

5. Main strategic business areas of the Cassa Centrale Group

The Cassa Centrale Group has developed its business and service model through an organisational structure divided into two main areas:

- the Affiliated Banks, which represent the Group's core business through the management of banking activities in the territory;
- the Industrial Group, including the Parent Company and the Companies that offer services to Affiliated Banks in finance, credit, insurance, ICT, NPLs and asset management.



* The Industrial Group refers to a management representation of the main strategic areas of the Group that contribute to the economic and financial results summarised below.

The definition of strategic business areas is consistent with the methods adopted by the governance function for making operational and strategic decisions and is based on internal management reporting.

5.1 - Affiliated Banks

The Affiliated Banks represent the most important part of the Cooperative Banking Group's consolidated assets and the strength of the Group's current and future development. The Affiliated Banks traditionally operate with the aim of fostering the development of communities and the local economy. The principles of mutuality, which characterise Cooperative Credit, allow the banks to play a fundamental role in the national banking industry and be an important reference point for households and small and medium-sized enterprises (hereinafter also "SMEs").

The Group's Strategic Plan aims to develop relationships with households and SMEs by making the most of the territorial network and exploiting synergies, the expansion of the commercial offer and economies of scale resulting from belonging to a Group of national importance.

In general, the structure of Cooperative Credit Banks reflects the nature of territorial banks, characterised by high customer funding deriving from historical ties with the territory to which they belong, a prevalence of loans to counterparties represented by households and small companies and a low loan-to-deposit ratio which, from a liquidity perspective, reflects the structural soundness of the Group and the investment of excess liquidity mainly in government bonds.

Below is a summary representation of the main income statement and financial aggregates of the Affiliated Banks, with a focus on the individual territorial areas in which the Group operates.

(Figures in millions of euro)

LOANS TO CUSTOMERS	31/12/2023					Total 31/12/2023	Total 31/12/2022	Change	% change
	Trentino- Alto Adige	North East	North West	Central	South and the Islands				
Gross customer loans	10,481	10,662	10,613	11,003	5,028	47,787	48,345	(558)	(1.2%)
<i>of which performing</i>	<i>9,948</i>	<i>10,282</i>	<i>10,237</i>	<i>10,526</i>	<i>4,705</i>	45,698	45,924	(226)	(0.5%)
<i>of which non-performing</i>	<i>533</i>	<i>380</i>	<i>375</i>	<i>478</i>	<i>323</i>	2,089	2,421	(332)	(13.7%)
Value adjustments	640	490	438	523	311	2,402	2,582	(180)	(7.0%)
Net customer loans	9,841	10,172	10,175	10,480	4,717	45,385	45,763	(378)	(0.8%)

Gross customer loans of the Affiliated Banks totalled EUR 47.8 billion as at 31 December 2023, down by -1.2% compared to the end of financial year 2022; the slight decrease recorded is attributable to the slowdown in demand for credit at systemic level resulting from the rise in market rates, as well as the drop in the stock of non-performing loans.

The regional analysis of the credit disbursed confirms that the operations of the Affiliated Banks are mainly concentrated in the northern part of Italy, in line with the territorial structure of the branches of the Cassa Centrale Group. Looking in detail at the various geographical areas into which the Group is divided, the allocation is homogeneous in four of the five areas, with the exception of the South and Islands areas which, has a lower incidence on total loans due to the smaller average size of each Affiliated Bank operating in that area.

During 2023, the decline in performing loans of the Affiliated Banks totalled EUR 226 million (-0.5%), with mixed dynamics across the various territorial areas. In particular, Trentino-Alto Adige (-1.8%) and the North-east (-0.9%) decreased, the North-west (-0.1%) and the Centre (-0.2%) remained essentially stable, while performing loans in the South and the Islands increased (+1.6%).

At the counterparty level, the significant exposure of the overall credit disbursed to households and local small and medium-sized enterprises was confirmed, demonstrating the central role of the Affiliated Banks in supporting the growth of the territory.

In 2023, the active management of impaired loans continued in line with the Cassa Centrale Group's strategy, making it possible to significantly reduce total non-performing volumes (-13.7% compared to the figure at the end of December 2022). In general, the ratio of impaired loans to gross loans to customers fell to 4.4%, with a regional trend that varied from 3.5% in the North West area to 6.4% in the South and Islands.

Confirming a strategy of the Cassa Centrale Group that is particularly attentive to credit risk management, and in the presence of a decrease in the total stock of impaired loans, provisions on bad loans of the Affiliated Banks were up to 85%, a further increase compared to 82% at the end of 2022. The average coverage levels of the Affiliated Banks remain among the highest in the national banking system.

(Figures in millions of euro)

FUNDING	31/12/2023					Total 31/12/2023	Total 31/12/2022	Change	% change
	Trentino- Alto Adige	North East	North West	Central	South and the Islands				
Overall funding	24,327	22,362	24,696	20,929	8,874	101,188	93,753	7,435	7.9%
Direct funding	15,169	14,625	15,055	13,615	7,218	65,682	64,665	1,017	1.6%
Indirect funding*	9,158	7,737	9,641	7,313	1,657	35,506	29,088	6,418	22.1%
<i>of which administrated</i>	3,025	2,534	4,285	2,790	1,164	13,798	8,728	5,070	58.1%
<i>of which managed</i>	6,133	5,203	5,356	4,523	493	21,708	20,360	1,348	6.6%

* Indirect funding is expressed at market values.

Overall funding of the Affiliated Banks stood at EUR 101.2 billion as at 31 December 2023, +7.9% compared to the end of 2022, showing the ability to attract new funding even in a unique economic phase such as the current phase.

Direct funding stood at EUR 65.7 billion, an increase of EUR 1 billion (+1.6%) compared to the previous financial year despite a context complicated by the contribution of returns on government bonds, which contributed to a partial reallocation of resources towards indirect funding under administration.

At area level, the annual performance of direct funding appears to have increased for all geographies, ranging from the South and the Islands (+0.6%) to the North East (+4.3%), with the only exception being Trentino-Alto Adige, where a year-on-year decrease was recorded (-0.7%).

The breakdown of direct funding among regional areas continued the trend described above for credit volumes.

The different regional areas show a structural surplus of resources in the ratio of lending to funding, which results in a high degree of liquidity for the Affiliated Banks and for the Cassa Centrale Group. The prudent approach to the investment of resources raised by depositors historically characterises the operations of the BCC-CR-RAIKAs.

Total indirect funding of the Affiliated Banks increased to EUR 35.5 billion¹⁰ (+22% year-on-year), driven by the returns on government bonds, which increased the stock of indirect funding under administration, as well as by the positive market effect on the segment of indirect funding from the managed segment.

The impact of indirect funding on total funding was 35%, up compared to 31% at the end of 2022. The regional analysis shows that indirect funding as a percentage of total funding ranges from 39% in the North-west to 35% in the Centre, except for the South and Islands, where the ratio is 19%.

Looking specifically at the breakdown of indirect funding, the managed assets and insurance segment accounts for 61% of total indirect funding (down on the 70% at the end of 2022). This dynamic reflects the trend in indirect funding under administration described above.

The asset management, funds and SICAVs segment also grew again (+6.6%) after a particularly difficult 2022, driven by a positive market effect that strengthened the positive growth in net funding.

The Bancassurance segment continued the trend of constant growth (+2.4% year-on-year), also favoured by the new commercial partnership agreement with Assimoco.

Indirect funding from the managed segment remains a central objective for the Cassa Centrale Group, given the significant growth margins available to the Affiliated Banks compared to the rest of the banking industry, having historically favoured the placement of direct funding products in the past. The growth in this segment has been driven and accompanied by important investments in the specialist training of staff of the Affiliated Banks in order to increase their ability to offer Shareholders and customers a high level of advisory support. These investments, supported by the careful research of the Industrial Group's companies for products suitable for BCC-CR-RAIKAs' shareholders and customers, is gradually closing the gap with the system, while maintaining a high level of attention to the quality of the overall service offered to the savings customer.

(Figures in millions of euro)

MARGINS AND COMMISSIONS	31/12/2023					Total 31/12/2023	Total 31/12/2022	Change	% change
	Trentino- Alto Adige	North East	North West	Central	South and the Islands				
Net interest income	546	498	484	490	276	2,294	1,730	564	32.6%
Net fees and commissions	134	150	170	154	70	678	641	37	5.8%
Net interest and other banking income	521	553	612	610	344	2,640	2,301	339	14.7%

The net interest income of the Affiliated Banks at the end of 2023 totalled EUR 2.3 billion, recording a +32.7% increase year-on-year, driven by the growing contribution of lending as a result of the trend in market rates. The contribution of the proprietary portfolio was relevant also thanks to the active management of the portfolio in light of current returns. In the interbank sector, unlike 2022, negative interest was recorded as a result of the ECB rate hikes and related negative impact deriving from the cost of refinancing operations (TLTRO-III).

