue to have an impact on the economy, affecting short-term growth prospects. However, the ECB estimates that these negative effects will lessen in the medium term, helping to support growth.

Overall, the annual growth rate of euro area GDP in real terms was estimated to decrease from 3.4% in 2022 to 0.6% in 2023, then rise to 0.8% in 2024 and stabilise at 1.5% in 2025 and 2026[5].

This trend is mainly influenced by the decline in purchasing power caused by inflation which contributed to a weak growth in household consumption, limiting spending and negatively affecting overall economic growth. The increase in the cost of money characterized by the context of uncertainty has discouraged household investment, thus reducing the contribution of the private sector to economic growth. The unfavourable economic environment and the contraction of international trade have limited the opportunities for growth deriving from exports, exerting a further negative impact on the Italian economy.

Globally, the economic landscape continues to be affected by monetary tightening and declining consumer and business confidence. Moreover, the expansion of conflict in the Middle East poses a significant risk to both economic growth and inflation. According to OECD estimates published in November, world GDP is expected to slow to 2.7% in 2024, compared to 2.9% in 2023.[6].

The economic outlook remains uncertain, even considering the implications of a scenario of intensifying conflicts on the European and Middle Eastern scenario.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the Fondo Nazionale Strategico (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".

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.

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5 European Central Bank, Eurosystem staff macroeconomic projections for the euro area, December 2023.
6 Bank of Italy, Economic Bulletin no. 1 - 2024.

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" Sub-Fund at 31 December 2023 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2023, 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:
- assets represented by debt securities, equity securities, loans, units of UCITS (Undertakings for Collective Investment in Transferable Securities) included in the business model "Other/Trading", as well as derivatives not designated as hedging instruments;
- assets represented by debt securities, equity securities, units of UCITS and loans, i.e. those assets other than those designated at fair value through profit or loss, which do not meet the amortised cost classification requirements nor the classification at fair value through other comprehensive income. They are substantially represented by those financial assets whose contractual terms provide for periodic cash 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 Sub-Fund's item includes equity investments following capital raising initiatives.

At inception, these assets are recognised at fair value, which generally equates to the transaction price, net of transaction costs or income that are immediately recognised through profit or loss account.

After initial recognition, these assets are measured at fair value, with any FV movement charged to 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.

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:

- financial assets held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of 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 through profit or loss 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.

Financial instruments measured at fair value through other comprehensive income are also subject to adjustments in the income statement to reflect any expected credit losses (impairment) 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 their origination or acquisition, which are instead recognised separately as "purchased or originated impaired financial assets" (Purchased or Originated Credit Impaired - POCI) from the date of initial recognition until their derecognition.

For financial assets that are classified in stage 1 and 2, impairment is calculated according to 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 (such as 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 present value of the expected cash flows, discounted using 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:

- 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 EXPENSE

Interest income and expense is recognised through profit or loss, 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 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. 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 cash deposits with the operator Cassa Depositi e Prestiti S.p.A.; amounts payable to settle the reimbursements of costs incurred by the manager and other 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 Strategico (FNS) Sub-Fund as at 31 December 2023 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 investments, whose measurements are carried out on unobservable inputs that are supported by little or no market activity, are classified in Level 3.

There are no measurements of instruments classified in Level 2 of the fair value hierarchy.

Description of unobservable inputs in the measurement of fair value on a recurring basis of Level 3 instruments and analysis of the fair value sensitivity to changes in such inputs

For fair value measurements in which significant unobservable inputs are used (Level 3), a sensitivity analysis is carried out to obtain a range of possible and reasonable alternative valuations. In general, the impact of an unobservable input on a Level 3 fair value measurement depends on the interaction among the various inputs used in the valuation process.

As regards the sole equity investment in the portfolio, measured on a discounted cash flow unlevered basis, the analysis was carried out to verify the sensitivity of results obtained to changes in the main assumptions and variables used.

Specifically, sensitivity analyses were carried out with reference to the discount rate (WACC) and the long-term growth rate, which showed that unfavourable changes in the WACC and long-term growth rate of 50 bps (considered separately) would cause a reduction in fair value of approximately 12 million euro and 9.7 million euro respectively.

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)	31/12/2023			31/12/2022		
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 profit or loss			**106,108,025**			
Equity investments			106,108,025			
Financial assets measured at fair value through other comprehensive income	**720,044,533**			**749,333,375**		
Government securities	720,044,533			749,333,375		
TOTAL ASSETS	**720,044,533**		**106,108,025**	**749,333,375**		

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: Equity investments
1. Opening balance		
2. Increases	**106,108,025**	**106,108,025**
2.1 Purchases	100,000,000	100,000,000
2.2 Profits taken to:	6,108,025	6,108,025
2.2.1 Income statement	*6,108,025*	*6,108,025*
2.2.2 Equity		*X*
2.3 Transfers from other levels		
2.4 Other increases		
3. Decreases		
3.1 Sales		
3.2 Repayments		
3.3 Losses taken to:		
3.3.1 Income statement		
3.3.2 Equity		*X*
3.4 Transfers to other levels		
3.5 Other decreases		
4. CLOSING BALANCE	**106,108,025**	**106,108,025**

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(euro)	31/12/2023				31/12/2022			
Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**100,942**			**100,942**	**100,264**			**100,264**
Deposits for GMRA	100,942			100,942	100,264			100,264
Cash and cash equivalents	**127,508,911**			**127,508,911**	**218,619,765**			**218,619,765**
Central Treasury current account n. 25083	127,508,911			127,508,911	218,619,765			218,619,765
TOTAL ASSETS	**127,609,853**			**127,609,853**	**218,720,029**			**218,720,029**

II. INFORMATION ON THE BALANCE SHEET

II.1 ASSETS

II.1.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity investments: annual changes

(euro)	Level 1	Level 2	Level 3
1. Opening balance			
2. Increases			**106,108,025**
2.1 Subscriptions			100,000,000
2.2 Profits taken to income statement			6,108,025
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			
3.1 Divestments			
3.2 Repayments			
3.3 Losses taken to income statement			
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			**106,108,025**

The increase in the item is attributable to the completion, on 22/6/2023, of the first intervention of the sub-fund through a capital increase. At 31 December 2023, the item recorded positive changes in fair value through profit or loss of 6,108,025 euro.

