IFITALIA
GRUPPO BNP PARIBAS

Financial Report 2023

INTERNATIONAL FACTORS ITALIA S.p.A. - IFITALIA
Company subject to the management and co-ordination of BNP Paribas S.A. - Paris
Registered offices and Headquarters: 20132 Milano Via Del Mulino 9, C.P. 10732 Italy
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Share capital: EUR 55,900,000
Tax Code No. 00455820589 - VAT No. 09509260155
Milan Companies' Register No. 00455820589 and Economic & Administrative Roster No. 683665
Register of Financial Brokers: mechanised code no. 19016

FINANCIAL REPORT 2023

REPORT ON OPERATIONS

Report on Operations

Offices

Assago (MI)	20057	Via del Mulino, 9

Commercial offices within branches of Banca Nazionale del Lavoro

Bari	70121	Via Dante Alighieri, 32/40 Tel. No. 080/5210177	
Bologna	40125	Via Rizzoli, 26 Tel. No. 051/237001	
Genoa	16121	Largo Eros Lanfranco, 2 Tel. No. 010/582571	
Venice	30175	Corso del Popolo, 21 Tel. No. 041/5044070	
Naples	80134	Via Toledo, 126 Tel. No. 081/5517364	
Padua	35139	Piazza Insurrezione, 6/6A Tel. No. 049/655988	
Palermo	90133	Via Roma, 291 Tel. No. 091/6111387	
Parma	43100	Piazza Garibaldi, 17/A Tel. No. 0521/206232	
Pescara	65121	Corso Vittorio Emanuele, 148 Tel. No. 085/4429552	
Prato	50047	Via Bettino, 2 Tel. No. 0574/453605	
Rome	00185	Viale Altiero Spinelli, 30	
Turin	10121	Via XX Settembre, 40 Tel. No. 011/543444	
Limbiate (MB)	20812	Via Trento, 11	(opening on 1 April 2023)

Directors and Officers as at 31 December 2023

Board of Directors	MARIO GIROTTI		Chairperson
	MARIAELENA GASPARRONI		Vice Chairperson
	CARLO BOVERO		*Director*
	DOMENICO POMPA		*Director*
	VALENTINA OTTRIA	(from 26 April 2023)	*Director*
Board of Statutory Auditors	PIER PAOLO PICCINELLI		*Chairperson*
	GIORGIA CARRARESE		*Acting Auditor*
	ROBERTO BRIOSCHI		*Acting Auditor*
	ANNA DE TONI		*Alternate Auditor*
	SIMONA CASTELNOVO	(from 26 April 2023)	*Alternate Auditor*
General Manager	RUXANDRA VALCU	(from 1 February 2024 Chiara Bracci)	

Introduction and methodological note

In addition to the separate financial statements, Ifitalia prepared the consolidated financial statements that include in the scope of consolidation, other than Ifitalia, only Tierre Securitization srl, the SPV used for securitisation transactions (as described in detail on page 40 of this report) and a de facto subsidiary of Ifitalia.
Given the structure of the securitisation transactions that do not allow the receivables assigned to the SPV to be derecognised from Ifitalia's balance sheet assets, the values of the various items of the consolidated financial statements do not differ substantially from those of Ifitalia's separate financial statements.
For this reason, the values and analyses performed in the Report on Operations refer to Ifitalia's separate financial statements.
The figures in the Report on Operations are drawn up in millions of Euro.

Highlights

Ifitalia S.p.A. - Highlights	2023	2022	Changes %
VOLUMES			
Turnover	31,556	32,449	-2.8%
- without recourse	28,386	29,523	-3.9%
- with recourse	3,170	2,926	8.3%
ECONOMIC DATA			
Net interest	90	59	51.8%
Net commissions	63	61	1.9%
Net banking income	152	120	26.4%
Administrative expenses	49	49	1.3%
- personnel expenses	*23*	*22*	3.0%
Net adjustments for impairment of tangible and intangible assets	5	4	23.7%
Net adjustments for impairment of financial assets	18	11	62.0%
Net provisions for risks and charges	-4	6	-165.2%
Net operating income	85	53	62.0%
Profit for the year	58	37	59.8%
BALANCE SHEET DATA			
Total assets	7,309	*8,273*	-11.7%
Total Risk Weighted Assets (RWA)	6,133	*6,577*	-6.7%
Financial assets measured at amortized cost	7,218	*8,162*	-11.6%
Due from customers	6,898	*7,894*	-12.6%
Loans to lending and financial institutions	320	*269*	19.0%
Available-for-sale assets	0	*0*	-4.0%
Financial liabilities measured at amortized cost	6,197	*7,234*	-14.3%
Equity	912	*853*	6.9%
Tier 1 capital	849	*812*	4.5%
Supervisory capital	849	*812*	4.5%
PROFITABILITY, EFFICIENCY AND DIVERSIFICATION INDICES			
R.O.E.	6.6%	4.4%	51.2%
(*)Cost / income (with amortisation/depreciation)	35.5%	43.6%	-18.5%
Net commissions/Earnings margin	41.1%	51.0%	-19.3%

ASSET QUALITY			
Total problem positions	**306**	**320**	**-4.3%**
- in relation to customer receivables	4.24%	3.92%	8.2%
- coverage percentage	80.74%	79.17%	2.0%
Non-performing positions	**243**	**260**	**-6.4%**
- in relation to customer receivables	3.37%	3.18%	*5.9%*
- coverage percentage	86.94%	85.02%	*2.3%*
Unlikely to pay	**60**	**54**	**10.8%**
- in relation to customer receivables	0.83%	0.67%	*25.3%*
- coverage percentage	58.52%	58.40%	*0.2%*
Past due positions	**3**	**6**	**-52.7%**
- in relation to customer receivables	0.04%	0.07%	*-46.5%*
- coverage percentage	19.27%	11.35%	*69.7%*
CAPITALISATION RATIOS			
Tier 1 ratio	13.85%	12.35%	12.1%
Solvency ratio	13.85%	12.35%	12.1%
STRUCTURAL DATA			
Employees at year end	**275**	**271**	1.5%
No. of commercial offices	**14**	**13**	7.7%
- of which in Italy	**14**	**13**	7.7%
INFORMATION ON IFITALIA SECURITY			
Total number of shares	**55,900**	**55,900**	0.0%
- of which ordinary	**55,900**	**55,900**	0.0%
Par value (euro)	**1**	**1**	0.0%
Current value (euro) (*)	**16.31**	**15.26**	6.9%

(*) Effective Equity/total number of share

Results overview

The year 2023 was characterised by a scenario of strong uncertainty due to the complex international geopolitical situation and the slowdown of the global economy. World GDP grew by "only" 3%, GDP in the Eurozone by 0.5% and in Italy by 0.7% (vs 3.9% in 2022).
In this context, bank lending slowed down. The attenuation of economic growth, the increase in interest rates and a still high level of liquidity have reduced the demand for loans by businesses.
Factoring held up overall, with business volumes of EUR 290 billion (+0.87%) in terms of turnover and with advances of EUR 58.13 billion (+0.03% compared to 2022).
After significant growth in the first half-year of 2023, the last part of the year suffered a contraction in volumes as a result of the continuous increase in interest rates and the uncertainty of the general scenario.

In 2023, Ifitalia recorded a turnover of EUR 31,556 million (-2.8% compared to 2022) and a slight reduction in average loan volumes of 0.9%

Net banking income increased by 26% from EUR 120.3 million in 2022 to EUR 152 million in 2023, mainly as a result of the increase in market interest rates, which significantly increased the return on equity. Particularly:

- **net interest** amounted to EUR 89.5 million versus EUR 59 million in 2022 (+52%).
  The increase in net interest is attributable to a higher return on equity as a result of the increase in market rates and to higher extraordinary interest generated by transactions on tax credits. This positive effect is partially mitigated by a decrease in the financial spread.