¹⁰ Indirect funding is expressed at market values.

Overall, as a result of the above, the contribution of the net interest income to the overall profitability of the Affiliated Banks grew to 87% of net interest and other banking income (compared to 75% at the end of 2022).

The net commissions of the Affiliated Banks totalled EUR 678 million in 2023, up +5.8% compared to the end of 2022.

The commission margin contributes 26% on average to net interest and other banking income, with a regional incidence ranging from 28% in the North West to 20% in the South and Islands areas.

The trend of the net interest and other banking income of the Affiliated Banks (+14.7% compared to the previous year) is completed by the contribution from dividend and similar income, while the item relating to trading in the Affiliated Banks' own securities portfolio was negative, as a result of changes in the securities portfolio.

This development is carried out with a strong focus on the protection of shareholders and customers in compliance with the cooperative principles that are the basis of the operations of the Affiliated Banks. This development is carried out with a strong focus on the protection of shareholders and customers in compliance with the cooperative principles that are the basis of the operations of the Affiliated Banks.

5.2 - Industrial Group

The Industrial Group is represented by the Parent Company and the subsidiaries and associates that operate in different areas of activity, namely:

- ICT and back office services, with the subsidiary Allitude S.p.A. (hereinafter also "Allitude");
- leasing services, with the subsidiary Claris Leasing S.p.A. (hereinafter also "Claris Leasing" or "Claris");
- insurance services, with the subsidiaries Assicura Agenzia S.r.l. and Assicura Broker S.r.l. (hereinafter also "Assicura Agenzia" and "Assicura Broker");
- collective asset management services, with the subsidiary Nord Est Asset Management S.A. (hereinafter also "NEAM");
- consumer credit services, with the subsidiary Prestipay S.p.A. (hereinafter also "Prestipay");
- other ancillary services, with the subsidiaries Centrale Soluzioni Immobiliari S.r.l., Claris Rent S.p.A. and Centrale Trading S.r.l.

The main income statement and balance sheet aggregates of the Industrial Group as at 31 December 2023 are shown on the following page.

(Figures in millions of euro)

LOANS TO CUSTOMERS*	31/12/2023	31/12/2022	Change	% change
Gross customer loans	2,608	2,231	377	16.9%
<i>of which performing</i>	2,547	2,157	390	18.1%
<i>of which non-performing</i>	61	74	(13)	(17.6%)
Value adjustments	95	110	(15)	(13.6%)
Net customer loans	2,513	2,121	392	18.5%

*Management data including all intra-group eliminations.

With reference to loans to customers, the Industrial Group's contribution mainly refers to the brokerage activities of the Parent Company and its subsidiaries Claris Leasing and Prestipay.

Gross loans to customers totalled about EUR 2.6 billion, up EUR 377 million on the end of the previous year (+16.9%). Specifically, there was growth in the portfolio of the Parent Company, Prestipay (which continues to expand its consumer credit service) and, albeit to a lesser extent, Claris Leasing. Performing loans to customers include exposures in margins and default funds to Cassa di Compensazione e Garanzia related to repos, substantially in line with the previous year.

Total gross allocations came to approximately EUR 95 million, down compared to the EUR 110 million at the end of 2022 as a result of the reduction in the stock of bad loans thanks to their careful and prudent management. The latter decreased by around EUR 13 million compared to 31 December 2022 (-17.6%).

As a whole, net loans to customers of the Industrial Group grew by EUR 392 million compared to the end of 2022 (+18.5%), reaching approximately EUR 2.5 billion.

(Figures in millions of euro)

FUNDING*	31/12/2023	31/12/2022	Change	% change
Overall funding	11,914	9,441	2,473	26.2%
Direct funding	3,320	2,532	788	31.1%
Indirect funding**	8,594	6,909	1,685	24.4%
<i>of which administrated</i>	5,067	3,956	1,111	28.1%
<i>of which managed</i>	3,527	2,954	573	19.4%

* Management data including all intra-group eliminations.

** Indirect funding are expressed at market values; ETF financial products are included in the segment.

Total funding of the Industrial Group stands at EUR 11.9 billion and is almost entirely attributed to the Parent Company.

Direct funding (EUR 3.3 billion) grew by around EUR 0.8 billion. This increase is effectively due to the increase in Repos exposures to Cassa di Compensazione e Garanzia and by the increase in bond funding associated with the Group's MREL issue plan.

Indirect funding was EUR 8.6 billion, with around EUR 3.5 billion (41%) represented by the assets under management segment (with transactions mainly related to asset management products), while assets under administration amounted to EUR 5.1 billion and represents around 59% of total indirect funding, with transactions mainly on the bond market. Assets under administration and assets under management both increased compared to the figure at the end of the previous year, due above all to a positive market effect.

(Figures in millions of euro)

MARGINS AND COMMISSIONS*	31/12/2023	31/12/2022	Change	% change
Net interest income	102	115	(13)	(11.3%)
Net fees and commissions	117	114	3	2.6%
Net interest and other banking income	194	214	(20)	(9.3%)

* Management data including all intra-group eliminations and the residual economic results of fully consolidated entities other than the cohesion agreement.

Net interest and other banking income as at 31 December 2023 was down on the previous financial year, at EUR 194 million (-9.3%). The breakdown is nearly unchanged compared to the same period in 2022. The net interest income contributed 52%, with the commission margin contributing 60% (against approximately 53% for both components in the previous year).

In particular, the net interest income amounted to EUR 102 million and was down on the EUR 115 million of the previous year. Net fees and commissions totalled EUR 117 million, an increase of EUR 2 million compared to the same month in the previous year.

Below is a brief review of the Industrial Group, with particular focus on the activities carried out by the Parent Company and the service companies supporting the Affiliated Banks.

5.2.1 - Parent Company

The formation of the Group enriched the offer of financial products and services and strengthened the financial risk monitoring for the entire Group. The range of services offered by Cassa Centrale Banca is divided into the following areas:

- Finance;
- Credit;
- Consumer credit services;
- Payment systems;
- Governance and support.

5.2.1.1 - Finance

In the Finance sector, Cassa Centrale Banca offers its Affiliated Banks and client banks a complete range of services and products for access to financial markets and for offering depositing customers multiple investment solutions.

Cassa Centrale Banca offers services to access the main bond, equity and derivatives markets for retail customers and for management of the owned portfolio. In 2023, it carried out transactions on bond markets for approximately EUR 30.5 billion (down by approximately 11.2% compared to 2022) and stock markets for approximately EUR 2.4 billion (-18.4% compared to 2022).

As regards the commercial offer aimed at customers, Cassa Centrale Banca provides the Affiliated Banks with financial products and services used in the context of advisory activities. This quality catalogue is updated over time with developments and implementations intended to remain competitive on the market.

The main products and services offered are:

- **Asset Management:** Cassa Centrale Banca's Asset Management closed the second half of 2023 with EUR 11.9 billion ¹¹ in assets under management and 105 thousand active accounts. Funding has been affected by the sudden change in the economic/financial framework, the ongoing geopolitical tensions and the strong upswing in rates of return, followed by the expected restrictive monetary policy, which gradually increased the appeal of government bonds. The six-month period closed with negative funding for approximately EUR 120 million, after recording a positive EUR 100 million in the first half of the year. The positive market effect did not only offset the marginal drop in business for the year, it increased the total assets under management. The trend on the main financial markets in 2023 led to a consistent improvement in the performance of the management lines. Yields for European government bonds continue to offer attractive investment opportunities. On the equity side, the portfolios are mainly invested on the developed markets, especially in US equities, while exposure remains marginal in emerging areas. As part of its decisions on investments referring to the portfolio management lines offered to customers, Cassa Centrale Banca adopts a series of measures in order to integrate and assess the risks and main negative effects on sustainability factors. These measures have made it possible to classify the management lines as financial products that promote, among other things, environmental or social characteristics or a combination of the two ("light green" financial products) and take into consideration the main negative effects on sustainability factors through the detection and monitoring of specific indicators linked to environmental and social issues.
- **Funds Partner:** the fund placement platform called Funds Partner is available to Affiliated Banks and client banks and includes the NEF Fund as well as third-party funds. This is a useful tool for advisors who can access a universe of around 3 thousand funds available through a platform on which Cassa Centrale Banca has activated a process of definition and maintenance of the list of funds that can be placed (funds with capitalisation of less than EUR 100 million and a track record of less than 3 years are excluded). The platform offers numerous tools provided by Morningstar, the reporting provided by the 14 investment houses and the "example portfolios" compliant with the MiFID risk profile. For these houses, Cassa Centrale Banca also carries out the service of entity appointed to perform payments. Assets placed up to the end of the second half of 2023 amounted to around EUR 6.7 billion with regard to NEF and EUR 3.1 billion for third parties.
- **Advanced Advisory services:** the advanced advisory service is provided to customers of 14 banks. Cassa Centrale Banca supports these Banks as advisor in identifying the best investment strategies.