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	720,840,394				(795,861)				720,044,533			
TOTAL 31/12/2023	**720,840,394**				**(795,861)**				**720,044,533**			
Total 31/12/2022	**750,207,418**				**(874,043)**				**749,333,375**			

This item, amounting to 720,044,533 euro, consists of Italian government bonds issued by the Ministry of Economy and Finance at the time of the establishment of the Sub-Fund, reallocated among the Sub-Funds during subsequent resource restructuring.

Government securities: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance	**749,333,375**		
2. Increases	**58,406,454**		
2.1 Contributions			
2.2 Profits taken to:	58,406,454		
2.2.1 Income statement	*14,236,369*		
2.2.2 Equity	*44,170,085*		
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	**87,695,296**		
3.1 Sales			
3.2 Repayments	8,074,914		
3.3 Losses taken to:	5,170,565		
3.3.1 Income statement	*5,170,565*		
3.3.2 Equity			
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	74,449,817		
4. CLOSING BALANCE	**720,044,533**		

The increase in the item amounting to 58,406,454 euro is attributable to: (i) profits recognised in the income statement relating to accrued interest income, for 14,158,187 euro, (ii) recoveries for credit risk of 78,182 euro and (iii) positive changes in fair value, with a balancing entry in equity, amounting to 44,170,085 euro.

The decreases relate, instead, to: (i) redemptions from coupons collected amounting to 8,074,914 euro; (ii) other decreases due to the reallocation of the resources of Sub-Funds, approved by the Board of Directors of CDP on 24/11/2023, which led to the transfer of government securities for an equivalent value of 74,449,817 euro from the Fondo Nazionale Strategico Sub-Fund to the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund and (iii) losses on disposal equal to 5,170,565 euro, recognised in the income statement, as a result of the reallocation of the resources.

II.1.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: 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
Deposits for GMRA	100,943				(1)				100,942			
TOTAL 31/12/2023	**100,943**				**(1)**				**100,942**			
Total 31/12/2022	**100,265**				**(1)**				**100,264**			

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

	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 no. 25083	127,542,811				(33,900)				127,508,911			
TOTAL 31/12/2023	**127,542,811**				**(33,900)**				**127,508,911**			
Total 31/12/2022	**218,677,888**				**(58,123)**				**218,619,765**			

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 2023.

The decrease, amounting to 91,110,854 euro, is mainly linked to the implementation of the sub-fund's first intervention — a capital increase, completed on 22/6/2023.

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 2023, accrued interest not yet collected was equal to 2,481,642 euro.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2023	31/12/2022
Equity instruments	956,708,602	1,031,158,419
Valuation reserves:	(27,734,576)	(71,904,661)
Financial assets measured at fair value through other comprehensive income	(27,734,576)	(71,904,661)
Retained earnings or loss	4,921,101	(1,532,460)
Net income (loss) (+/-)	18,529,052	6,453,561
TOTAL	**952,424,179**	**964,174,859**

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 27,734,576 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 2023 the Sub-Fund showed a net income for the year of 18,529,052 euro.

Equity instruments: changes for the year

(euro)	
Equity instruments as at 01/01/2023	**1,031,158,419**
Increases	**956,708,602**
New issues	956,708,602
Decreases	**1,031,158,419**
Cancellations	1,031,158,419
EQUITY INSTRUMENTS AS AT 31/12/2023	**956,708,602**

In the Board meeting of 24/11/2023, the Board of Directors of CDP resolved to proceed with the adjustment of the nominal value of the Equity Instruments issued for the Sub-Fund (through the cancellation and subsequent re-issue of the same), for an amount equal to the equivalent value of the financial assets transferred as part of the restructuring of resources allocated to Patrimonio Rilancio Sub-Funds.

II.2.2 LIABILITIES

Other liabilities: breakdown

(euro) Type of operations/Values	31/12/2023	31/12/2022
a) Payables due to suppliers	96,577	16,732
b) Payables due to CDP	1,257,740	3,878,413
c) Other liabilities	3,915	3,400
TOTAL	**1,358,232**	**3,898,545**

At 31 December 2023 the item "Other liabilities" amounted to 1,358,232 euro and consisted of:

- payables to suppliers for 96,577 euro;
- payables to CDP in the amount of 1,257,740 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;
- commission expense on default fund deposits with CDP not yet settled at 31 December 2023, in the amount of 3,915 euro.

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2023, no commitments to disburse funds or financial guarantees had been issued.

OTHER COMMITMENTS AND OTHER GUARANTEES ISSUED

At 31 December 2023, no other commitments to disburse funds or other guarantees had been issued.

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows the securities owned by the Sub-Fund 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)	31/12/2023	31/12/2022
Securities deposited with third-parties		
Equity investments	100,000,000	
Government securities	768,156,000	849,991,000
TOTAL	**868,156,000**	**849,991,000**

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	2023	2022
1. Financial assets measured at fair value through other comprehensive income	**14,158,187**	**7,855,047**
Interest on Government securities	14,158,187	7,855,047
2. Financial assets measured at amortised cost	**3,038**	**265**
Interest Deposits (assets) on GMRA	3,038	265
3. Cash and cash equivalents	**5,918,705**	**1,474,720**
Interest on Central Treasury current account no. 25083	5,918,705	1,474,720
TOTAL	**20,079,930**	**9,330,032**

The item, amounting to 20,079,930 euro, consists of:

- interest income on debt securities, specifically on government securities for 14,158,187 euro;
- interest income accrued on Default Fund deposits with CDP for 3,038 euro;
- interest income accrued on Central Treasury Account no. 25083 for 5,918,705 euro.

The increase in the item (10,749,898 euro) is mainly related to the rises in interest rates during 2023.

III.1.2 NET PROFIT (LOSS) ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(euro)

Type of operation/P&L items	Gains	Losses	2023	2022
Net profit (loss) on financial assets measured at fair value through profit or loss				
Equity investments	6,108,025		6,108,025	
TOTAL	**6,108,025**		**6,108,025**	

The balance of the item, positive for 6,108,025 euro, includes the result arising from the fair value measurement of financial instruments, measured at fair value through profit or loss.

III.2 COSTS

III.2.1 INTEREST EXPENSE

The item, which included the balance of interest expense on financial assets at 31 December 2022, was equal to zero at 31 December 2023, due to the increase in interest rates recorded during the year.

III.2.2 COMMISSION EXPENSE

This item, amounting to 46,980 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro) Type of expenses/Values	2023	2022
Professional services	(321,218)	(29,284)
Operating costs charged from CDP	(2,222,545)	(2,330,983)
TOTAL	**(2,543,763)**	**(2,360,267)**

This item includes expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund in the amount of 2,222,545 euro and costs for other professional services in the amount of 321,218 euro.