- **net commissions**, equal to EUR 62.6 million, increased by EUR 1.2 million compared to 2022 (+1.9%). *Fee and commission income*, equal to EUR 76.7 million recorded an increase of EUR 1 million (+1.4%) that was essentially attributable to a higher commission rate compared to the previous year, partially mitigated by lower commissions linked to the new "ecobonus" credit trading operations (-6.3% compared to 2022; EUR 14.8 million vs EUR 15.8 million in 2022) and lower turnover (-2.8%).
  Fee and commission expense is substantially in line with the previous year.

The **Cost of credit risk and operational risk** rose overall from EUR 15.9 million in 2022 to EUR 14.5 million in 2023, confirming substantial stability. The achieved improvement is mainly due to some write-backs for operational risks. The CoR (cost of risk in relation to loans) in basis points on the value of loans/receivables stood at 19 bps compared to 22 bps in 2022.

On the ***cost*** side, there was a slight increase in administrative expenses (+1.3%) mainly due to:

- **personnel expenses** with an increase of 3% compared to 2022; this growth is mainly attributable to higher charges deriving from the renewal of the National Collective Labour Agreement and higher temporary staff costs.

- **other administrative expenses** amounted to EUR 26 million, in line with the previous year.

The **net value adjustments on tangible and intangible assets** were EUR 4.71 million, an increase of 23.6% compared with the EUR 3.8 million in 2022. They refer to:
- property, plant and equipment: for EUR 1.1 million (EUR 0.3 million in 2022), these value adjustments mainly refer to the depreciation charge on the leased property in Assago calculated in application of IFRS 16. The increase is due to the different temporal impact of the rent (3 months in 2022 vs 12 months in 2023).
- intangible assets: for EUR 3.57 million (EUR 3.49 million in 2022) to intangible assets.

From a financial point of view, consistent with the aforementioned reductions in business volumes, **loans to customers** went from EUR 8,162 million in 2022 to EUR 7,217 million in 2023 (-11.6%).

In defining administrative expenses and depreciation and amortisation expenses compared with the net banking income, the *cost to income ratio* equalled 35.5% in 2023 against 43.6% in 2022.

After direct taxes, which were EUR 27 million, the **profit for the year** was EUR 58.5 million (EUR 36.6 million in 2022, +59.8%).

*   *   *

Equity, including the profit for the year, stood at EUR 912 million (EUR 853 million in 2022; +6.9%).

As at 31 December 2023, the level of capitalisation for Supervisory purposes was expressed by a Tier 1 Capital Ratio of 13.85% (12.35% in 2022) and by a Total Capital Ratio of 13.85% (12.35% at the end of December 2022).

Market in which the company operates

Macroeconomic scenario

The world economy and the Eurozone

In 2023, the anticipated slowdown in the global economy was more contained than expected, thanks to the good performance of the United States economy in the second half of the year, and to the fiscal stimuli implemented in China. In the second half of the year, activity slowed down especially in the sectors most sensitive to changes in interest rates, such as the real estate market, and in the economies most dependent on bank loans, particularly in Europe. The uncertainty of the scenario was exacerbated by the rise of further geopolitical tensions. Overall, the global GDP growth rate has stopped at just over 3%. Growth in the United States was around 2.5% and was just over 5% in China. In the Eurozone, the increase in GDP would have stopped at 0.5%, in this case the figure for Germany, which closed the year with a negative change, weighs heavily.
Despite the more restrictive financial conditions, total household consumption in advanced economies held up better than expected, especially considering the drop in real incomes recorded in the last two years. Spending was mainly supported by the good performance of the labour market, which in many countries maintained unemployment rates close to historic lows. In some economies, such as the United States, households used much of the excess savings accumulated during the first year of the pandemic.
During 2023, core inflation recorded a downward performance in almost all countries, also thanks to the return of energy commodity prices down from the peaks recorded at the end of 2022. In the last months of the year, the downward performance was more marked than expected.
The evolution of the macroeconomic scenario continues to be accompanied by a strong weakness in world trade, which is affected by cyclical but above all structural factors.
In 2023, the volume of trade in goods and services would have grown by only 0.4% on an annual basis, continuing a very weak performance that began in the second half of 2022. Both advanced countries, for which trade is reported to have increased by only 0.3%, and emerging countries (+0.6%) contributed to the figure. Overall, global trade should return to grow at much lower levels than in the past.
In Italy, the economy slowed down in 2023, showing increasing volatility. GDP increased by 0.7% compared to 3.9% in 2022. The manufacturing sector was affected by the worsening of the international scenario and the slowdown in exports, which was more intense in the countries of the European Union. Production fell in all quarters. The energy-intensive sectors suffered the most, as a result of prices that were still high in historical comparison. On the other hand, construction showed the effects of the changes made to public incentives for the recovery of properties. The resilience of consumption supported growth in the services sector, also thanks to the gradual recovery of tourism.
In 2023, Italian households benefited from further improvement in labour market conditions, with employment at historically high levels. The slowdown in inflation, which fell below 1% year-on-year in December, favoured a moderate recovery in purchasing power, with the propensity to save still far from pre-crisis levels. Savings were affected. The value of financial wealth increased, thanks to the return to the positive territory of the portfolio return.
The Italian economy suffered from the drop in investments, which decreased after having made an important contribution to the recovery in the previous three years, affected by persistent uncertainty and the worsening of the economic conditions of companies. Despite the slowdown in recent months, production costs remain about 20 percentage points above the levels of the beginning of 2021, influencing profitability and guiding spending decisions, which are also affected by the increased level of rates.

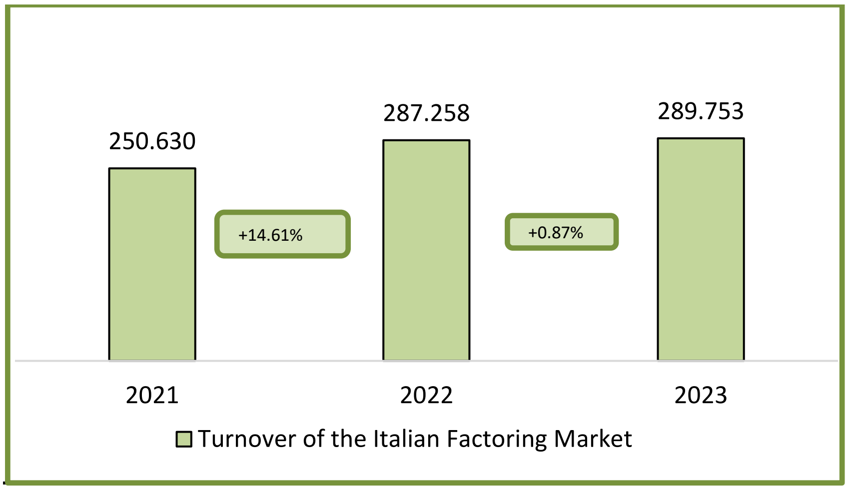
Lending activities in Italy

During 2023, bank lending in Italy showed clear signs of a slowdown. The attenuation of economic growth, the increase in interest rates and a still high level of liquidity have reduced the demand for loans from businesses and households.
Lending to households in 2023 showed a marked slowdown, closing the year with average growth of 0.4% YoY. The demand for loans by households for the purchase of homes decreased in conjunction with the start of the normalisation phase of the monetary policy, reflecting the increase in the general level of interest rates and the decline in consumers' confidence. The trend in mortgages recorded a strong moderation in growth (+1.6% YoY on average in 2023). Demand for