¹¹ The amount refers to Asset Management opened directly with Cassa Centrale Banca for approximately EUR 3.2 billion, Asset Management placed through Affiliated Banks and customer banks for approximately EUR 6.8 billion, Institutional Asset Management for approximately EUR 830 million and pension funds, for which Cassa Centrale Banca has delegated management powers for EUR 1.06 billion.

Participation in the “CCB#LIVE” webinar hosted on the digital platform Teams continued. The show discusses market trends, strategies on management lines, market views by Cassa Centrale Banca managers and NEF partner managers, and the analysis of funds and bancassurance products/services. The event is held fortnightly with an average participation of over 700 consultants from the placement banks. The annual Finance and Bancassurance event held in Venice last September was also of strategic importance. During the event, evolution strategies for the Group’s financial and insurance advisory model were shared with the Affiliated Banks.

Project to change the model for the provision of financial/insurance advice and adequacy assessment services

In the second half of the year, the project to update the Group’s model for assessing adequacy in the provision of investment services was consolidated. In May, the new MiFID customer profiling questionnaire was released in line with the most recent regulatory developments and ESMA and CONSOB indications. The new model defines new approaches to providing advisory and adequacy assessment services, performed by individual transaction, including from a portfolio perspective, supplemented by a periodic assessment of the recommendations provided. Involving the most representative banks within a Working Group established for this very reason, the project to evolve the financial and insurance advisory model also received the green light in the past six months.

5.2.1.2 - Credit

Cassa Centrale Banca’s Credit Department, which provides support to its Affiliated Banks and Group companies in their lending activities and guides the credit direction and coordination of the Cooperative Banking Group, has redefined the credit policy guidelines in a general and sector macroeconomic framework that remains affected by significant uncertainty. This uncertainty is mainly caused by: (i) high inflation, triggered by the sharp rise in energy costs that then spread to nearly all other goods produced; (ii) the sudden rise in market interest rates; (iii) the ongoing Russia/Ukraine conflict with the consequent international sanctions that are slowing down the recovery of international trade; (iv) the start of new conflict in the Middle East between the State of Israel and the State of Palestine (Gaza in particular), and (v) the international awareness of climate risk and related countermeasures.

In particular, following the gradual and consistent rise of interest rates and related rise in the cost of loans and more restrictive supply conditions, there was a decline in loans to businesses and households, especially in loans to purchase homes.

In this environment of great uncertainty, the main objectives of the Parent Company Credit Department’s activities can be summarised as follows: (i) optimising the asset allocation of the portfolio in qualitative and quantitative terms; (ii) strengthening the sales network and repositioning its lending operations; (iii) maximising the use of public guarantees under the Temporary Crisis Framework; (iv) preventing the deterioration of credit quality, in the medium term, particularly on the largest risk groups, forcing maximum segmentation of the portfolio; (v) adopting a forward-looking approach with the objective of incorporating the sectoral and micro-sectoral forecasts into assessment of business resilience, through prospective estimates of companies’ financial statements; (vi) introducing scoring for the assessment of the ESG risk profile of businesses.

The consequence of the revision of the main objectives of the Parent Company Credit Department’s activity was the amendment to the Group’s loan portfolio management guidelines; this amendment was intended to assess the prospective sustainability of debt by companies, taking into account:

- scenario analyses and assessment of deterioration and impairment rates in the various sectors;
- assessments of the impacts associated with the increase in energy costs and interest rates;
- the application of the 2023-24 sector estimates on the 2022 financial statements and the 2023 half-yearly reports of individual companies with the aim of making a projection of the expected cash flows and therefore of assessing the sustainability of the debt in the medium term.

In providing the newly originated loans the utmost attention is still paid to credit quality, product, geographical and above all dimensional diversification. In fact, the dimensional aspect is considered of fundamental importance and represents the cornerstone of the Group's credit product strategy. The logic of spreading the risk over a multitude of small recipients, which has always been the main component of the credit approach of the Affiliated Banks, has been strengthened with the introduction of risk thresholds and through an operational practice pursued in the day-to-day relationships between the Group's corporate structures and the Credit Departments of the individual Affiliated Banks. More space was also given to distributed products (leasing, factoring, personal loans and salary-backed loans) due to their lower risk profile compared to similar banking transactions. With regard to the specific lending activities supported by the public guarantees system (Guarantee Fund and SACE), it should be noted that the Temporary Crisis Framework, launched in the first half of 2022 following the emergency triggered by the Russian-Ukrainian war and the consequent hike in energy costs, was extended until the end of 2023.

During 2023, the Cassa Centrale Group continued to play a leading role in the territories served by its Affiliated Banks in supporting households and small businesses engaged in the energy upgrading of buildings. Thanks to a proprietary management system that integrates all stages of the process, from the reservation of the right to sell to the purchase of the credit and its subsequent offsetting in the Bank's payments and contributions, the Group has been able to respond effectively to a pressing and widespread demand from both established current account holders and many new customers. The Group's operations included all types of originating beneficiaries (households, businesses and condominiums) and all types of facilities, whether grouped together under the generic names of Ecobonus (credits with deductibility in 10 years) or Superbonus (credits deductible in 5 years). The widespread commercial success achieved in the main markets obliged some banks to supplement their ordinary tax capacity with re-transfer agreements with parties outside the Group, including those not belonging to the financial intermediaries sector, where possible. The relationship with large companies or general contractors was limited to a few cases, confirming the specific role of Cooperative Credit Banks, focused on serving retail and small business customers in their territories. A predominant portion of the energy upgrade interventions supported by the Affiliated Banks did not give rise to requests for credit support during the phase that separates the start of the works from the collection of the price for the sale of the tax credit, confirming that these are mainly small unit cuts and that the customers served are concentrated among households with good availability of savings.

As regards subsidised credit, in 2023 Cassa Centrale Banca signed:

- an Agreement with the Friuli Venezia Giulia Autonomous Region on behalf of the Group's Banks operating in that region in order to facilitate:
 - the disbursement of loans at a subsidised rate for the construction, reinstatement, transformation, modernisation and expansion of industrial and artisan facilities, for ship building, tourism and hospitality activities, and for other necessary initiatives for industrial development, in compliance with the current regulations on Revolving Funds for economic initiatives set out by Law no. 908 of 18 October 1955;
 - the disbursement of subsidised loans for investment and business development initiatives, for the capitalisation of undertakings in the form of companies for the consolidation of short-term debt into medium and long-term debt and to support short and medium-term credit needs;
- a Memorandum of Understanding between Agenzia Veneta per i Pagamenti in Agricoltura (Veneto Agency for Payments in Agriculture - AVEPA), Cassa Centrale and the main Group Banks operating in the regional territory of Veneto for the prepayment, through a concessional loan, of the contributions intended for agricultural companies with the right to payment entitlements;
- an Agreement with Finlombarda (Financial Agency of the Lombardy Region) to allow Cassa Centrale Banca to assist the Group's Banks that support businesses operating in the Lombardy Region through the use of subsidised credit instruments provided by the Region;

- the new Finpiemonte Agreement that enables Cassa Centrale Banca and the Affiliated Banks in Piedmont to support businesses operating in that Region through the use of subsidised credit instruments provided by the Piedmont Region;
- a Framework Agreement between Cassa Centrale, representing the Emilian banks of the Group and Confidi - Fider, in relation to the ability to offer businesses in Emilia-Romagna's tourism sector the "incentives envisaged for the development and qualification of regional tourism";
- an Agreement with SACE for the use of the SACE Green Guarantee. First demand public guarantee that will allow all Group Banks to support business investments in Green projects aimed at: (i) climate change mitigation; (ii) the protection of water and marine resources; (iii) circular economy; (iv) prevention and reduction of pollution, and (v) protection and restoration of biodiversity and ecosystems.

5.2.1.3 Consumer credit services

On 21 June 2023, in line with the provisions of the initial joint venture agreements, Cassa Centrale Banca concluded the exercise of the purchase from Deutsche Bank of the 40% stake in the capital of Prestipay S.p.A. As a result of the operation, Cassa Centrale Banca acquired the entire share capital of the Group's consumer credit company, over which it already had control, with 60% of the shares.