AUDIT FEES

The audit fees for 2023 are shown below. Note that no non-audit services were provided in 2023.

(euro) Type of services	Deloitte & Touche S,p,A,
Auditing	15,761
Total	**15,761**

III.2.4 LOSSES ON DISPOSAL

The item, amounting to 5,170,565 euro, consists entirely of losses on the disposal of government securities measured at fair value through other comprehensive income.

These losses derive from the transfer to the income statement of the accumulated valuation reserve up to the time of the transfer of government bonds in favour of the Fondo Ristrutturazioni Imprese Sub-Fund, carried out at the time of restructuring the resources allocated to the Patrimonio Rilancio Sub-Funds, approved by the Board of Directors of CDP on 24/11/2023.

III.2.5 NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK

(euro)	Writedowns						Writebacks					
			Stage 3		Purchased or originated credit impaired							
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	2023	2022
Financial assets measured at fair value through other comprehensive income							**78,182**				**78,182**	**(425,055)**
Government securities							78,182				78,182	(425,055)
Cash and cash equivalents							**24,223**				**24,223**	**(49,903)**
Central Treasury current account no. 25083							24,223				24,223	(49,903)
TOTAL							**102,405**				**102,405**	**(474,957)**

This item, positive for approximately 102,405 euro, represents the net balance between adjustments and recoveries for credit risk on cash and cash equivalents and financial assets (government bonds) 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.

As at 31 December 2023, the financial instruments recorded in the Sub-Fund are: i) the contributed government securities recognised at fair value through other comprehensive income (FVOCI) and ii) equity investments made as part of capital increase transactions.

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 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 refers to performing 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.

Any instruments classified as POCI (*purchased or originated credit impaired*) are classified separately and, in accordance with the accounting standards, cannot be transferred to another classification.

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.

As at 31 December 2023, there are no repurchase agreements; due to their characteristics, the government securities issued do not pose significant liquidity risks. As at 31 December 2023, the liquidity position of the Sub-Fund, net of its investments, which are illiquid by nature, is 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 is therefore exposed to the risk of price fluctuations. With regard to equity investments held as at 31 December 2023, which are recognised at Fair Value through profit or loss (FVTPL), the Sub-Fund is exposed to risk of fluctuations in the Fair Value of said equity investments. However, the exposure is marginal when compared to the Sub-Fund's capital structure. There were no exposures to foreign currencies as at 31 December 2023.

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 2023.

	(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	720,044,533		**720,044,533**
	Financial assets measured at amortised cost		100,942	**100,942**
	Other assets		20,000	**20,000**
	Cash and cash equivalents	127,508,911		**127,508,911**
Liabilities	Other liabilities		1,261,655	**1,261,655**
Income statement	Interest income and similar income	20,076,892	3,038	**20,079,930**
	Interest expense and similar charges			
	Commission expense		(46,980)	**(46,980)**
	Administrative expenses		(2,222,545)	**(2,222,545)**
	Losses on disposal of financial assets	(5,170,565)		**(5,170,565)**
	Net adjustments/recoveries for credit risk	102,405		**102,405**

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 720,044,533 euro;
- "cash and cash equivalents", for 127,508,911 euro;
- "interest income and similar income", for 20,076,892 euro;
- "losses on disposal of financial assets", for 5,170,565 euro;
- "net adjustments/recoveries for credit risk", for 102,405 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.

REPORT OF THE INDEPENDENT AUDITORS

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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, 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report, including material accounting policy information.

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, 2023, 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.

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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.

Deloitte.

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 18, 2024

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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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 19th May 2020, "Urgent measures regarding health, labour and economic support, and social policies related to the COVID-19 epidemiological emergency" ("Relaunch Decree"), converted with amendments by Law No. 77 of 17th 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 the development of Italy's entrepreneurial backbone, 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 investments, 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 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 in Transferable Securities ("UCITS") 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

The world economic cycle, already compromised in 2022 by the uncertainty related to the Russian-Ukrainian conflict, high inflation and tight monetary policies, is affected in 2023 by a very complex geopolitical context, worsened by the outbreak of the Israeli-Palestinian war in the Middle East, with potential impacts on commodity prices and inflation.

In this context, world GDP growth, which stood at 3.5% in 2022, is expected to decline in both 2023 (at 3%) and 2024 (at 2.9%)[2].

This trend is also applied at the domestic level, where macroeconomic projections for Italy show a contained GDP growth in 2023 (less than 1%) with a downward trend until 2024, compared to the 3.9% growth recorded in 2022. This result would be affected, in particular, by the following factors:

- weak growth in household consumption, influenced by inflation-related reduction in purchasing power;
- a low level of private investment, linked to the increase in borrowing costs and to the highly uncertain economic environment;
- a reduced boost of international trade.

Macroeconomic projections (year-on-year percentage changes)	2022	2023	2024	2025	2026
GDP	**3.9**	**0.7**	**0.6**	**1.1**	**1.1**
Household consumption	5.0	1.3	0.9	1.2	1.1
Government consumption	0.7	(0.3)	(0.1)	0.6	(0.7)
Gross fixed capital formation	10.1	0.5	(0.1)	1.5	1.8
Total exports	10.7	0.5	2.1	3.0	3.2
Total imports	13.1	1.0	2.0	3.0	2.8
Consumer prices (HICP)	8.7	6.0	1.9	1.8	1.7
HICP net of energy and food	3.3	4.5	2.2	1.9	1.8
Employment (hours worked)	4.5	1.7	0.3	0.6	0.5
Employment (persons employed)	2.5	1.9	0.8	0.4	0.4
Unemployment rate (annual average)	8.1	7.7	7.7	7.6	7.4

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023.

The assumptions underlying Italy's macroeconomic scenario for the period 2023 - 2024, which takes into account the measures set out in the Government budget and the interventions outlined in the National Recovery and Resilience Plan (NRRP), are summarised below:

- consumer inflation averaging 6% in 2023 and gradually declining over a three-year period from 2024 to 2026, averaging below 2%, thanks to the reduction in commodity prices;
- an increase in the nominal short-term interest rate (benchmarked against the three-month Euribor rate) until 2024, alongside a forecasted rate decrease from 2025. The long-term interest rate (benchmarked against the 10-year Italian Government Bond Yield) is expected to increase throughout the forecast period, with potential repercussions on financing costs and conditions of access to credit;
- a recovery in world trade starting in 2024, with stable growth in the following two years.