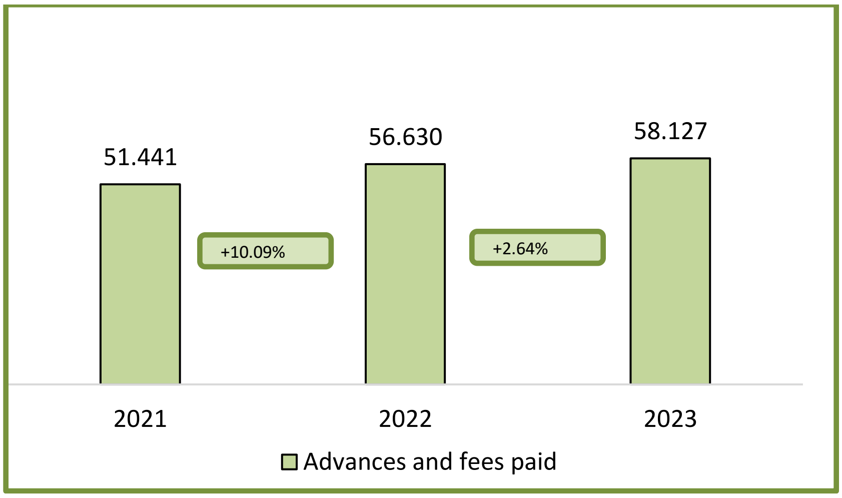
consumer loans accelerated compared to 2022 (+4.1% YoY on average in 2023), remaining at lower growth values than in the pre-pandemic period.
Loans to non-financial companies decreased by 3.2% YoY on average. Lending to non-financial companies also reflects the more difficult context in which Italian companies find themselves operating. After a marked growth phase, investments recorded a slowdown linked to the increase in costs, the reduction in purchases and a lower recourse to bank loans also due to the still favourable liquidity conditions. Previously, demand remained strong, also thanks to the high requirements for inventory and working capital.
Since the start of the monetary policy rate rally cycle, the trend in resident deposits has progressively weakened (-2.8% on average in 2023) in parallel with the performance in current accounts. In a context characterised by high price growth, the reduction in household liquidity on the one hand reflects the difficulty in coping with consumption (especially for households belonging to the lower income brackets) and on the other, the need for households in higher income brackets to reallocate their financial wealth towards higher-earning assets.
The growth in deposits, which in 2021 had reached 10%, has gradually decreased and has progressively become negative since the end of 2022. In 2023, the decline was accentuated and was only partially offset by a strengthening of the growth of other deposits. This recomposition is due to the slower adjustments of interest rates on current account deposits to changes in the reference rates compared to those on term deposits.
Even in a context of economic decline with regard to bank funding, the stock of household and business deposits remains at all-time highs and still represents a material part of total financial wealth.
Credit quality remains high: the data at the end of September 2023 show no particular signs of impairment. The total amount of impaired loans reached its lowest value (EUR 56 billion) starting from 2015, the year in which it reached a peak (EUR 345 billion). The flows of new impaired loans are substantially stable at historically low values, as well as the incidence of these assets on total loans. The performance in leading impairment indicators (e.g. late payments of performing borrowers) also shows no particular signs of deterioration in credit quality. The deceleration of economic activity and the effects of the rally in interest rates not yet fully deployed suggest the maintenance of a high degree of caution in assessing the repayment capacity of debtors with a material portion of floating-rate loans.
Savings management activities saw a growth in assets reaching EUR 2.3 trillion at the end of 2023 from EUR 2.2 trillion at the end of 2022. The year ended with the net funding balance negative for EUR 48 billion. In the mutual investment fund sector, as reflecting market trends, all categories recorded net outflows from deposits with the exception of bond funds.

The factoring market

The Italian factoring market recorded a turnover of EUR 290 billion in 2023, an increase of 0.87% compared to 2022, maintaining the positive trend also recorded last year, albeit with a lower percentage growth.
Average loans of EUR 43,937 million are in line with the previous year (EUR 43,939 million in 2022).
This market continues to remain highly concentrated in the hands of the three main players.
In terms of the ratio of factoring market turnover to national GDP, 2023 stands at 13.9% (-7.7% compared to 2022).



In terms of **loans**, the market stood at EUR 58,120 million at the end of 2023, increasing by 2.64% compared to the previous year (EUR 56,630 million in 2022).



Ifitalia's competitive positioning

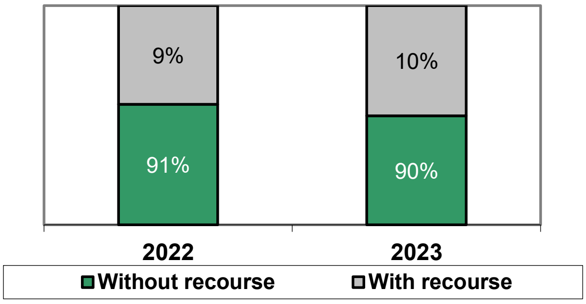
<u>Turnover</u>

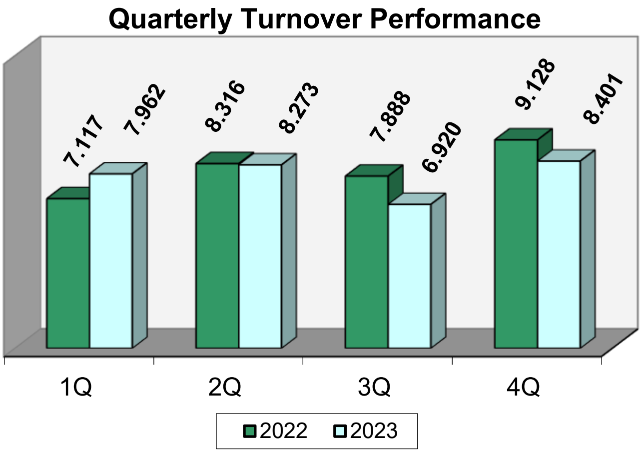
Ifitalia's *turnover*, the flow of loans/receivables acquired by the company in 2023, amounted to EUR 31,556 million (EUR 32,449 million in 2022), down slightly compared to the previous year (-2.8%).

With regard to the breakdown of products by contractual form, without-recourse factoring represented 90% of total turnover while with-recourse factoring represented 10% (essentially in line with 2022).

(in milions of €)

TURNOVER	31/12/2023	31/12/2022	Changes	%
Without recourse	28,386	29,523	(1,137)	-3.9%
With recourse	3,170	2,926	244	8.3%
Total	**31,556**	**32,449**	**(893)**	**-2.8%**





As regards the composition, the graphs below show without-recourse and with-recourse factoring further broken down into their income components.

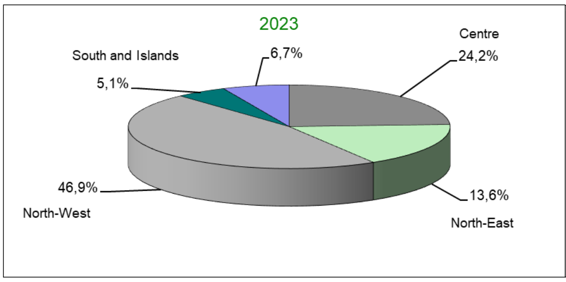
(in EUR million)

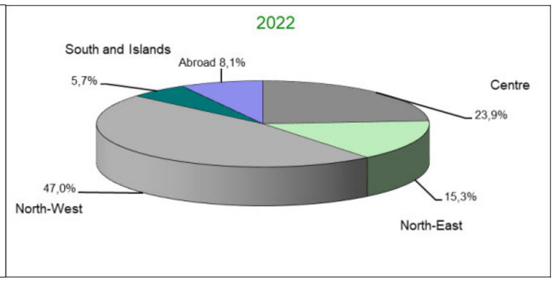
Product	Turnover 2023	Turnover 2022	Changes Absolute	Changes %	Incidence % 2023
Without recourse	18,088	18,967	*(879)*	*-4.6%*	57.3%
Maturity	625	655	*(30)*	*-4.6%*	2.0%
Abroad	5,987	6,252	*(265)*	*-4.2%*	19.0%
Reverse	3,686	3,650	*37*	*1.0%*	11.7%
Total Without recourse	**28,386**	**29,523**	***(1,137)***	***-3.9%***	**90.0%**
With recourse	1,850	1,898	*(48)*	*-2.5%*	5.9%
Maturity	42	42	*0*	*1.0%*	0.1%
Abroad	1,055	811	*245*	*30.2%*	3.3%
Reverse	223	176	*47*	*26.7%*	0.7%
Total With recourse	**3,170**	**2,926**	***244***	***8.3%***	**10.0%**
TOTAL	**31,556**	**32,449**	***(893)***	***-2.8%***	**100%**

With regard to the geographic breakdown of the transferors, they were distributed as follows:

(in milions of €)