This operation marks another important milestone in the development process that began in 2018 as part of the commercial partnership with Deutsche Bank for the distribution of Prestipay white-label products and continued with the establishment and subsequent operational start-up of Prestipay S.p.A. in January 2021.

To date, the Company represents the benchmark for the production of consumer credit services aimed at customer-households of the Cassa Centrale Group Banks, distributed throughout the widespread network of branches across Italy and through the online direct channel.

In relation to the results achieved as at 31 December 2023, Prestipay S.p.A. confirmed its growth by recording total business volumes of over EUR 310 million, with a 19.4% increase compared to the previous financial year and a consistent increase in the number of transactions managed including thanks to the introduction of new products and the reinforcement of the direct channel.

This result is even more positive when compared with the trend on the Assofin reference market – the association of the main banking and financial operators in consumer credit and real estate – which recorded a -2.2% decrease in 2023 in disbursements in the personal loans segment compared to the previous financial year¹².

With regard to the service offered to the partner banks, new technological innovations were introduced by the Company intended to increase the efficiency and digitise their processes, thanks to which it was possible, for example, to halve turnaround times on loan applications compared to the previous year.

In the context of contractual documentation, the use of the certified digital signature service continued, which reached overall penetration of 90% of total contracts, allowing for a significant reduction in paper consumption and related CO₂ equivalent emissions.

¹² Assofin data as at 31 December 2023.

The results achieved confirm Prestipay's commitment to the partner banks to support the credit access needs of customer households in a national market affected by geopolitical uncertainty, ongoing inflationary phenomena and interest rates hikes imposed by the Central Banks.

This economic situation has affected the products of the main market operators, producing a marked increase in the rates offered to customers, more stringent disbursement policies and a lower average amount disbursed for loan types with a higher value.

In the situation described, the agility and sustainability of the business model and the highly industrialised processes implemented by Prestipay S.p.A. allowed the Company to proactively adapt to the reference context, firmly continuing along its process of growth and posting higher results than expected in the business plan and performing better than the reference market.

At the same time, the Company was able to guarantee the partner banks a moderate impact on the terms offered to customers and timely monitoring of credit risk as default rates are expected to worsen.

The main internal activities undertaken by Prestipay in 2023 are as follows:

- the diversification of product initiatives in support of the activity of the partner banks through the development of innovative solutions capable of ensuring adequate offers for customers;
- the creation of a specialised and personalised Credit Assessment Platform (PVC) for the assessment, deliberation and payment of loan applications received through the Company's direct online channel;
- the release of the new Customer Reserved Area dedicated to all Prestipay loan holders, through which users can manage their positions and view the main information about existing personal loans;
- the implementation, within the new customer reserved area, of a new chatbot service supported by artificial intelligence that can assist in real time with the main after-sales requests;
- continuation of the partnership between Prestipay and Udinese Calcio with the finalisation of the club's sponsorship agreement, as co-sponsor, for the 2023/24 season.

Lastly, the Company's process of strengthening the internal organisational structure continued with the hiring of specialised resources, both to strengthen the commercial structure in support of the partner banks and to support the development of important project activities intended to expand the range of new products and services offered to customers, introduction of which is expected in 2024.

5.2.1.4 - Payment systems

The payment systems market continues to be affected by strong renewal and high competitiveness. There has been growing use of digital payments on channels provided by banks or innovative solutions offered by new operators joining the markets. In this highly dynamic environment, Payment Systems for the Cassa Centrale Group are a service and support structure for the Group's Banks and operate on five different areas of activity: (i) regulations, (ii) foreign relations, (iii) centralised services, (iv) treasury, and (v) e-money to develop new services to be provided by the Affiliated Banks to allow them to be competitive and retain their customers.

Settlements

The Service took part in the Eurosystem project “Target2/T2 Securities Consolidation” required for all direct participants of the Target2 platform. One of the main objectives of the project is the improvement of Target regulation services and management of operational liquidity available to the European banking system in addition to the increase in security and data protection standards.

The release with an impact on critical processes such as operational liquidity management of the Treasury Service and the Regulations and Foreign Relations Services successfully took place in May 2023 using a “big bang” format for all the European banks.

From a technical perspective, the new European platform called the Eurosystem Single Market Infrastructure Gateway (ESMIG) was activated, allowing access to central liquidity management (CLM), real-time gross settlement (RTGS), Target2-Securities (T2S) and target instant payment settlement (TIPS) services.

The project introduced a new operating standard (ISO 20022 - XML format) for exchanging messages and new channels of connection to European infrastructure, which had an impact on all of the Bank's systems.

Work began on numerous transversal projects, including CESOP reporting, regarding new and specific information flows in the European environment sent to the Italian Revenue Agency for recurring cross-border transactions.

Activities associated with the data hub and data quality project for the archives of individual procedures connected to the processes of the service and in preparation for the creation of reporting payment functions to provide the Group Banks were launched with specific data analysis tools for the main payment systems used by the banks.

Digital euro analyses continued, in particular regarding the proposed regulations during the review by the individual industry working groups in Italy and Europe.

The service is part of the ABI Working Group for the standardisation and review of service levels and operations of the valuable transportation sector. Following the pandemic and the consequences arising from international tensions, the sector is heavily monitored by the Supervisory Authority, which has promoted, alongside the trade associations and main Italian banks, a structural table to coordinate and share solutions intended to intercept and proactively prevent the issues manifested by valuable transportation operators, by introducing national standards and reviewing the underlying economic agreements.

The monitoring of outsourced services (FEI) associated with cash management requires a growing commitment to the territorial coverage of the distribution network, the extent of the network of suppliers and the high number of Group vaults now present in every Italian region.

The service also actively participated in the national working group set up within the ABI for the adjustment of the CIT, CAI and Bills procedures following the numerous moratoria introduced by the various regulatory measures resulting from the flooding in the Emilia-Romagna region.

Participation in numerous open banking projects, the review of European regulations for instant payments, the Request-to-Pay scheme and the PSD3 review are important elements for innovation, with consequent commitment in terms of effort and dedicated resources.

Numerous activities have required the Service to prepare reporting, specific feedback and data collection in response to the diversified requests from the Supervisory Authority, the Italian Banking Association, Committees and internal functions of the Parent Company.

Foreign relations

After the turbulence of the previous two-year period, economic performance in the first six months of 2023, meant that volumes of payments and trade finance operations saw no particular changes compared to those from the first half of 2022, with widespread recovery in the levels prior to the pandemic.

The beginning of 2023 was characterised by the activities linked to the start of the two aforementioned projects, which profoundly changed the world of foreign payments (Target2 Consolidation and ESMIG). This change had a large impact for the Foreign Relations Service was the adoption of ISO 20022 (XML format) for all messages, obviously including payments, exchanged via the new infrastructure.

At the same time as the T2/T2Securities Consolidation project, the Swift project called Cross Border Payments and Reporting (CBPR+) was carried out, which will lead all banks to use ISO 20022 XML format also for messages referring to cross-border international payments (non-target euro and currency) in the period between March 2023 and the end of 2025. Cassa Centrale Banca and Allitude considered it best to avoid the 2023-25 period of duality (MT FIN format of ISO15022 vs XML format of ISO 20022), opting for the adoption of the new XML format as early as March 2023, in line with the go live of the T2 T2S Consolidation project. On the basis of the data provided by SWIFT, only 15% of global banks were able to migrate to the new format as early as March 2023.

At the start of the year, in preparation for this important change for foreign payments, the Parent Company, in collaboration with Allitude, organised three training courses dedicated to the Group's Banks, which saw excellent turnout.

Centralised Services

During the first two months of the year, data was communicated to the Register of Financial Reports according to the new regulations (measure of the Director of the Italian Revenue Agency in late May 2022).

The first half of 2023 was characterised by the creation of the Database Office within the service to better meet organisational and operational needs. The certification and standardisation of data points continued, with consequent overwriting on the local environments of the Affiliated Banks. This continuously evolving area will remain one of the main activities on which the newly founded Office will focus, given the relevant impacts of data on quality across the board. Analyses also continued to complete the Group's Database project – Standardisation – which aims to define a unique data table structure at Group level as well as draft standardised data recording processes.

The service was also involved in the working group dedicated to updates to the IT procedure used in the centralised checklist process, which allows participant banks to delegate to Cassa Centrale the reconciliation of transactions on correspondent accounts and the majority of the activity to close any suspended ones.

General Governments treasury

The Payment Systems Department also includes treasury activities carried out for several General Governments in Italy. As at 31 December, the total number of bodies managed was 1,026, while 724 bodies had an IT mandate, confirming the ongoing commitment to introducing more modern ways of delivering the service.