[2] Source: EY *Italian Macroeconomic Bulletin* no. 5 issued on December 2023, based on the October 2023 projections of the International Monetary Fund.

Assumptions for the main exogenous variables (*) year-on-year percentage changes (**) annual average	2023	2024	2025	2026
Weighted foreign demand (*)	0.1	2.3	3.0	3.0
Dollar/Euro (**)	1.1	1.1	1.1	1.1
Nominal effective exchange rate (*)	(2.0)	(0.4)	0.0	0.0
Prices of foreign manufactures (*)	3.4	2.5	2.6	2.4
Crude oil prices (**)	83.2	79.3	75.7	72.8
Natural gas prices (**)	41.5	47.4	44.2	36.9
3-month Euribor (**)	3.4	3.5	2.8	2.7
Interest rate (10-year BTPs) (**)	4.3	4.4	4.6	4.5

Source: Banca d'Italia, Macroeconomic projections for the Italian economy - December 2023.

These projections are influenced by a high degree of uncertainty, therefore a conservative and prudent approach has been applied to the risks to growth forecast, taking into account the following factors of instability:

- the geo-political environment, from which new increases in commodity prices may arise, with a potential increase in inflation, and a deterioration in household, business and investor confidence;
- the development of global economic activity, which may be affected, to a greater extent, by the Chinese economy challenges, particularly related to the crisis in the real estate sector, and the uncertainty related to international tensions;
- a more significant tightening of financing conditions which is also related to the increased risk of the investees' entities.

The unfavourable economic situation, with the persistence of inflation and interest rates uncertainties, slowing economic growth and development of the geopolitical scenario, will lead to an increase in credit-impaired financial assets[3] over the next two years, which will increase significantly compared to the historically low levels recorded in previous years.

According to the September 2023 projections of the Italian Banking Association (ABI) and those of Cerved[4], for the entire year, credit-impaired default rates were estimated at 3.1% (2.2% in 2022), exceeding for the first time the pre-Covid values (2.9% in 2019). In 2024, a further increase is expected, which will bring the index to a peak of 3.8%, the highest value since 2016. In 2025, however, this trend will be reversed, with a reduction in the number of new non-performing loans thus taking the default rate back to 3.1%, in line with 2023 levels.

Given the expected increase in the number of companies in financial difficulties, the FNRI indirect investments as cornerstone investors, will provide a vote of confidence and will signal a change in direction to other potential specialised investors, in a market that is currently rather rarefied by cornerstone investors and primarily dominated by aggressive players that seek a high-risk/high-return approach.

[3] The default rate is calculated as the percentage between the number of impaired credit positions during the year and the *stock* of non-impaired positions at the beginning of the year. Credit-impaired financial assets are positions classified as: past-due loans not yet in default, past-due loans likely to default or non-performing loans.
[4] Source: ABI-Cerved September 2023 Outlook on corporate non-performing loans.

MEASURES OF THE SUB-FUND AND KEY FIGURES FOR 2023

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 UCITS 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 UCITS assets.

FNRI was launched during the second half of 2022, following the resolutions of the CDP Board of Directors of four indirect investments, with a total commitment of 400 million euro (100 million euro per investment). During 2023, five additional indirect FNRI investments have been approved for a total commitment up to 430 million euro, bringing the Sub-Fund's approved commitment to 830 million euro.

It should be noted that the FNRI investments will be long-standing, due to the indirect nature of its operations and the need to find third-party investors willing to commit and contribute with their capital. As at 31st December 2023, two investments have been approved and signed, with a total commitment of 119 million euro. Out of this signed commitment, a total of 35 million euro capital has been contributed into two funds, which counts five investments in their portfolio.

With reference to the FNRI indirect channel operations, UCITS may only invest in companies that have submitted, prior to the UCITS investment, a restructuring plan certified by an independent expert that shows the sustainability of the indebtedness 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 determined in accordance with the Patrimonio Rilancio Regulation ("Independent Experts").

In this regard, with reference to the FNRI indirect channel operations, 18 Independent Experts have been accredited as at 31 December 2023, with the accreditation process ending on 31 December 2024.

Finally, as part of the Patrimonio Rilancio overall liquidity improvement, to ensure the investment capacity of the Sub-funds are more closely aligned to their financial needs, it should be noted that at its meeting on 24 November 2023, the CDP's Board of Directors, in accordance with the provisions of Article 29, paragraph 1, letter q), of the Implementing Decree and Article 2.3 of the Patrimonio Rilancio Regulation, resolved to reallocate the contributions made between the Sub-funds, by transferring to the FNRI (i) the entire surplus of resources allocated to the FNST and (ii) a portion of the resources allocated to the FNS.

OUTLOOK OF OPERATIONS

At 31 December 2023, with regard to the indirect measures, a total of 32 expressions of interest had been received from UCITS Managers, including the measures already approved. Consequently, preliminary discussions have been initiated with those parties to assess possible measures from the Sub-Fund.

In view of the above, both the assessment and the granting of additional indirect investments will continue throughout 2024 alongside the management and monitoring of those measures already implemented. This includes sending information (periodically and on an ad-hoc basis) by the UCITS Managers, as well as collection, verification, reporting and management by CDP.

BALANCE SHEET AND INCOME STATEMENT FIGURES OF THE SUB-FUND

At 31 December 2023, total assets amounted to 1,497,037 thousand euro, recording an increase of 425,302 thousand euro compared to the previous year.

This increase is mainly due to the effects of the restructuring of resources allocated to the Patrimonio Rilancio sub-funds, approved by the Board of Directors of CDP on 24/11/2023, which involved the inward transfer of government bonds for an equivalent value of approximately 394 million euro from the Fondo Nazionale Supporto Temporaneo Sub-Fund and approximately 74 million euro from the Fondo Nazionale Strategico Sub-Fund.

The restructuring of resources also provided for the simultaneous outward transfer of cash and cash equivalents, in favour of the Fondo Nazionale Supporto Temporaneo Sub-Fund, amounting to approximately 123 million euro.

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 1,389,033 thousand euro; (ii) investments in units of UCIs for 32,312 thousand euro; (iii) deposits and other assets for 121 thousand euro; and (iv) cash and cash equivalents deposited in central treasury account no. 25083 for 75,571 thousand euro.

Equity amounted to 1,495,313 thousand euro, up by 425,429 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 adjustment in the nominal value of the Equity Instruments for an amount equal to 345,911 thousand euro, that is, the value of the transferred resources as part of the restructuring operation, through the cancellation and subsequent re-issue of the Ministry of Finance and Economy Equity Instruments.