Areas	2023	% of the total	2022	% of the total
CENTRE	7,638	24.2%	7,762	23.9%
NORTH-EAST	5,384	17.1%	4,969	15.3%
NORTH-WEST	14,798	46.9%	15,242	47.0%
SOUTH AND ISLANDS	1,619	5.1%	1,859	5.7%
TOTAL FOR ITALY	29,439	93.3%	29,831	91.9%
ABROAD	2,118	6.7%	2,618	8.1%
TOTAL TURNOVER	**31,556**	**100.0%**	**32,449**	**100.0%**





With reference to the **sectors of economic activities**, 2023 turnover presented the following breakdown:

TURNOVER BY ECONOMIC SECTOR	YEAR 2023	YEAR 2022	DELTA
67 Commerce, recovery, repair services	21.22%	20.24%	4.84%
00 Unclassified subjects	16.97%	15.34%	10.68%
52 Energy products	11.54%	12.28%	-5.99%
73 Other services for sale	5.52%	5.48%	0.68%
59 Electric materials and supplies	5.45%	5.38%	1.17%
61 Foodstuff and tobacco products	5.43%	5.16%	5.38%
60 Means of transport	4.99%	5.06%	-1.38%
66 Construction and public works	4.19%	2.90%	44.33%
53 Minerals, ferrous and non ferrous metals	3.58%	3.41%	4.89%
56 Metal products excluding means of transport	3.48%	3.30%	5.65%
72 Communication services	3.03%	5.41%	-44.06%
64 Rubber and plastic products	2.35%	1.99%	18.11%
63 Paper, paper products, press products, publishing	1.92%	2.53%	-24.39%
57 Agricultural and industrial machines	1.72%	1.94%	-11.71%
55 Chemicals	1.54%	2.26%	-31.74%
62 Textiles, footwear and clothing	1.40%	1.43%	-2.03%
69 Internal transport services	1.32%	1.31%	0.75%
71 Services connected to transports	0.94%	1.21%	-22.29%
65 Other industrial products	0.87%	0.88%	-1.15%
54 Minerals and non-metallic mineral products	0.77%	0.75%	2.63%
51 Farming, forestry, fishery products	0.70%	0.59%	17.92%
58 Office machines, computers, precision tools, etc.	0.58%	0.63%	-8.11%
68 Hotel and public services	0.50%	0.52%	-4.18%
Total	**100%**	**100%**	

This year, the industries that made the most use of factoring were “Commerce services” (21.2%; +4.8% compared to 2022), “Energy products” (11.54%; -5.9% compared to 2022), “Other services for sale” (5.5%; +0.68% compared to 2022) and “Electrical materials and supplies” (5.4%; +1.17% compared to 2022).
The first ten sectors represent 82% of total turnover (81% in 2022).

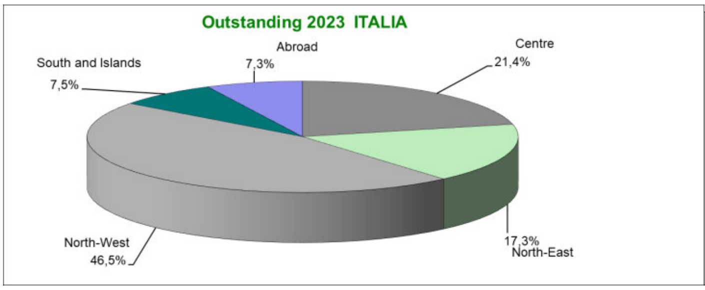
<u>Outstanding positions</u>

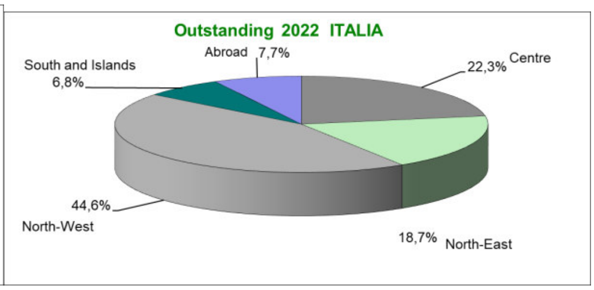
The stock of loans/receivables purchased for factoring amounted to EUR 8,235 million (EUR 9,230 million in 2022, -11%), of which EUR 7,340 million (89.14% of total loans/receivables) refers to contracts factored without recourse, while EUR 894 million concerns with-recourse contracts (10.86% of the total).
Within the amounts indicated above, total international factoring transactions amounted to EUR 1,659 million (20.15% of the total), of which EUR 1,550 million for export transactions (EUR 1,610 million in 2022) and EUR 109 million for import factoring transactions in line with 2022.

Outstanding positions in Italy came to EUR 7,745 million compared with EUR 8,560 million in the previous year and represent 94% of total outstanding positions (92.7% in 2022).

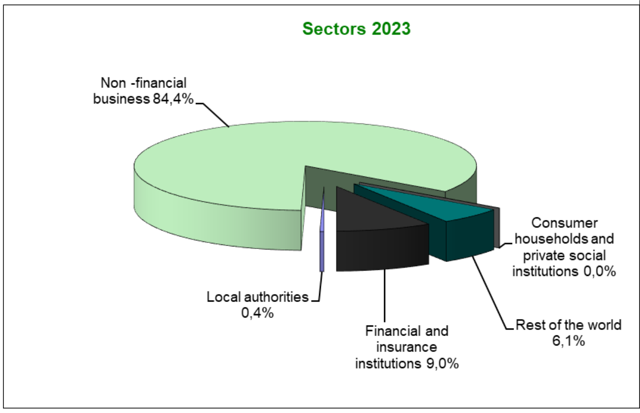
With regard to the geographic breakdown of the **<u>transferor</u>**, it was distributed as follows:

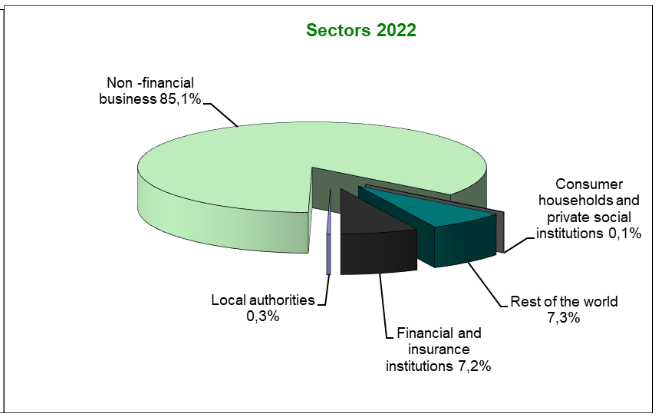
OUTSTANDING BALANCE				(millions of euros)
Areas	**2023**	**% of the totale**	**2022**	**% of the totale**
CENTRE	1,762	21.4%	1,977	21.4%
NORTH-EAST	1,634	19.8%	1,595	17.3%
NORTH-WEST	3,728	45.3%	4,293	46.5%
SOUTH AND ISLANDS	621	7.5%	695	7.5%
TOTAL FOR ITALY	7,745	94.0%	8,560	92.7%
ABROAD	490	6.0%	670	7.3%
TOTAL OUTSTANDING BALANCE	**8,235**	**100.0%**	**9,230**	**100.0%**





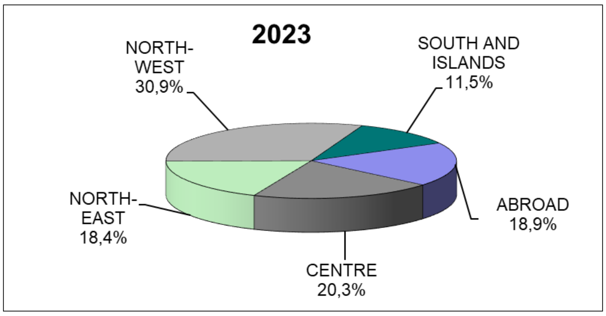
The breakdown of loans/receivables by segment confirms that in 2023, 84.4% of these amounts was attributable to transferors belonging to the category of non-financial businesses (85.1% in 2022).