E-money

The Service activities are directed at supporting the Group's Banks and the market banks that subscribed to the e-money services. The Offices of the Service oversee the management of products that fall within the scope of e-money: debit cards, prepaid cards, credit cards, ATMs, physical and virtual POSs, and all activities required for the proper functioning of the instruments and for the prevention and management of fraud.

It also manages relations with the main counterparties: Bancomat SpA for the domestic circuit, Visa and Mastercard for the respective international circuits, Nexi for issuing and acquiring activities, and Worldline for the acceptance of international cards on POSs.

The first half of the year was characterised by the Sunset Maestro project, which involved the disposal of the Maestro scheme and the consequent impossibility to issue or renew debit cards on that circuit starting from 1 July 2023. Newly issued and expiring cards were issued on the Visa circuit (Visa Debit).

The Service has actively participated in various projects that were carried out and released in the second half of the year: in particular, the PagoBANCOMAT Only cards were created, available from November 2023, and the Mastercard Debit cards, which will join the Visa Debit cards from January 2024. Various functionalities were released on ATMs in order to ensure the main services of Self Service even with international debit cards.

Numerous activities required the coordination of the Service in the context of initiatives to standardise and increase the efficiency of the processes managed (e.g. OnBoarding Issuing – preview card balance) and proposals agreed with the main partners in order to improve and support the banks in the development of product marketing.

The works that were launched in the second half of the year on the project to reorganise the e-money segment were particularly demanding, with a particular focus on the POS acquiring activity. A careful and detailed analysis of the different activities became necessary in order to identify the best solutions to implement in order to best satisfy the requests of the banks, and therefore of customers.

As at 31 December 2023, there were 1,444,000 co-badged debit cards, 247,000 Visa Debit, 438,000 prepaid cards, 500,000 Nexi credit cards, 2,272 ATMs, and 94,100 POSs (82,300 on Allitude Terminals and 10,600 on GT Nexi, which also technically manages 1,200 Virtual POSs November).

5.2.1.5 Governance and support

Also in 2023, the Parent Company's governance and support functions have worked to strengthen the organisational structures and develop the activities of the Cassa Centrale Group.

The **Planning Department** manages activities aimed at an orderly business development of the Group, with a dedicated structure that has constantly transferred the Parent Company's operational and strategic guidelines to the Affiliated Banks, ensuring their effective understanding and implementation. The tools and metrics in support of the Group's management control process are being updated. These elements will allow for a more complete monitoring of profitability and costs.

Activities also continued aimed at:

- management of activities aimed at defining the Group's 2023-26 Strategic Plan;
- supporting activities relating to merger projects among Affiliated Banks started and/or concluded during the financial year;
- development of methodology integrated with Group internal transfer rates.

In 2023, activities continued to strengthen the **Administration and Tax Reporting Department**, in order to further strengthen the controls aimed at ensuring the correct and timely representation of the Parent Company's individual and consolidated economic and financial results, and the fulfilment of the related accounting, supervisory and tax obligations. In this sense, the Parent Company has provided important support to the Affiliated Banks in the management of accounting, tax and reporting processes, as well as in the activities to improve efficiency and correct management of the Group's income statement and balance sheet consolidation processes.

The **Information Technology & Security Department** provided continuous support to the Group in a variety of projects and activities aimed at the evolution and innovation of products and services for Affiliated Banks and customers, as well as compliance with external regulations and the expectations of the Supervisory Authority.

The action of the ICT Governance Service has moved along two main lines: regulatory and strategic. In the regulatory sphere, work continued on issuing and accompanying the adoption of the internal regulatory framework, with the aim of adapting the Group's ICT to ever growing regulatory pressure and enabling the effective management of controls and ICT risks. In this context, note the monitoring activities of the remedial plan resulting from the ECB on-site IT risk audit, in addition to the activities carried out in reference to the adaptation to the 40th update to Bank of Italy Circular no. 285/2013. In terms of strategy, the 2023-26 ICT Strategic Plan was updated, drafted in line with the previous ICT Strategic Plan and, in light of the new Group Strategic Plan, continuing the implementation and monitoring of the related initiatives intended to support the digitalisation processes and the development of the information system with the aim of guaranteeing high and innovative standards of service to shareholders and customers.

The ICT Governance Service also contributed, within its remit, to the CIPA (Italy's interbank agreement on automation) surveys.

With the intention to gather ideas for defining and implementing strategic initiatives, strengthening synergies with international research institutes, Cassa Centrale Banca actively participates in the works coordinated by the BIAN international consortia and the AbiLab IT Architecture and Information Governance Monitoring Units.

The Information Security Service, in collaboration with Allitude's Cyber Security Operations Service, prepared the 2023-26 Multi-Year Strategy Security Plan, which updated the 2022-25 Multi-Year Strategy Security Plan, taking into consideration the development of the external and internal situation of the Cassa Centrale Group, the Group's Strategic Plan, and synergy with the ICT Strategic Plan. Specifically considering the cyber panorama and in line with regulatory changes, two additional security roadmaps were defined relating to the areas of business resilience and physical security, thus expanding the Group's scope of security monitoring.

The Information Security Service has continued and launched a series of projects on governance and guidance of the security architecture and secure development of ICT solutions (known as "security by design"). These initiatives aim to increase the maturity of the security processes and measures and to promote the reduction of cyber risks at Group level, including through an increasingly more active involvement of the Affiliated Banks through the respective IT Security representatives. The security of third parties was also subject to specific evolution activities intended to strengthen control over supplies and ICT service providers, as part of the Group's wider framework for third-party risk management. In 2023, training and awareness initiatives on information security also continued in relation to Group employees as well as customers. With regard to the latter, the Group took part in the "CYBERSICURI – Impresa possibile" security awareness campaign promoted by CERTFin (CERT Finanziario Italiano) alongside other Institutes, the Bank of Italy, ABI, IVASS, and State Police, with the sponsorship of GPDP (Italian Data Protection Authority) and ACN (Italian National Cybersecurity Agency). Furthermore, Cassa Centrale Banca took active part in CERTFin as a member of the Governing Council, in the Cybersecurity Hub organised by Cetif (research centre of the Università Cattolica del Sacro Cuore in Milan) as a member of the Steering Committee, in the OSSIF (ABI research centre on anti-crime security), and renewed its membership with Clusit (Italian Association for IT Security) and the Computer Security Incident Response Team (CSIRT) Italia established at the ACN.

Technical projects continued in synergy with Allitude's Cyber Security Operations Service aimed at developing cyber security controls in relation to threat intelligence, endpoint detection and response, identity governance, incident management, anti-fraud and data classification and protection processes. Particular importance was placed on the development of security services to the benefit of the Group's legal entities, with the release of four services at the start of 2023 and the preparation of another service soon to be activated.

With specific regard to regulations, the Information Security Service participated, within its remit, in the gap analysis and planning of the activities pertaining to the adjustment to the 40th update to Bank of Italy circular no. 285/2013, carrying out an overall review of the Group Information Security Policy on at the same time. The Information Security Service also continued its coordination of the initiatives to adapt to Regulation (EU) no. 2022/2554 (the DORA Regulation), according to a strategic roadmap of measures defined with the involvement of the Cassa Centrale Banca and Allitude structures most impacted.

The **Operations Department** continued to support company projects in multiple areas pertaining to the business, governance and support, risks and controls segment. Regarding the digital transformation programme, the defined project activities continued, including support for the adoption and distribution of electronic signature tools by the banks (mainly the graphometric signature) and the evolution of the mobile banking channel (Inbank app) dedicated to private customers, which saw a gradual expansion during the period of the functions on the current version of the app in light of an overhaul over the next year. The project initiative in collaboration with several Affiliated Banks also continued, for the definition of the contact centre model, for the selection of the partner and the associated technological solution to manage inbound and outbound traffic with customers. In the context of updates to the Group's Strategic Plan, the digital transformation programme was also developed, with implementation of the related initiatives. To improve the efficiency of the project demand management monitoring and harmonisation process, the relevant internal regulations were updated, and the periodic monitoring of relevant initiatives was activated, with the relative periodic reporting to the departments and corporate bodies concerned. Adjustments to external regulations continued in order to transpose the new regulations issued from time to time (e.g. 40th Update, Law 285).

In the context of Services Governance, in 2023 initiatives continued intended to strengthen monitoring of coordination and support for the administrative and banking back-office services of Allitude. In particular, processes and tools were adopted to define measurable performance objectives of the back-office services from an efficiency/efficacy perspective as well as development of the Group's products to direct the overall benefit generated towards continuous improvement. The contribution of methods and expertise for the identification and guidance of the initiatives of greatest priority for the Allitude back office services also continued, ensuring full alignment and integration with the objectives of the Group's strategic plan. In this regard, it should be noted that, during the year, numerous roundtables were initiated with the Group's Banks aimed, for example, at process optimisation, pooling the experience already acquired.