This increase is accompanied by a positive change in valuation reserves of 53,173 thousand euro.

The balance sheet liabilities are composed of payables to CDP and suppliers, totalling 1,724 thousand euro.

Net income for the year amounted to 26,346 thousand euro, mainly due to (i) interest income on financial assets measured at fair value through other comprehensive income for 24,677 thousand euro and (ii) interest income accrued on Central Treasury account no. 25083 for 7,183 thousand euro.

These positive income components are partially offset by (i) administrative expenses for 3,043 thousand euro; (ii) negative fair value changes relating to the units of UCIs subscribed, measured at fair value through profit or loss, equal to 1,949 thousand euro; (ii) 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 477 thousand euro, recognised in accordance with IFRS 9, by calculating the expected loss for the 12 months following the reporting date; and (iv) interest and commission expense for 47 thousand euro.

SEPARATE ANNUAL REPORT

STATEMENTS OF THE SEPARATE ANNUAL REPORT

BALANCE SHEET

(euro)

Assets	31/12/2023	31/12/2022	Notes
Financial assets measured at fair value through profit or loss	**32,312,196**	**85,632**	**II.1.1**
Units in collective investment undertakings	32,312,196	85,632	
Financial assets measured at fair value through other comprehensive income	**1,389,032,528**	**852,101,569**	**II.1.2**
Government securities	1,389,032,528	852,101,569	
Financial assets measured at amortised cost	**100,942**	**100,264**	**II.1.3**
Deposits	100,942	100,264	
Other assets	**20,000**	**20,000**	**II.1.4**
Cash and cash equivalents	**75,571,110**	**219,426,856**	**II.1.5**
TOTAL ASSETS	**1,497,036,776**	**1,071,734,321**	

(euro)

Liabilities and equity	31/12/2023	31/12/2022	Notes
Equity	**1,495,313,077**	**1,069,884,000**	**II.2.1**
Equity instruments	1,452,852,460	1,106,941,560	
Valuation reserves	5,909,148	(47,263,375)	
Retained earnings or loss	10,205,815	(274,584)	
Net income (loss) (+/-)	26,345,654	10,480,399	
Other liabilities	**1,723,699**	**1,850,321**	**II.2.2**
TOTAL LIABILITIES AND EQUITY	**1,497,036,776**	**1,071,734,321**	

INCOME STATEMENT

(euro)

Items	2023	2022	Notes
Income	**29,914,845**	**13,016,499**	**III.1**
Interest income and similar income	31,863,250	13,468,391	III.1.1
– *of which: Interest income calculated using the effective interests rate method*	*31,863,250*	*13,468,391*	
Net profit (loss) on financial assets measured at fair value through profit or loss	(1,949,322)	(451,892)	III.1.2
Other income	917		III.1.3
Costs	**(3,569,191)**	**(2,536,100)**	**III.2**
Interest expense		(447)	III.2.1
Commission expense	(46,980)	(40,800)	III.2.2
Administrative expenses	(3,043,257)	(1,606,561)	III.2.3
Net adjustments/recoveries for credit risk	(476,618)	(888,292)	III.2.4
Other costs	(2,336)		III.2.5
NET INCOME (LOSS) FOR THE YEAR	**26,345,654**	**10,480,399**	

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items	2023	2022
Net income (loss)	26,345,654	10,480,399
Financial assets measured at fair value through other comprehensive income	53,172,523	(46,157,742)
COMPREHENSIVE INCOME	**79,518,177**	**(35,677,343)**

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

				Allocation of net income for previous year		Changes for the period			
(euro)	Balance at 31/12/2022	Changes in opening balance	Balance at 01/01/2023	Reserves	Dividends and other allocations	Cancellation of equity instruments	Issue of new equity instruments	Compre-hensive income at 31/12/2023	Equity at 31/12/2023
Equity instruments	1,106,941,560		1,106,941,560			(1,106,941,560)	1,452,852,460		1,452,852,460
Retained earnings or loss	(274,584)		(274,584)	10,480,399					10,205,815
Valuation reserves:									
Financial assets measured at fair value through other comprehensive income	(47,263,375)		(47,263,375)					53,172,523	5,909,148
Net income (loss)	10,480,399		10,480,399	(10,480,399)				26,345,654	26,345,654
EQUITY	**1,069,884,000**		**1,069,884,000**			**(1,106,941,560)**	**1,452,852,460**	**79,518,177**	**1,495,313,077**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS 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	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 CASH FLOWS (INDIRECT METHOD)

(euro)	2023	2022
A. OPERATING ACTIVITIES		
1. Cash generated/(used) by operations	**13,149,654**	**7,469,751**
- net income (loss) for the year (+/-)	26,345,654	10,480,399
- gains (losses) on financial assets measured at fair value through profit or loss (-/+)	1,949,322	451,892
- net impairment adjustments (+/-)	476,618	888,292
- adjustments for uncollected/paid interests	(15,495,318)	(5,933,332)
- other adjustments	(126,622)	1,582,500
2. Cash generated/(used) by financial assets	**(34,175,885)**	**203,503,895**
- financial assets measured at fair value through profit or loss	(34,175,885)	(537,524)
- financial assets measured at fair value through other comprehensive income		204,052,000
- financial assets measured at amortised cost		
- other assets		(10,581)
3. Cash generated/(used) by financial liabilities		
- other liabilities		
Cash generated/(used) by operating activities (1. + 2. + 3.)	**(21,026,231)**	**210,973,646**
C. FINANCING ACTIVITIES		
- transfers of resources in/(out) for value adjustment of equity instruments (+/-)	(122,867,759)	
Cash generated by/used in financing activities	**(122,867,759)**	
CASH GENERATED/(USED) DURING THE YEAR	**(143,893,990)**	**210,973,646**

Reconciliation

(euro) Items (*)	2023	2022
Cash and cash equivalents at beginning of the year	219,485,192	8,511,546
Total cash generated/(used) during the year	(143,893,990)	210,973,646
Cash and cash equivalents at end of the year	**75,591,202**	**219,485,192**

(*) 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 Patrimonio Rilancio - "Fondo Nazionale Ristrutturazioni Imprese" (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 2023, 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:

- 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 assets have been offset against liabilities, nor revenues against expenses, 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 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 4 April 2024, no events occurred that would require an adjustment to the figures presented in the report at 31 December 2023.