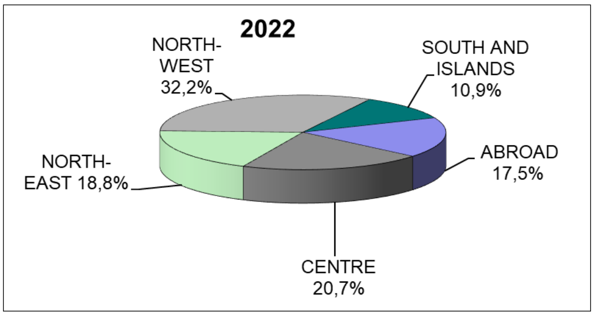




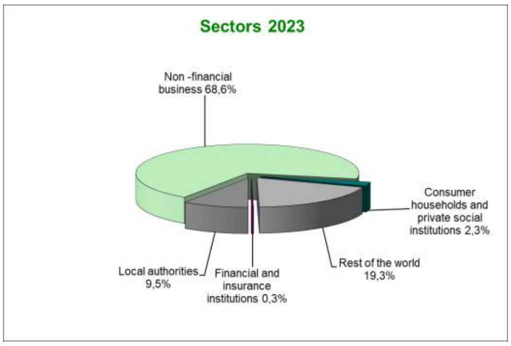
Following the previously analysed distribution of the outstanding transferor balances by geographic area, the same figure is now analysed seen from the **debtor side**:

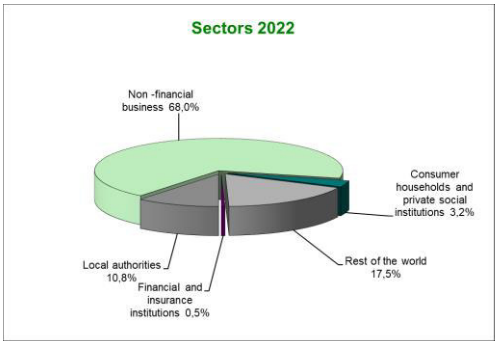
OUTSTANDING BALANCE				(in EUR million)
Areas	**2023**	**% of the total**	**2022**	**% of the total**
CENTRE	1,672	20.3%	1,911	20.7%
NORTH-EAST	1,515	18.4%	1,731	18.8%
NORTH-WEST	2,545	30.9%	2,970	32.2%
SOUTH AND ISLANDS	945	11.5%	1,005	10.9%
TOTAL FOR ITALY	6,677	81.1%	7,618	82.5%
ABROAD	1,558	18.9%	1,612	17.5%
TOTAL OUTSTANDING	**8,235**	**100.0%**	**9,230**	**100.0%**





Likewise, the breakdown by sectors of economic activities, again analysed from the **debtor side**, expressed the situation indicated below, which revealed a substantial consistent trend in debtors belonging to the “Non-financial businesses” segment, which went from 68% in 2022 to 68.6% in 2023. The "Rest of the World" segment increased from 17.5% to 19.3%, while the "Financial and insurance institutions" segment remained essentially unchanged. The “Public Administration” decreased, followed by “Consumer households and private social institutions”, from 3.2% in 2022 to 2.3% in 2023.





Profit performance

Net banking income

Net banking income of EUR 152 million increased by 26% compared to 2022; in order to better assess the performance of the individual components, it is deemed useful to analyse the composition of its individual items:

- **net interest** amounted to EUR 89.5 million versus EUR 59 million in 2022 (+52%).
  The increase in net interest is attributable to higher benefits deriving from the self-financing as a result of the increase in market rates and to higher extraordinary interest generated by transactions on tax credits. This positive effect is partially mitigated by a decrease in the financial spread.

(in milions of €)

	31/12/2023	31/12/2022	Var %
Net interest	**89.5**	**59.0**	**51.8**

- **net commissions**, equal to EUR 62.6 million, increased by EUR 1.2 million compared to 2022 (+1.9%). *Fee and commission income*, equal to EUR 76.7 million recorded an increase of EUR 1 million (+1.4%) that was essentially attributable to a higher commission rate compared to the previous year, partially mitigated by lower commissions linked to the "ecobonus" credit trading operations (-6.3% compared to 2022; EUR 14.8 million vs EUR 15.8 million in 2022) and lower turnover (-2.8%).
  Fee and commission expense is almost in line with the previous year.

(in milions of €)

	31/12/2023	31/12/2022	Var %
Commission income			
Services for factoring transactions	61.9	59.9	3.4
Ecobonus commission	14.8	15.8	-6.3
Commission income	**76.7**	**75.7**	**1.4**
Commission expense	*-14.2*	*-14.3*	-1.1
Net commission	**62.6**	**61.4**	**1.9**

The **net result from trading** recorded a cost of EUR 63 thousand (EUR 80 thousand in 2022) and derives mainly from the result of transactions in foreign currency. In 2023, no **dividends** were recorded as in 2022.

Adding net commissions and the aforementioned components to net interest, **net banking income** totals EUR 152 million (EUR 120 million in 2022; +26%).

Net value adjustments for impairment of financial assets

	31/12/2023	31/12/2022	Var assoluta
			(in milions of €)
Net value adjustments/writebacks for impairment of loans and receivables			
Net value adjustments/writebacks for discounting interest	1.4	*-0.1*	1.5
Net value adjustments, analytical	16.7	10.1	6.6
non-performing loans	*3.6*	*5.7*	*-2.1*
problem loans	*0.5*	*0.6*	*-0.1*
restructured receivables	*12.5*	*3.8*	*8.7*
Total impairment	-0.2	0.9	-1.1
Total net value adjustments/writebacks	**17.8**	**11.0**	**6.8**
Discounting interest	*0.0*	*0.0*	*0.0*
Operational Risk	*-3.3*	*4.9*	*-8.2*
Cost of Risk Total	**14.5**	**15.9**	**-1.4**

The **cost of credit risk** went from EUR 11 million in 2022 to EUR 17.8 million mainly as a result of higher new entries in "Unlikely to pay" loans, which saw the need for provisions on the related portfolio.
These provisions also include an amount of approximately EUR 4.8 million of reclassifications to credit risk of items already classified in previous years as operational risk. The reclassification of the risk generated a higher cost for credit risk and write-backs on operational risk.

Provisions for operational risk are mainly made in consideration of hypotheses of settlements to define ongoing disputes with assigning customers and recorded a significant reduction compared to the previous year, going from a cost of EUR 4.9 million in 2022 to a recovery of EUR 3.3 million in 2023 as a result of the closure of certain positions including the reclassifications mentioned above.

The overall CoR in bps (cost of risk in relation to loans) decreased from 22 bps in 2022 to 19 bps in 2023.

Administrative expenses

Operationg costs

	31/12/2023	31/12/2022	Var %
			(in milions of €)
Administrative expenses:	-49.2	-48.6	1.3
personnel expenses	*-23.1*	*-22.4*	*3.0*
others administrative expenses	*-26.2*	*-26.2*	*-0.1*
of which: indirect taxes and dues	*-0.9*	*-0.9*	*0.9*
Administrative expenses:	**-49.2**	**-48.6**	**1.3**

As regards the year's performance for administrative expenses, it is noted that:

- **personnel expenses** recorded an increase of 3% compared to 2022; this growth is mainly attributable to higher charges deriving from the renewal of the National Collective Labour Agreement and temporary staff costs.

- **other administrative expenses** amounted to EUR 26 million, in line with the previous year.

Other income components

The **net value adjustments on tangible and intangible assets** were EUR 4.71 million, an increase of 23.6% compared with the EUR 3.8 million in 2022. They refer to:

- property, plant and equipment: for EUR 1.1 million (EUR 0.3 million in 2022), these value adjustments mainly refer to the depreciation charge calculated on the leased property in Assago in application of IFRS 16. The increase is due to the different temporal impact of the rent (3 months in 2022 vs 12 months in 2023).
- intangible assets: for EUR 3.57 million (EUR 3.49 million in 2022) to intangible assets.

The **net operating income** and **profit from current operations before taxes** generated profit of EUR 85.4 million, EUR 32.7 million higher than 2022 (EUR 52.7 million).

After income taxes, the **profit for the year** came to EUR 58.5 million (EUR 37 million in 2022, +59.8%).