Furthermore, in line with the strategic desire to establish a Parent Company office in Milan, the iconic building for such function was identified and is expected to be operational and inaugurated in the first half of 2024.

In relation to Cost Management and Procurement, the support and coordination activities aimed at using the Ivalua technology platform dedicated to managing the purchasing cycle in the context of the Group continued. The support and platform consolidation activities also continued, as did the new processes related to the Cassa Centrale Banca expenditure management cycle, as part of a process intended for deployment at Group level. As for negotiations, the renewal of expiring Group agreements was monitored, and the planned initiatives to optimise costs and procure products and services were launched at the same time. The plan takes into consideration the opportunities and requirements identified at Group level, including through periodic roundtables for discussion with the banks. Assessment of the results at the end of the year confirmed a substantial alignment between the results achieved and the plan.

The **Corporate Affairs and Equity Investments Area of the General Counsel Department** guaranteed operational and administrative support for the activities of the Board of Directors and the Board Committees of the Parent Company¹³ as well as their self-assessment exercise and suitability assessment pursuant to Art. 26 of TUB of the heads of the main corporate functions.

It supported the Affiliated Banks and the Group companies by providing advice about corporate governance aspects, including the area of related parties and conflicts of interest, in addition to the assessment process pursuant to Art. 26 of the TUB on the existence of the requirements and criteria of suitability of the Group's corporate officers.

The Area coordinated the audit activities, in part still ongoing, of the Group regulations on so-called high governance of the Affiliated Banks and on strengthening and consolidation of the procedural and IT controls for the management of operations with related parties and conflicts of interest.

The **Legal Area of the General Counsel Department** supported the Group Companies and the Affiliated Banks in all aspects related to contracts and the management of claims and ongoing lawsuits with consulting activities. It also coordinated the entry into force of the new Group Regulations for the handling of complaints, applied at Group level from 1 June 2021. Two updates to this regulation were adopted by the Board of Directors of the Parent Company on 16 December 2021 and on 14 April 2022; in June 2022 the latter was sent to the Affiliated Banks and Companies falling within the scope of the Group's consolidated supervision for its adoption and entry into force on 1 July 2022.

The entry into force of the new Group Complaints Procedure, approved on 16 December 2021, was also coordinated. On 28 April 2022, an update of the aforementioned procedure was approved and forwarded to the Affiliated Banks and Companies within the scope of the Group's consolidated supervision for its adoption and entry into force on 1 July 2022.

Lastly, the Legal Area was responsible for coordinating the entry into force of the new Group Regulations for the management of disputes, approved by the Board of Directors of the Parent Company on 28 April 2022, and applied at Group level as of 30 June 2022. The Legal Area, as of 1 July 2022, provided the Affiliated Banks and Group Companies, with access to a computer software that allows the recording, management and monitoring of disputes as well as alternative dispute resolution procedures (in particular ABF and ACF) and, where provided for by the Regulation, the intervention of the Parent Company through the relative support and involvement in the management of disputes.

The entirely original characteristics of the Cooperative Banking Group on the national framework require the consolidation of investments in communication and media relations and, when necessary, coordination of the activities related to the Institutional Relations of the Affiliated Banks and the Subsidiaries. In these respects, in 2023, under the coordination of the **ESG and Institutional Relations Department**, the activities carried out by the Affiliated Banks and the Parent Company were further structured.

The activities were aimed in particular at:

- following the main dossiers on the revision of banking, financial and insurance legislation and regulations, also in coordination with the credit and cooperation trade associations, to represent the unique characteristics and needs of the cooperative banking system;
- assisting the Risks and Sustainability Committee for issues within its remit;
- examining and interpreting the production of laws and regulations on sustainability/ESG, which is affecting the strategic and oper-

¹³ In particular, during 2023, the Board of Directors met 23 times, the Risks and Sustainability Committee 18 times, the Appointments Committee 20 times, the Remuneration Committee 12 times, and the Independent Directors' Committee 9 times.

ational approach of banks across the board, maintaining constructive relations with the supervisory and control bodies in charge; enhancing in external communication the Group's sustainability journey, while highlighting the distinctive features;

- acknowledging the Group as an entity with distinctive characteristics within the banking world, enhancing the objectives of sustainable development and the principles and values of the Mutual Credit Cooperation;
- further increasing, according to a constant and gradual approach, the Group's visibility to the outside world also through social networks, coordinating the activity to enhance the various initiatives activated by the Group and the communication of the Affiliated Banks on these channels. In particular, the Parent Company continued to see a constant increase in visibility on its LinkedIn profile, with a number of followers exceeding 34 thousand;
- continuing the collaboration with Euricse, a research institute specialised in cooperation and social enterprise issues. In particular, the survey on the Affiliated Banks was re-proposed, essential for circulating good practice on environmental and social issues;
- monitoring the progress of the Group 2022-2025 Sustainability Plan and issuing the Group Sustainability Regulations;
- approving the 2023-2026 Sustainability Plan, as described in more detail in section 8.8.

5.2.2 ICT and back office services

Within the ICT Department at Allitude the process to consolidate the operational integration and organisational transformation activities continued. In terms of projects, initiatives were carried out in the first half of 2023 on the basis of the requirements formulated by the competent structures of Cassa Centrale Banca. These requirements were formalised in the document of the 2023 ICT Operational Plan and approved by the competent decision-making bodies.

At the same time as the in-house development of new content in relation to the Group's information system, several innovative market solutions were selected and purchased to meet some of the new specialist needs that have emerged, for example in relation to credit and AML.

The projects included in the 2023 ICT Operational Plan are consistent with the development lines envisioned in the Cassa Centrale Group's strategy and can be summarised in the following areas:

- **omnichannel:** development of authentication systems and tools; development of digital services dedicated to end customers (for the mobile and internet banking channels, in particular); execution of processes to modernise the platforms in favour of internal and external users, with new major functions released successfully in 2023, including biometric SCA in the current Inbank app, and the development of the new modernised App to be released in the first half of 2024; digitalisation of onboarding processes for prospective customers; launch of activities for the definition of a Group Design System; set-up of dedicated centres for automation (DPA/RPA) and design systems;
- **banking information system:** standardisation of information system processes and configurations (register, transparency, guarantees and credit lines); evolution of the various application modules on the basis of business priorities (dematerialisation of sales processes to make in- and out-of-branch offers more efficient) and the need for regulatory compliance in the areas of finance, credit, anti-money laundering and payment systems; completion of the feasibility study and start of the analysis and implementation phase for the Group's new electronic credit line procedure (PEF); for the Core Banking Modernisation programme, following the release of the first pilot application, the project activities called for in the plan were launched in relation to the following areas: transversal modules, referential systems and finance;
- **data management and analytics:** architectural development of the Data Warehouse area with progressive population of the new architecture based on the Data Hub layer and gradual retirement of the functions on old architecture; preparation of the infrastructure to make a business intelligence product with self BI functions available to users to make them autonomous in consulting the various databases; expansion of the information

database available to cover banking processes; development of the data governance framework with the introduction of a business glossary and the expansion of the enterprise data catalogue, progressively enriched with the contents of various databases; upgrading the data quality dashboard with the implementation of a new set of controls and development of a data observability dashboard to monitor the supply chain of the data; preparation of a commercial datamart dedicated to customer insight, enabling the creation of Business Intelligence dashboards that will be distributed to the user banks;

- **synthesis systems:** guidance on adjustments to the rating calculation engine and the EWI/EWS (early warning indicator/early warning system) to the Group's new credit regulations; continuation of activities to take over and integrate third-party synthesis applications (AML T&M, ERMAS, Regtech, Rating, IFRS 9, ICT and Reputation Risk, etc.); conclusion of the migration to the new application platform dedicated to individual supervisory reporting and roundtables launched to analyse projects related to the evolution of reporting from a Basel IV prudential perspective;
- **technology/infrastructure:** completed the consolidation of the data centres to increase efficiency and lower risk; technology refresh of hardware components that find more modern and performing solutions on the market; introduction of the technology hosting service for user banks; conclusion of project activities aiming to release the first version of the management service for jobs of the user banks and launch of the pilot banks; completion of the design phase for the introduction of another management service for distributed computing, such as management of the user bank's local network; start of the cloud journey for defining the policy, the architectural framework and the governance operating models to adopt the public cloud; completion of the definition of ESG guidelines for ICT;
- **governance and processes:** following the ECB on-site ICT risk audit, which involved the Cassa Centrale Group in 2022, the initiatives to strengthen the ICT management processes continued in line with the remedial plan defined in July 2023 and intended to meet the expectations of the Supervisory Authority.