It should be noted that in February 2024 the Fondo Nazionale Ristrutturazioni Imprese (FNRI) received a project abandonment notification from a fund for which, in October 2022, the Board of Directors of CDP S.p.A. had approved an intervention for a total commitment of up to 100 million euro.

This notification is due to the impossibility of collecting fund unit subscriptions within the final subscription deadline for an amount at least equal to the minimum amount of the fund.

Consequently, as it was not possible to start operations, the SGR began activities, in accordance with provisions of applicable sector legislation, also with the competent supervisory authorities, necessary to formalise the abandonment of the project underlying the establishment of the fund.

The current market context, due to the ongoing effects of the present geopolitical situation, is still characterised by deep general uncertainty with consequent critical issues in the forecasts relating to the timing of the economic recovery.

SECTION 5 - OTHER ISSUES

IFRS ENDORSED AT 31 DECEMBER 2023 AND IN FORCE SINCE 2023

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 2023, are provided below:

- 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;
- Commission Regulation (EU) 2023/2468 of 8 November 2023 amending Regulation (EU) 2023/1803 as regards International Accounting Standard 12.

New accounting standards and interpretations issued and endorsed by the European Union, but not yet effective (effective for the financial years beginning from 1 January 2024)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements as at 31 December 2023:

- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 November 2023 amending Regulation (EC) no. 2023/1803 as regards International Financial Reporting Standard 1.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AT 31 DECEMBER 2023

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:

- Amendment to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments": Disclosures: Supplier Finance Arrangements (issued on 25 May 2023);
- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability (issued on 15 August 2023).

DISCLOSURE ON THE MACROECONOMIC SCENARIO

The macroeconomic landscape, penalized by the pandemic crisis and subsequently by the conflicts in Ukraine and the Middle East, has further destabilized the economic situation both at international and domestic level.

During the second half of 2023, the economic performance of the euro area showed signs of weakening, mainly due to the restrictive conditions related to loans, the lack of confidence and loss of competitiveness. Economic indicators showed weak economic activity in the fourth quarter of 2023, forecasting a stronger pace of growth in the first few months of 2024, also following the slowdown in inflation, the increase in wages and maintained employment. Restrictive monetary policies and unfavourable conditions in the credit sector continue to have an impact on the economy, affecting short-term growth prospects. However, the ECB estimates that these negative effects will diminish in the medium term, helping to support growth.

Overall, the annual growth rate of euro area GDP in real terms was estimated to decrease from 3.4% in 2022 to 0.6% in 2023, to then rise to 0.8% in 2024 and stabilise at 1.5% in 2025 and 2026[5].

This trend is mainly influenced by the decline in purchasing power caused by inflation, which contributed to a weak growth in household consumption, limiting spending and negatively affecting overall economic growth. The increase in the cost of money characterised by the context of uncertainty has discouraged household investment, thus reducing the contribution of the private sector to economic growth. The unfavourable economic environment and the contraction of international trade have limited the opportunities for growth deriving from exports, exerting a further negative impact on the Italian economy.

Globally, the economic landscape continues to be affected by monetary tightening and declining consumer and business confidence. Moreover, the expansion of conflict in the Middle East poses a significant risk to both economic growth and inflation. According to OECD estimates published in November, global GDP is expected to slow to 2.7% in 2024, compared to 2.9% in 2023[6].

The economic outlook remains uncertain, also considering the implications of a scenario in which the conflicts in Europe and the Middle East intensify.

Based on the scenario described above (for information on this, please refer to the detailed description in the "Market Context" section), the Fondo Nazionale Ristrutturazioni Imprese (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.

[5] European Central Bank, Eurosystem staff macroeconomic projections for the euro area, December 2023.
[6] Bank of Italy, Economic Bulletin no. 1 - 2024.

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".

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" Sub-Fund at 31 December 2023 has been prepared using the International Financial Reporting Standards (IFRS), supplemented by the amendments endorsed and in force with effect from the financial year 2023, 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:

- assets represented by debt securities, equity securities, loans, units of UCITS (Undertakings for Collective Investment in Transferable Securities) included in the business model "Other/Trading", as well as derivatives not designated as hedging instruments;
- assets represented by debt securities, equity securities, units of UCITS and loans, i.e. those assets other than those designated at fair value through profit or loss, which do not meet the amortised cost classification requirements nor the classification at fair value through other comprehensive income. They are substantially represented by those financial assets whose contractual terms provide for periodic cash 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 UCITS 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 on the settlement date for UCITS units.

At inception, these assets are recognised at fair value, which generally equates to the transaction price, net of transaction costs or income that are immediately recognised through profit or loss account.

After initial recognition, these assets are measured at fair value, with any FV movement charged to 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 UCITS 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:

- financial assets held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of 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 through profit or loss 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.

Financial instruments measured at fair value through other comprehensive income are also subject to adjustments in the income statement to reflect any expected credit losses (impairment) 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 their origination or acquisition, which are instead recognised separately as “purchased or originated impaired financial assets” (Purchased or Originated Credit Impaired - POCI) from the date of initial recognition until their derecognition.

For financial assets that are classified in stage 1 and 2, impairment is calculated according to 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 (such as 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 present value of the expected cash flows, discounted using 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:

- 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 EXPENSE

Interest income and expense is recognised through profit or loss, 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 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. 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 cash deposits with the operator Cassa Depositi e Prestiti S.p.A.; amounts payable to settle the reimbursements of costs incurred by the manager and other 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 Sub-Fund at 31 December 2023 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.

NAV ADJUSTMENT

As regards investment funds, the NAV (Net Asset Value) is the difference between the total value of fund assets and liabilities. In this case, the fair value corresponds to the fund NAV adjusted, as applicable, to take into account some specific characteristics, including but not limited to elements occurring between the reference date of the last available NAV and the measurement date, transactions in fund units subject to measurement, any discounts related to potential illiquidity of units held and any additional information made known by the manager that has significant impacts on the fair value of fund assets.