(in milions of €)

	31/12/2023	31/12/2022	Var %
Net operation income	**85.4**	**52.7**	**62.0**
Income taxes for the year on current operations	-27.0	-16.2	67.0
Profit from current operations net of taxation	**58.5**	**36.6**	**59.8**
Profit for the year	**58.5**	**36.6**	**59.8**

Balance sheet items

Loans and receivables

(in milions of €)

	31/12/2023	31/12/2022	Var %
Factoring	7,028.3	7,793.3	-9.8
Other loans	189.3	369.0	-48.7
Loans and receivables	**7,217.6**	**8,162.3**	**-11.6**

Loans and receivables, net of value adjustments, totalled EUR 7,217 million, compared with EUR 8,162 million in the previous year, therefore with a decrease of 12%.
This item, according to the IAS/IFRS international accounting standards, includes loans and receivables purchased without recourse, advances issued with recourse and for receivables acquired without recourse that have not transferred all the risks and benefits, and loans to debtors granted for conceded payment extensions.

Credit quality

Impaired loans and receivables decreased in 2023 from EUR 320 million in 2022 (EUR 67 million net; 0.8% of total loans and receivables) to EUR 306 million in 2023 (EUR 59 million net; 0.8% of total loans and receivables).

(in milions of €)

	Gross exposure	Value adjustments	Net exposure	% hedging	% incidence on due from customers
31/12/23					
Non-performing loans	243.0	211.3	31.7	86.9	0.4
Problem loans	60.3	35.3	25.0	58.5	0.3
Restructured receivables	2.7	0.5	2.2	19.3	0.0
Total impaired receivables	**306.0**	**247.1**	**58.9**	**80.7**	**0.8**
31/12/22					
Non-performing loans	259.7	220.8	38.9	85.0	0.5
Problem loans	54.4	31.8	22.6	58.4	0.3
Restructured receivables	5.7	0.7	5.1	11.4	0.1
Total impaired receivables	**319.8**	**253.2**	**66.6**	**79.2**	**0.8**

The total of **impaired loans and receivables**, net of value adjustments, amounted to EUR 59 million (EUR 67 million in 2022) with a comprehensive hedging of 81% (79% in 2022). These loans and receivables particularly concern:

- **non-performing loans** of EUR 243 million (EUR 260 million in 2022), 87% of which are hedged (85% in 2022), with a net value of EUR 32 million (EUR 39 million in 2022);

- **unlikely to pay**, totalling EUR 60 million (EUR 54 million in 2022) which, net of the related hedges of 58% present a net value of EUR 25 million (EUR 23 million in 2022). This category includes unlikely to pay loans, subject to postponement and not subject thereto;

- **past due loans** equal to EUR 2.7 million (EUR 5.7 million in 2022) recognised according to the new definition of default that came into force in January 2021, in line with the Group's operating instructions. The adoption of these criteria entailed a review of the overdue detection rules for both “transferor” and “debtor” customers and in particular:
  - in the case of “transferor” customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the thresholds of relevance established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
  - in the case of “debtor” customers, the days past due are calculated from the ninetieth day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the relevance thresholds established by the regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The relevance thresholds defined by the Regulator distinguish the exceeding of two different limits:
- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for companies, Bodies or other Institutions.

The scope of observation excludes exposures to the Tax Authorities deriving from sales of tax credits (VAT, IRPEG, etc.); these loans and receivables have an undetermined maturity.

Liability provisions

	(in milions of €)		
	31/12/2023	**31/12/2022**	**Var %**
Provision for employees termination benefits	2.9	3.3	-14.1
Provision for risks and charges	16.7	22.1	-24.4
b) other provisions	16.7	22.1	-24.4
Total	19.6	25.4	-23.0

As at 31 December 2023, **liability provisions** were EUR 19.6 million (-23% compared with EUR 25.4 million in 2022) and represent the allocations needed to cover future outlays deemed likely with respect to outstanding events.

The **provision for employee termination benefits** refers, for each employee, to obligations of defined benefits regarding work done until the date that the "accruing" employee termination benefits are transferred to INPS or to external retirement benefits as set forth by the 2007 budget act. The liability is posted using the actuarial method considering the probable future date on which the effective financial outlay shall take place. As at 31 December 2023, the provision was EUR 2.9 million (EUR 3.3 million at the end of 2022).

Other provisions, equalling EUR 16,7 million, include:

- *provision for legal disputes*, of EUR 14.4 million (EUR 18.7 million at the end of 2022) for allocations against revocations, legal proceedings and disputes;
- *personnel expenses*, of EUR 1.2 million, mainly related to provisions for variable personnel remuneration;
- *other provisions*, of EUR 1.1 million related to the provision for the derecognition of the residual value of software (intangible fixed assets) following the planned introduction of the new IT platform (Group project "One Factoring") from the end of the year 2025.

Equity items

Equity as at 31 December 2023 amounted to EUR 911 million (EUR 853 million in 2022), up by 6.85% due to the following changes:

Equity as at 31 December 2022	**853.09**
2023 changes:	
- net profit as at 31 December 2023	58.46
- change in other reserves	-0.01
Equity as at 31 December 2023	**911.54**

With regard to the capital adequacy of Ifitalia as at 31 December 2023, Ifitalia closed with **total regulatory own funds** of **EUR 849.2**million, up EUR 37 million, in the presence of total capital requirements of EUR 367.9 million resulting in a capital surplus of EUR 481.2 million. The Tier 1 and the Total Capital Ratio were 13.85%.

Regulatory own funds as at 31 December 2023 do not include the 2023 profit, which will be capitalised following approval of the financial statements by the Shareholders' Meeting.

	2023	2022	Var. %
Tier 1 capital	849.2	812.3	4.5
Tier 2 capital	0.0	0.0	0.0
Elements to be deducted	0.0	0.0	0.0
Transitional regime - impact of T2 (+/-)	0.0	0.0	0.0
SUPERVISORY CAPITAL	**849.2**	**812.3**	**4.5**
Risk Weighted Assets (*)	**6,133.1**	**6,576.5**	**(6.7)**
Total prudential requirements	**367.9**	**394.5**	**(6.7)**
Capital excess	**481.2**	**417.8**	**15.2**
Tier 1 capital ratio	13.85%	12.35%	12.1
Total capital ratio	13.85%	12.35%	12.1

(*) As from, the above-mentioned aggregates have been calculated according to Basel II

Infra-group transactions and those with "related parties"

Relations with the parent company and other companies belonging to the BNL-BNPP group, included in what is set forth pursuant to art. 2497 and following of the Italian Civil Code, include both financial and commercial relations.

The borrowing transactions with the Parent Company, regulated at market conditions, totalled EUR 4,693 million and represented the majority of amounts owed to banks; the remaining part is represented by exposures to BNL for an amount of EUR 772 million.

In relation to securitisation transactions, Ifitalia as at 31 December 2023 had a debt position to the SPV of EUR 289 million, which represents the portion of the securitised portfolio financed by other companies of the group. The related income transferred to other Group companies amounted to EUR 1.977 million (EUR 2.530 million for 2022).

With regard to the operating transactions with BNPP group companies, made up mainly of service agreements for providing IT services (mainframe use and use of data networks and software support and maintenance) and company vehicle hire, costs were incurred for EUR 7.508 million (EUR 7.218 million in 2022).
As from 2021, BNPP centralised certain services on HR, Risk and Compliance issues.
The costs of the services implemented for various group companies are allocated firstly to the Business Lines on the basis of the services received and subsequently on the basis of the following parameters: Risk Weighted Assets (RWA) with regard to RISK services, Full Time Equivalent (FTE) with regard to HR services and Net Banking Income (NBI) with regard to Compliance. The total cost of the above services for Ifitalia, to which Legal, Communications and Global Sourcing services have been added, and from 2023 the Finance & Strategy, Cyber risk and Fraud risk services, amounts to EUR 2.423 million (EUR 1.207 million in 2022).

Expenses/profits were also recorded for staff seconded respectively from or to other Group companies for an annual total of EUR 4.027 million in 2023 (EUR 4.273 million in 2022).