In 2023, the Allitude Services Department continued its development programme aimed at strengthening its role as outsourcer to the Group, in particular by increasing the volumes managed and developing new administrative and back-office services, in line with the needs of the Cassa Centrale Group. In this context, the vertical discussion tables were completed with the first panel of banks to analyse and understand their existing operational and organisational models for managing back offices to design, implement and promote new services while also defining a preliminary Group-level efficiency strategy, in particular through a centralisation process aimed at Allitude or other suppliers.

In relation to the expansion of the offer of services, various initiatives were launched, including the release of the following services:

- Credit Back Office: property and appraisal management and mortgage cancellation/renewal;
- Finance Back Office: fund management;
- Tax Back Office: management of VAT obligations;
- Collections, Payments and e-Money Back Office: reporting to the Italian Revenue Agency on tax bank transfers, transferability of assets and liabilities, Telepass and token cash handling.

Furthermore, a comparative benchmark was carried out of the current product offer against the main market comparables, aimed firstly at identifying additional ideas for expanding the catalogue, then outsourcing a number of activities to third-party providers using business-case-driven approach, and lastly lowering the cost-to-service by taking advantage of the skills already available within the Group.

The programme to increase productivity and operational efficiency in delivering back-office services also continues with the introduction of new technology tools (process automation) and organisational levers. Following a feasibility study performed on robotisation technologies and orchestration of processes in close collaboration with the Services Department and the ICT Department, the first releases of automated processes in the collections, payments and e-money, administrative management of personnel, accounting and budget, and centralised finance areas of the Allitude back office services were carried out, achieving initial benefits in terms of better performance. The initiative continued throughout 2023 and will be a driving force to launch the technology scale-up in other functional areas of the Group, by leveraging the experience of the Allitude processes.

Operations Tracker, the tactical tool for monitoring the operational performance of the back-office processes of the Allitude Services Department, is also constantly updated, with the aim of introducing continuous improvement strategies for the efficiency and quality of services by analysing collected data (economic, volume and productivity data, etc.).

The development activities linked to the implementation requirements of the regulations and controls of the Parent Company were also important, which saw Allitude working on a dual front: as a provider of IT solutions in support of the operations of the Group Companies, and as a Company that must adapt its own internal practices to the new regulatory requirements by combining them with the efficacy of the internal processes and its own organisational structure.

5.2.3 - Leasing services

The offer of leasing services, in its broadest meaning of financial and operational leasing, makes it possible for the Cassa Centrale Banca Group to strengthen the range of services offered in the territory, through specific agreements entered into with the Banks of the Cassa Centrale Group for the distribution of the product.

Claris Leasing S.p.A., through its financial leasing services, strives to guide the investments of small and medium-sized enterprises, customers of the Affiliated Banks of the Group, with a growing effort to respond to the new challenges on the market.

During the year, the domestic market context saw stagnation in the level of economic activity also influenced by the ongoing tensions on the geopolitical front and the continuation of significant critical issues on the markets, in particular the energy market, with tensions on the supply chains of raw materials that helped to trigger inflationary phenomena. In this scenario, the leasing sector in Italy nevertheless recorded a positive growth trend, with increasing volumes of new contracts driven by long-term lease operations in the motor vehicles segment. After isolating this component, the market instead shows a downward trend compared to the same period in the previous year.

The performance of the market is also reflected in the final figures recorded by the Company, which, albeit in line with expectations, show a slowdown compared to the previous year, also caused by the critical economic issues mentioned.

Through placements made by the distribution network of the Affiliated Banks of the Cooperative Banking Group, Claris Leasing concluded 1,400 new finance lease contracts for a total of EUR 304 million in new investments. Compared to the figures at the end of 2022, there was a decrease of around 8% in the number of contracts signed. In line with sector trends, the decrease posted in 2023 affected the capital goods sector and real estate leases in particular, while the trend in motor vehicle leasing increased. From a commercial perspective, the Company is extremely aware of the most environmentally friendly projects, in accordance with EU and national policies aimed at enhancing investments in the green economy and the Group's ESG policies. These guidelines also characterise the development programme set out in the Company's strategic plan.

With regard to asset quality, in line with the Cassa Centrale Group's objective, the gradual reduction of non-performing exposures continued through a strategy of disposals managed directly by the Company. The gross NPL ratio stood at 3.2% in December 2023, a marked improvement from 4.6% in December 2022 and 7.2% at the end of 2021. Supported by a prudent provisioning policy, the ratio of net impaired exposures to total leasing receivables was 1.0%, down from 1.6% as at 31 December 2022, and 2.2% in 2021. In line with the Parent Company's directives, the coverage of bad loans exceeded 95%.

During the year, Claris Leasing S.p.A. posted a net profit of EUR 11.2 million.

Claris Rent S.p.A. integrates the commercial offer of the Cassa Centrale Group through the significant distribution channels of the Affiliated Banks, with lease services on capital goods and long-term rental of motor vehicles in partnership with LeasePlan.

2023 confirmed the economic critical issues that had already characterised the company's first three years of operation. The company operated throughout a rather complicated economic stage, first due to the pandemic, then due to strong geopolitical unrest and macroeconomic tensions. The combination of various destabilising factors, such as the shortage of microchips that affected the production of vehicles, the shortage of raw materials and the difficulties in the logistics sector, maritime and rail transport due to geopolitical tensions, with consequent negative effects on the availability of rentable assets, generated significant critical issues for the range of products offered by Claris Rent S.p.A.

The aforementioned critical factors, in relation to the general market, placed a heavy damper on the company's business development; as a matter of fact, given its recent establishment, the company was unable to act on its significant network of customers, to propose, for example, an extension of the rentals during the extended wait times for new vehicles.

To limit the effects related to the critical concerns in the delivery of motor vehicles and in the management of the assistance service, business actions were taken to direct customer decisions towards products with fewer procurement problems, and evaluations are in progress for an operational management review that would make it possible to overcome the sector difficulties.

With regard to the range of rental products available, in the recent past, a campaign of agreements had already been launched with the BCCs of the Cassa Centrale Group that were willing to promote rental products to customers in its portfolio with the aim of identifying and anticipating their needs. As at 31 December 2023, 44 Affiliated Banks of the Group have signed the agreement.

The promotional and communication campaigns shared with the affiliated banks continue to increase customer loyalty. These activities are supported by the slogan "La tua auto la scegli in Banca" [Choose your car at the bank] and the use of online showrooms displaying the options offered by Claris Rent.

During the year, the Company signed 153 new long-term rentals of motor vehicles with fees determined by commissions, including future payments (this result was nonetheless affected by the shortage of vehicles available to register) and stipulated 627 new active lease contracts, while the result for the period remains negative for approximately EUR 333 thousand, also negatively affected by the consequences of the complex economic situation and the previously mentioned critical issues.

The offer of services in the leasing sector is supplemented by the collaboration agreement between the Parent Company and Fraer Leasing S.p.A. belonging to the French Group Société Générale. During 2023, this agreement allowed the distribution network of the Cooperative Banking Group to sign 714 contracts for a total amount of approximately EUR 101.7 million.

5.2.4 - Insurance services

The 2023 financial year was characterised by a growing development of the participant banks' insurance products in collaboration with Assicura Agenzia S.r.l. and with subsidiary Assicura Broker S.r.l., which made it possible to express, thanks to the consolidation of relations with the distributors and with Assimoco Group companies, more favourable trends than those posted by the national market.

In particular, as an additional result of a growing perception of exposure to risks, resulting from widespread concerns about the effects of climate change, geopolitical crises, demographic dynamics and trends in the rates, the proactive approach in the protection segment was strengthened by 113,173 new contracts (+30% compared to the same period in the previous year) as a result of the +34% growth in premiums relating to policies in the primary lines of business for asset and individual protection and motor TPL (+66%); it should be noted that there was a significant +46% growth in the signing of policies by SMEs – an area for which there are strong growth prospects, including in view of the entry into force of the obligation to cover catastrophic events – and the accidents (+39%) and illnesses segments (thanks to doubled membership in health funds following activation of the agreement with Cooperazione Salute). On the other hand, there was a slight slowdown in the placement of CPI policies (-2%), which, if correlated with the estimated 10% drop in mortgage loan disbursements, demonstrates an increase in the combination of such coverage with financing.

The life segment was strongly affected by the sudden hike in rates as well as the crisis of saver confidence stemming from the receivership of Eurovita S.p.A., definitively overcome with the implementation of the rescue plan by five leading Italian insurance firms and distributor banks – including Cassa Centrale Banca – to protect investors, and with the likely creation in the near future of a Guarantee Fund with greater protection of policyholders and beneficiaries of life insurance policies, even when the average solvency index on the market is 2.6 times higher than the expected minimum.