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)	31/12/2023			31/12/2022		
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			**32,312,196**			**85,632**
Units in collective investment undertakings			32,312,196			85,632
2. Financial assets measured at fair value through other comprehensive income	**1,389,032,528**			**852,101,569**		
Government securities	1,389,032,528			852,101,569		
TOTAL ASSETS	**1,389,032,528**		**32,312,196**	**852,101,569**		**85,632**

Change for the year in financial assets measured at fair value (Level 3)

(euro)	Financial assets measured wat fair value through profit or loss: Total	of which: Units in collective investment undertakings
1. Opening balance	**85,632**	**85,632**
2. Increases	**34,175,886**	**34,175,886**
2.1 Purchases	34,175,886	34,175,886
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	**1,949,322**	**1,949,322**
3.1 Sales		
3.2 Repayments		
3.3 Losses taken to:	1,949,322	1,949,322
3.3.1 Income statement	*1,949,322*	*1,949,322*
3.3.2 Equity	*X*	*X*
3.4 Transfers to other levels		
3.5 Other decreases		
4. CLOSING BALANCE	**32,312,196**	**32,312,196**

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	31/12/2023				31/12/2022			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**100,942**			**100,942**	**100,264**			**100,264**
Deposits for GMRA	100,942			100,942	100,264			100,264
Cash and cash equivalents	**75,571,110**			**75,571,110**	**219,426,856**			**219,426,856**
Central Treasury current account no. 25083	75,571,110			75,571,110	219,426,856			219,426,856
TOTAL ASSETS	**75,672,052**			**75,672,052**	**219,527,120**			**219,527,120**

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			**85,632**
2. Increases			**34,175,886**
2.1 Subscriptions			34,175,886
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			**1,949,322**
3.1 Sales			
3.2 Repayments			
3.3 Losses taken to income statement			1,949,322
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			**32,312,196**

The increases in the item are attributable to further payments made during the year in the 2 investments in units of UCIs already finalised during 2022.

The Fondo Nazionale Ristrutturazioni Imprese has a maximum commitment of 200 million euro (100 million euro for each intervention). Of these, interventions were completed for a total commitment of 119 million euro. Based on this commitment, at 31 December 2023, 34,713,410 euro had been paid, of which 34,175,886 euro during the 2023 financial year.

The decreases refer, instead, to negative changes in fair value recognised through profit or loss of 1,949,322 euro.

II.1.2 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	1,390,504,586				(1,472,058)				1,389,032,528			
TOTAL 31/12/2023	**1,390,504,586**				**(1,472,058)**				**1,389,032,528**			
TOTAL 31/12/2022	**853,058,762**				**(957,193)**				**852,101,569**			

This item, amounting to 1,389,032,528 euro, consists of Italian government bonds issued by the Ministry of Economy and Finance at the time of the establishment of the Sub-Fund, reallocated among the Sub-Funds during subsequent resource restructuring.

Government securities: changes for the year

(euro)	Level 1	Level 2	Level 3
1. Opening balance	**852,101,569**		
2. Increases	**546,628,181**		
2.1 Contributions			
2.2 Profits taken to:	77,849,522		
2.2.1 Income statement	*24,676,999*		
2.2.2 Equity	*53,172,523*		
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	468,778,659		
3. Decreases	**9,697,222**		
3.1 Sales			
3.2 Repayments	9,182,358		
3.3 Losses taken to:	514,864		
3.3.1 Income statement	*514,864*		
3.3.2 Equity			
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	**1,389,032,528**		

The increases in the item amounting to 546,628,181 euro are attributable to: (i) profits recognised in profit and loss relating to accrued interest income, for 24,676,999 euro, (ii) positive changes in fair value, with a balancing entry in equity, amounting to 53,172,523 euro and (iii) other increases due to the reallocation of the Sub-Funds' resources, approved by the Board of Directors of CDP on 24/11/2023, which involved the inward transfer of government bonds from the Fondo Nazionale Supporto Temporaneo Sub-Fund and the Fondo Nazionale Strategico Sub-Fund for a total value of 468,778,659 euro.

The decreasing components, instead, relate to (i) redemptions from coupons collected amounting to 9,182,358 euro and (ii) impairment losses recognised in the income statement in accordance with IFRS 9 of 514,864 euro.

II.1.3 FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost: 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
Deposits for GMRA	100,943				(1)				100,942			
TOTAL 31/12/2023	**100,943**				**(1)**				**100,942**			
Total 31/12/2022	**100,265**				**(1)**				**100,264**			

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	75,591,202				(20,092)				75,571,110			
TOTAL 31/12/2023	**75,591,202**				**(20,092)**				**75,571,110**			
Total 31/12/2022	**219,485,193**				**(58,337)**				**219,426,856**			

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 2023. The decrease of 143,855,746 euro is mainly due to the transfer of liquidity from the Fondo Nazionale Ristrutturazioni Imprese Sub-Fund to the Fondo Nazionale Supporto Temporaneo Sub-Fund, amounting to approximately 123 million euro, which took place during the restructuring of resources allocated to the Patrimonio Rilancio Sub-Funds.

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 2023, accrued interest not yet collected was equal to 3,615,977 euro.

II.2 LIABILITIES AND EQUITY

II.2.1 EQUITY

Equity: breakdown

(euro)	31/12/2023	31/12/2022
Equity instruments	1,452,852,460	1,106,941,560
Valuation reserves:	5,909,148	(47,263,375)
Financial assets measured at fair value through other comprehensive income	5,909,148	(47,263,375)
Retained earnings or loss	10,205,815	(274,584)
Net income (loss) (+/-)	26,345,654	10,480,399
TOTAL	**1,495,313,077**	**1,069,884,000**

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”, positive by 5,909,148 euro, refers to the 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 2023, the Sub-Fund showed a net income for the year of 26,345,654 euro.

Equity instruments: changes for the year

(euro)	
Equity instruments as at 01/01/2023	**1,106,941,560**
Increases	**1,452,852,460**
New issues	1,452,852,460
Decreases	**1,106,941,560**
Cancellations	1,106,941,560
EQUITY INSTRUMENTS AS AT 31/12/2023	**1,452,852,460**

In the Board meeting of 24/11/2023, the Board of Directors of CDP resolved to proceed with the adjustment of the nominal value of the Equity Instruments issued for the Sub-Fund (through the cancellation and subsequent re-issue of the same), for an amount equal to the equivalent value of the financial assets transferred as part of the restructuring of resources allocated to Patrimonio Rilancio Sub-Funds.

II.2.2 LIABILITIES

Other liabilities: breakdown

(euro) Type of operations/Values	31/12/2023	31/12/2022
a) Payables due to suppliers	32,527	157,993
b) Payables due to CDP	1,687,257	1,688,928
c) Other liabilities	3,915	3,400
Total	**1,723,699**	**1,850,321**

At 31 December 2023 the item "Other liabilities" amounted to 1,723,699 euro and consisted of:

- payables to suppliers for 32,527 euro;
- payables to CDP in the amount of 1,687,257 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;
- commission on default fund deposits with CDP, not yet settled at 31 December 2023, amounting to 3,915 euro;

II.3 OTHER INFORMATION

COMMITMENTS AND FINANCIAL GUARANTEES ISSUED

At 31 December 2023, 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 million euro.