In 2023, income from Group companies for rents receivable of EUR 0.429 million (in line with 2022) and costs for rents payable of EUR 2.056 million (EUR 1.493 million in 2022) were also recorded.

Ifitalia uses external servicing provided by BNL S.p.A. for the management of the following services:

- administrative, accounting and tax service (Musca)
- tax advisory service

- compliance activity management service
- property management service
- HR management/administrative service
- purchase management service
- NPL management service
- Operation service and operational support
- Business Continuity Service

In 2023, costs totalling EUR 2.221 million were incurred for all the above activities (EUR 2.139 million for 2022).

Furthermore, the company makes use of an internal audit service offered by BNL, based on the BNP Paribas guidance regarding Internal Control Systems. The total costs incurred were EUR 0.232 million (EUR 0.241 million in 2022).

Expenses for coordinating factoring activities at the group level, performed by the "Global Factoring Competence Centre", were incurred for EUR 0.753 million in 2023 (EUR 0.776 million in 2022).

In addition, costs of EUR 2.138 million were incurred for Transformation project-related activities in 2023 (EUR 1.091 million in 2022).

Furthermore, for providing commercial services, Ifitalia made use of the collaboration of the BNL/BNPP branches to which it paid commercial commission charges totalling EUR 1.392 million (EUR 1.519 million in 2022).

With regard to the loans granted against factoring activity, it is specified that Ifitalia receives, disinvests and provides guarantees regarding the BNL Parent Company and some BNL-BNPP Group companies.
All transactions between the Bank and related parties are carried out at market conditions.

The summary of equity and economic relations for 2023 with the parent company and other companies belonging to the BNL-BNPP Group originating from financial or commercial relations are indicated on page 148 of the Notes to the Accounts.

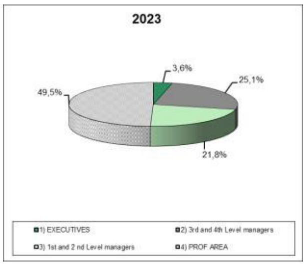
Human resources

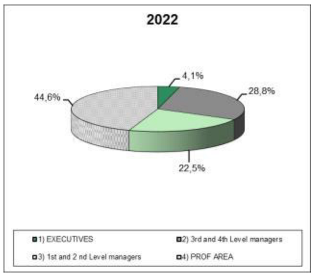
The personnel as at 31 December 2023 amounted to 275 employees (+271 employees compared to 31 December 2022).

The resources are broken down as shown in the tables below:

Distribution by grading

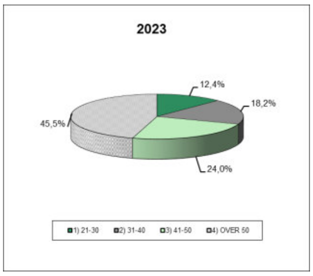
Category	31/12/2023	31/12/2022	2023 in %	2022 in %
1) EXECUTIVES	10	11	3.6%	4.1%
2) 3rd and 4th Level managers	69	78	25.1%	28.8%
3) 1st and 2 nd Level managers	60	61	21.8%	22.5%
4) PROF AREA	136	121	49.5%	44.6%
Total	**275**	**271**	**100%**	100%

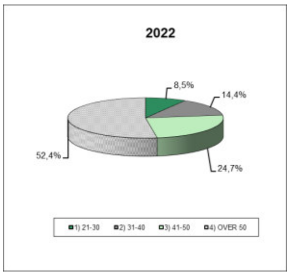




Distribution by age

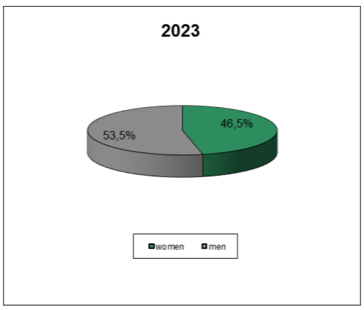
Age group	31/12/2023	31/12/2022	2023 in %	2022 in %
1) 21-30	34	23	12.4%	8.5%
2) 31-40	50	39	18.2%	14.4%
3) 41-50	66	67	24.0%	24.7%
4) OVER 50	125	142	45.5%	52.4%
Total	**275**	**271**	**100%**	100%

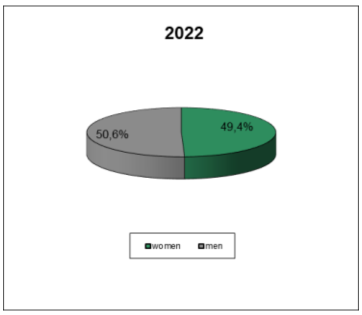




Distribution by gender

Category	31/12/2023	31/12/2022	2023 in %	2022 in %
women	128	134	46.5%	49.4%
men	147	137	53.5%	50.6%
Total	**275**	**271**	**100.0%**	100%





Management Policies and Human Resources Development

The procedures and related tools for managing and developing Human Resources in Ifitalia are designed and governed in close synergy with those adopted within BNP Paribas Group in Italy.

ABOUT ME, the BNPP Group's performance management system, confirms its central role in continuing to act in terms of continuous improvement, development and enhancement of the intra-group mobility "ABOUT ME". Almost 100% of the business population was involved in the assignment and assessment of objectives; more than 90% of feedback was exchanged between the manager and employees and individual development plans were identified to ensure the constant updating of skills and therefore to ensure maximum future employability.

During 2023, professional development processes were activated for about 10% of the business population with the objective of offering people and, consequently, the organisation as a whole, opportunities for enrichment and skill development. In particular, about 20 colleagues changed roles, five mobility schemes were activated with Group companies in Italy and Europe and, finally, 32 people were recruited from the external market. All the actions mentioned were aimed at further strengthening customer management and development activities.

Ifitalia has also actively taken part in Talent management programmes through participation in the “Leaders for tomorrow (LFT)” project with the aim of identifying and training the management of the future and promoting incisive cross-company mobility in a logic of comparison and synergies between the various businesses and enrichment of the Group's professional skills.

The management strategy is confirmed as being focused on the substantial involvement of direct managers in guiding employees as well as in identifying and preparing individual development plans.

Training

With a view to continuous evaluation and growth of the Company’s human resources, investments continued to be made in training activities during 2023.
A total of 7,179 hours of training were provided in 2023, equal to 22.6 hours per capita, which, also in relation to the new remote methods tested effectively during the pandemic scenario, were mostly carried out remotely, in virtual rooms or e-learning.

With regard to the offer, in addition to having a complete training catalogue, which concerns both behavioural/managerial and technical matters, in-house initiatives have been set up for both managerial and professional roles.

With reference to training topics, 62% were of a technical-specialist nature, 23% related to regulations and 15% were behavioural and linguistic. 9% was delivered in the classroom and 91% remotely, in virtual room or e-learning.

The coverage of the business population was 99%.

Selection and Employer Branding

In collaboration with other Group companies, the commitment to Employer Branding has grown, with the aim of increasing and expanding the presence of the BNP Paribas Group and Ifitalia on the labour market, including through a strategy of digital presence in the main professional social networks and at events organised at major Italian universities.

Remuneration policies

Remuneration tools adopted in 2023 for personnel were divided into interventions to the fixed component of remuneration (raises and promotions) and to the variable component (both managerial and one-off bonuses, incentive plans, company bonuses, welfare), in line with standards and guidelines defined by the Group.

In line with the Group's objective of continuing the process towards greater pay parity and thus reducing the so-called "gender pay gap", particular attention was paid to the female cluster in line with the characteristics of the roles held and the quality of performance.

Other information

Organisational structure

As a member of the BNP Paribas Group, Ifitalia implements the strategic guidelines laid down by the Parent Company and direct parent company, which carries out management and coordination activities, formulating guidelines for this purpose that are implemented by each entity.

The General Manager, who reports to the Board of Directors, is responsible for the overall management of the Company and is assisted by two Deputy General Managers.