On the one hand, this resulted in an -18% drop in premiums from new business (particularly accentuated in the -25% in multi-class policies compared with a substantial confirmation of separate holdings signed) and, on the other hand, a considerable increase in redemptions (from an annual average of approximately EUR 300 million to EUR 515 million in 2023), leading to a decrease in net funding, which stands at EUR +26.8 million, against the negative trend recorded by the market, which in September recorded a negative balance between inflows and outflows for EUR 15.5 billion.

New business at the end of December recorded a total of 215,096 new contracts (+9%) against over EUR 775 million in premiums (-14%).

To support the banks in developing their ability – as of yet still mixed across different institutes – to intercept the needs of customers, as well as providing training processes aimed at increasing the professionalism and expertise of the network, the activation of the insurance advisory IT tool will be decisive in countering low awareness of risks, shown by the high underinsurance of both households and businesses, calculating the possible negative consequences of inadequately monitoring the protection area, analysing individually the extent of the services that could be provided by the public system, and preparing personalised cover proposals.

At the same time, the update to the Sicuro product catalogue continued, implementing the improved conditions negotiated with the Assimoco Group when signing the partnership agreement. This made it possible to include, among other things, catastrophic event coverage in the Assihome policy and, in the near future, to integrate the insurance solutions available for companies with corporate welfare instruments, but it also allowed us to activate guarantees on return on investment products to increase the appeal of insurance investment solutions.

The assistance provided in claims management – which has always been strategic for strengthening customer loyalty through efficient and innovative services – was affected by the extraordinary increase in complaints caused by exceptionally serious natural events in the summer months across our territories, accompanied by the organic growth resulting from the increase in the portfolio under management, leading to a +62% increase in the number of cases, at

over 36 thousand. In a further bid to address the possible recurrence of exceptional situations, a number of innovations will soon be implemented to streamline and raise the efficiency of operations.

At the same time, activities continued with the aim of optimising and facilitating customer relations through the growing use of advanced electronic signatures using OTPs to sign contracts, and the implementation of functions available on the MyAssicura and Inbank reserved area.

The action taken in terms of new business and in terms of maintaining the existing portfolio, net of increased investment product redemptions, led to nearly EUR 7.9 billion in premiums under management as at 31 December 2023, with over EUR 6.6 billion related to investment instruments, EUR 910 million in supplementary pension plans and more than EUR 347 million in insurance coverage in the protection sector.

The total of commissions earned generated overall revenue for nearly EUR 88.8 million, up — despite the aforementioned change in the scenarios — +6% compared to 2022, with a prevalence of remuneration originating from the placement and management of protection products that accounted for 51% of the total, bestowing greater stability upon the profitability offered by the insurance sector.

Net fees and commissions income for Assicura Agenzia estimated at the end of the year surpassed EUR 12.3 million, an increase of +3.8%, contributing to a net profit of EUR 6.6 million, an increase on the result posted in the previous year (+8.2%) as well as the budget.

In light of the results of the insurance assessments on institutional coverage completed in the previous year, Assicura Broker continued the alignment and efficiency improvement activities of its insurance coverage, and oversaw the management and reporting to customers on the activities carried out during renewal. This activity made and will make it possible to continuously improve the insurance level of the Affiliated Banks' policies, by aligning the levels of coverage and guaranteeing greater security for the GBC.

Furthermore, the "Group Cyber Policy" project was completed in the first half of the year. This project led to the subscription of cyber coverage to protect against the potential expenses borne by the Group as a result of an event that then affects Cassa Centrale Banca, Allitude and all the Affiliated Banks. The signing of this policy, which protects a particularly delicate area of risk, allows for further improvement to the Group's security level.

Subsequently, special attention was paid to the renewal of the D&O policies of the Group Companies and of the customer banks, which could only be renewed while limiting increased costs thanks to the total volumes managed by the GBC, having expected the increasing lack of willingness of companies to assume such risks or to insure the required limits.

With regard to the business area, thanks to the sales activities conducted on the business customers of the Group Banks, in 2023 we increased the number of companies that appointed us as brokers. In this sector we see an increase above 20% against an average market growth of non-life policies equal to 4%. These developments allowed us, on the one hand, to negotiate with leading dedicated facilities companies and, on the other, to strengthen the structure dedicated to personalised advice.

Overall, there was an increase in brokered premiums and commissions collected during 2023. The latter reached an amount of EUR 4.2 million, equal to a 12.2% increase compared to the previous year, bringing gross profit to EUR 1.49 million (+29.5%) and net profit to EUR 1.07 million (+41.3%).

5.2.5 - Collective asset management services

NEAM is the Luxembourg-based asset management company wholly owned by Cassa Centrale Banca which manages the NEF Mutual Investment Fund composed of 18 different sub-funds.

The NEF Fund is placed by all Affiliated Banks and by numerous customer Banks that mainly use Cassa Centrale Banca as the entity appointed to perform payments, i.e. as intermediary called upon to carry out activities to support customers in the administrative, accounting settlement and tax phases.

Thanks to the good results of the BCC-CR-RAIKA commercial network and despite investors preferring investments in BTP rather than assets under management products as a result of the current rates on the market, volumes reached EUR 6.961 billion with a 19.5% increase since the start of 2023 (EUR +1.136 billion).

Increased assets under management were the result of positive net funding of EUR 635 million and a positive market contribution of over EUR 501 million. During the period, capital accumulation plans (CAPs) made a positive contribution of around EUR 785 million to funding. The growth would have been higher had we not experienced significant divestments at the same time. With regard to the CAPs, there was net growth of 9,313 new openings during the year, for a total of 527,856 units, which are equal to monthly deposits of over EUR 65.5 million. This said, it should be noted that the trend in the second half of the year was negative with -9,547 CAPs, and in mid-2023 we had 537,403 CAPs.

Specifically, the data show a significant growth since the start of the year in a number of sub-funds for R class retail investors: NEF Ethical Balanced Dynamic R EUR 73 million, NEF Global Equity R EUR 45 million, NEF Ethical Global Trends SDG R EUR 80 million, NEF Target 2028 EUR 107 million. Other significant transfers occurred on the institutional classes, which brought overall net funding to EUR 635 million.

In the NEF range, three sub-funds exceed EUR 500 million in size (Ethical Balanced Dynamic 831, Ethical Global Trends SDG 730 and Euro Equity 632), while several other sub-funds have now passed the EUR 300 million mark. There was also significant growth since the start of the year in the NEF Euro Bond and NEF Target 2028 segments (from EUR 127 million to EUR 276 million, and from EUR 135 million to EUR 257 million respectively).

In confirmation of the high quality of its operations, in 2023, NEAM once again received very important awards. For the fourth consecutive year, it was recognised at the Sole 24 Ore High Performance Award according to the analysis carried out by the independent company CFS Rating, which confirmed NEAM S.A. as Best Management Company – Italian Small Funds for 2022 (third place). Moreover, Lipper awarded NEF with the title of Best Fund Mixed Asset EUR Cons – EuroZone over 5 Years for its NEF Risparmio Italia R sub-fund at the Refinitiv Lipper Fund Awards. The title was awarded as part of the Germany 2023 Awards and also saw the NEF sub-fund in first place in the Over 3 Years segment in the same category. Three NEF sub-funds were also included in the 300 Best Funds 2023 by CFS Rating: NEF Global Equity, NEF Euro Equity and NEF Risparmio Italia.

5.2.6 - Other services

Centrale Soluzioni Immobiliari S.r.l. (hereinafter also “CSI”) was set up to allow for the purchase, sale and exchange of real estate assets, including the development or completion of the same with a view to their re-placement on the market. This activity is carried out mainly as an ancillary activity to the activities of Cassa Centrale Banca, with the aim of safeguarding the creditworthiness of impaired loans secured by real guarantees.

During the first half of the year, CSI regularly continued — through specialised companies — to create, complete and maintain the construction sites relating to real estate acquired through bankruptcy proceedings.

Originally established to provide support and assistance to banks that use the online trading services offered by Directa SIM, over the years Centrale Trading S.r.l. (hereinafter also “Centrale Trading” or “CT”) has entered into agreements with several companies: Itaipreziosi S.p.A. for trading gold in its physical form; Six Financial Information, infoprovider for finance offices; WebSim for financial reporting; MasterChart, with which, in addition to traditional financial reporting solutions, customer appointment management, counter queue management, banking transparency management and digital signage services were added.

There were 144 affiliated institutions at 31 December 2023.