Based on this commitment, 119 million euro was subscribed and 34,713,410 euro was paid.

(euro)	31/12/2023	31/12/2022
Commitments to disburse funds		
Units in collective investment undertakings	84,026,325	97,462,476
TOTAL	**84,026,325**	**97,462,476**

SECURITIES CUSTODY AND ADMINISTRATION

The following table shows the securities owned by the Sub-Fund deposited with third parties, at their nominal value.

Specifically, the securities in question are managed by CDP S.p.A. and deposited with the entities designated by the respective regulations.

(euro)	31/12/2023	31/12/2022
Securities deposited with third-parties		
Units in collective investment undertakings	34,713,410	537,524
Government securities	1,481,844,000	966,564,000
TOTAL	**1,516,557,410**	**967,101,524**

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	2023	2022
1. Financial assets measured at fair value through other comprehensive income	**24,676,999**	**12,019,605**
Interest on Government securities	24,676,999	12,019,605
2. Financial assets measured at amortised cost	**3,037**	**265**
Interest Deposits (assets) on GMRA	3,037	265
3. Cash and cash equivalents	**7,183,214**	**1,448,521**
Interest on Central Treasury current account no. 25083	7,183,214	1,448,521
TOTAL	**31,863,250**	**13,468,391**

The item, amounting to 31,863,250 euro, consists of:
- interest income on debt securities, specifically on government securities for 24,676,999 euro;
- interest income accrued on Default Fund deposits with CDP for 3,037 euro;
- interest income accrued on Central Treasury Account no. 25083 for 7,183,214 euro.

The increase in the item (18,394,859 euro) is mainly related to the rises in interest rates during 2023.

III.1.2 NET PROFIT (LOSS) ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

(euro)

Type of operation/P&L items	Gains	Losses	2023	2022
Net profit (loss) on on-balance-sheet financial assets measured at fair value through profit or loss				
Units in collective investment undertakings		(1,949,322)	(1,949,322)	(451,892)
Total		**(1,949,322)**	**(1,949,322)**	**(451,892)**

The balance of the item, negative for 1,949,322 euro, includes the result arising from the fair value measurement of the units of UCIs, recognised under financial assets measured at fair value through profit or loss.

III.1.3 OTHER INCOME

The item, equal to 917 euro, includes amounts collected as a result of closings subsequent to the first, undertaken by the funds in which the Sub-Fund has invested and determined on the basis of relevant regulations.

III.2 COSTS

III.2.1 INTEREST EXPENSE

The item, which included the balance of interest expense on financial assets at 31 December 2022, was equal to zero at 31 December 2023, due to the increase in interest rates recorded during the year.

III.2.2 COMMISSION EXPENSE

This item, amounting to 46,980 euro, consists of management fees default funds deposited with CDP.

III.2.3 ADMINISTRATIVE EXPENSES

Administrative expenses: breakdown

(euro)

Type of expenses/Values	2023	2022
Professional services	(122,516)	(170,581)
Operating costs charged from CDP	(2,920,741)	(1,435,980)
TOTAL	**(3,043,257)**	**(1,606,561)**

This item includes expenses recharged by CDP S.p.A. for costs incurred for the management of the Sub-Fund in the amount of 2,920,741 euro and costs for other professional services in the amount of 122,516 euro.

AUDIT FEES

The audit fees for 2023 are shown below. Note that no non-audit services were provided in 2023.

(euro)

Type of services	Deloitte & Touche S.p.A.
Auditing	13,299
TOTAL	**13,299**

III.2.4 NET ADJUSTMENTS/RECOVERIES 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	2023	2022
Financial assets measured at fair value through other comprehensive income	**(514,864)**										**(514,864)**	**(832,217)**
Government securities	(514,864)										(514,864)	(832,217)
Cash and cash equivalents							**38,246**				**38,246**	**(56,075)**
Central Treasury current account no. 25083							38,246				38,246	(56,075)
TOTAL	**(514,864)**						**38,246**				**(476,618)**	**(888,292)**

This item, negative for approximately 476,618 euro, represents the net balance between adjustments and recoveries for credit risk on cash and cash equivalents and financial assets (government bonds) measured at fair value through other comprehensive income.

III.2.5 OTHER EXPENSES

The item, equal to 2,336 euro, includes amounts collected as a result of closings subsequent to the first, undertaken by the funds in which the Sub-Fund has invested and determined on the basis of relevant regulations.

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.

As at 31 December 2023, the Sub-Fund includes: i) the units of two alternative investment funds that have made, as part of their regular business activities, some investments that have not yet been fully committed as at 31 December 2023, and ii) Italian 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 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 refers to performing 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.

Any instruments classified as POCI (*purchased or originated credit impaired*) are classified separately and, in accordance with the accounting standards, cannot be transferred to another classification.

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.

As at 31 December 2023, 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. As at 31 December 2023, the liquidity position of the Sub-Fund, net of its investments, which are illiquid by nature, does not show any warning signs of liquidity stress.

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 fund shares held, as at 31 December 2023 the Sub-Fund is exposed to the risk of fluctuations from the underlying NAV of these funds. However, the exposure is marginal when compared to the capital structure. There were no exposures to foreign currencies as at 31 December 2023.

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 Ministry of Economy and Finance, 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 2023.

	(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	1,389,032,528		**1,389,032,528**
	Financial assets measured at amortised cost		100,942	**100,942**
	Other assets		20,000	**20,000**
	Cash and cash equivalents	75,571,110		**75,571,110**
Liabilities	Other liabilities		1,691,172	**1,691,172**
Income statement	Interest income and similar income	31,860,213	3,037	**31,863,250**
	Commission expense		(46,980)	**(46,980)**
	Administrative expenses		(2,920,741)	**(2,920,741)**
	Net adjustment/recoveries for credit risk	(476,618)		**(476,618)**

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 1,389,032,528 euro;
- "cash and cash equivalents", for 75,571,110 euro;
- "Interest income and similar income", for 31,860,213 euro;
- "net adjustments/recoveries for credit risk", for 476,618 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.

REPORT OF THE INDEPENDENT AUDITORS

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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, 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the notes to the separate annual report, including material accounting policy information.

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, 2023, 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.

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

Deloitte.

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.

Deloitte.

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 18, 2024

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.

CASSA DEPOSITI E PRESTITI

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