The current organisational structure of the Company, resolved by the Board of Directors on 20 April 2023, is structured into the following Business Lines/Functions:

- ***Business Lines***, structures overseeing the Commercial Chain and the Operations Chain, in support of the business, manned and coordinated, respectively, by two Deputy General Managers, directly reporting to the General Manager:
  - **Sales Department, overseen and coordinated by the Deputy General Manager, Sales Manager**
    - *Product & Business Development*
    - *Sales Network*
    - *Client Management*
    - *Loans*
    - *Special Loans*
  - **Operations Department, overseen and coordinated by the Deputy General Manager, Operations Manager**
    - *IT*
    - *Operations Services*
    - *Organisation & Model Transformation*
- ***Functions,*** structures overseeing the Company's governance processes:
    - *Business Strategy & Marketing*
    - *Finance Division*
    - *Legal and Corporate*
    - *Risk Division*
    - *Human Resources*

The Head of the Risk Division holds the position of Head of the Risk Control Function and, in this capacity, reports hierarchically to the Board of Directors; the Risk Division is integrated into the RISK organisational model of the BNP Paribas Group, with the consequent close link and reporting of the Head to the Factoring Global CRO of BNPP, with which it acts in close coordination.
The Head of the Risk Division is appointed by the Board of Directors on the proposal of the Factoring Global CRO of BNPP and having consulted the Board of Statutory Auditors.

The Legal and Corporate structure is integrated into the Legal organisational model of the BNP Paribas Group, with the consequent close relation and reporting of the Head to the Legal and Corporate Manager of BNL.

The Head of Special Loans, with reference to the control unit of the outsourced activities in the Workout area and in the Small Ticket Problem Loans area, reports to the General Manager.

The Compliance Function is outsourced to BNL S.p.A. - Compliance Division, which reports to the Board of Directors in the performance of this task. The Point of Contact for outsourced services is a member of the Board of Directors designated pro tempore.

The positions of Head of the Compliance Function and Head of the Anti-Money Laundering Function are held - within the Compliance Division of BNL S.p.A. - by the Compliance Manager of BNL and the Head of BNL's Financial Security structure, respectively.

The Internal Auditing Function is outsourced to BNL S.p.A. - Inspection Générale - Hub Italy, which reports to the Board of Directors in the performance of this task. The Point of Contact for outsourced services is a member of the Board of Directors designated pro tempore.

Management and coordination of Parent Company activities

The company is subject to the management and coordination of BNP Paribas activities.
The company has a traditional Governance and Control system that comprises the Shareholders' Meeting, Board of Directors, General Manager and Board of Statutory Auditors.

Treasury or parent company shares in the portfolio

The Company does not hold any treasury or parent company shares.

Use of the internal systems (AIRBA)

In a formal letter dated 10 March 2022, the Bank of Italy informed Ifitalia that it had decided not to use the advanced approach (IRBA) for the calculation of capital requirements and to maintain the standard approach.
In the light of the above, the Company calculates the capital requirement under the Standardised Approach, using the Internal Rating System within the credit process and risk management framework.
The internal rating system is based on the principle of the uniqueness of the rating value by supplementing these values with those expressed by the BNP Paribas banking network, which are used, each time they are present, as a driver in the credit process. In line with other BNP Paribas Group entities, the master scale that ranks the customers into 10 classes for the performing part and two classes for the default part, which includes past due, unlikely to pay and non-performing positions, is adopted.

Supervisory review process

The enforcement of Circular no. 288 “Supervisory provisions for financial intermediaries” dated 3 April 2015 repealed Circular no. 216 and led to a harmonisation with the Banking Supervision rules and with the European legislation disciplined by Regulation (EU) no. 575/2013 (known as CRR) and directive 2013/36/EU (known as CRD IV).

As illustrated in Circular no. 288, the Supervisory Review Process (SRP) is divided into two integrated phases. The first is represented by the internal process for determining capital adequacy (Internal Capital Adequacy Assessment Process - ICAAP) and refers to the intermediaries, which carry out an independent assessment of their capital adequacy, current and forecast, in relation to the risks undertaken and the business strategies.
The second involves the Supervisory Review and Evaluation Process (SREP) and is the responsibility of the regulatory authority, which, also via the ICAAP review, formulates an overall opinion on the intermediary and activates, if necessary, corrective measures.

In line with the matters laid down by the Legislation, Ifitalia prepared the ICAAP document with reference to 31 December 2022 and is about to prepare the new ICAAP as at 31 December 2023 by 30 April 2024.

Business targets and policies regarding the handling of risks and the related hedging policies

Information concerning the policies for the handling of the risk and the related hedging policies has been dealt with in Part D: Other Information - Section 3 of the Notes to the Accounts.

The internal control system in relation to the financial disclosure process

Article 123-bis of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or TUF), amended and supplemented by Article 5 of Legislative Decree no. 173 of 3 November 2008, introduced, under paragraph 2, letter b, the obligation to describe the main characteristics of existing risk management and internal control systems in relation to the financial disclosure process.

The purpose of the internal accounting control system is to verify the completeness and correctness of accounting records, prevent and locate any errors as well as the quality of the data to be used to prepare the financial statements, produce supervisory reports and all other accounting and financial disclosure. The system complies with the standards set by the Parent Company BNP Paribas.
The methodological approach is based on ascertaining the existence of suitable governance systems, standards of conduct inspired to corporate ethics and integrity, disciplinary systems for the personnel, suitable organisational structures, a clear structure of delegations and responsibilities, effective codes of conduct and fraud prevention systems. It is consistent with the standards envisaged by the Parent Company BNP Paribas and was implemented with the preparation of appropriate internal procedures for an effective and efficient monitoring of accounting risks and financial disclosure.

Accounting risk monitoring is included in the broader context of permanent control, based on the continuous monitoring of risk identification and assessment, procedures and controls.

Controls reflect the current definition prescribed in the company’s internal control system. Controls are classified as “first level” (carried out by operating personnel and hierarchical managers) and “second level” (carried out by specialised functions). The periodic auditing of the system is carried out by the Group Inspection Générale Department (third level control).

In assessing the accounting internal control system, special attention was devoted to verifying the adequacy and actual application of the accounting and administrative procedures as well as the rules of correct management of the technological infrastructure, applications and operating systems. Analyses were carried out with specific methodologies monitored through the Finance Division. Monitoring the accounting and financial reporting quality focuses on examining the

organisational settings and the functionality of the internal controls through a test plan that continuously assesses the adequacy and actual application of the accounting and administrative procedures that play a role in preparing the accounting documents and any other financial communication.
The quality of the accounting reporting and the effectiveness of the related internal control system are formalised by issuing a Group Certificate every three months.

Business Continuity

Ifitalia defined a **Business Continuity** system to guarantee the continuity of the company's critical services.
In line with regulatory and BNP Paribas Group provisions, Ifitalia's **Business Continuity Management** system is comprised of:

- ✓ **a Governance organisation** to manage crisis scenarios;
- ✓ **a Business Continuity Plan** (BCP) for operational management of crisis scenarios.

Since 2020, Ifitalia has outsourced the Business Continuity framework management activities to BNL S.p.A.; in this context, the Company retains, also through the figure of the Business Continuity Manager who remains appointed to it, overall responsibility for the Business Continuity system; the Company also maintains at its own expense, through the Permanent Control Coordinator/Operational Risk (PCC/OR) structure, the carrying-out of specific permanent controls on the BC within its scope.

The Corporate Regulations specific of the Company include references to the responsibilities pertaining to the process of implementation, maintenance and governance of Business Continuity.

Particularly:

- **A Business Continuity Manager**, in charge of preparing and maintaining the Business Continuity system;
- **Corporate Functions**, which contribute to finding, sharing and validating the information required to guarantee the effectiveness and efficiency of the continuity solutions established in the BCP;
- **Crisis Committee**, which guarantees the management of particularly serious crisis situations that require immediate co-ordination to define continuity solutions;
- **Risk Monitoring Committee:** Supports the Business Continuity Manager in identifying, sharing and validating the information and initiatives designed to maintain the Business Continuity solutions.

Ifitalia's Business Continuity Plan is developed over a period comprising a time frame of **2 weeks** starting from the occurrence of the crisis event. In this reference timeframe, the goal is to guarantee the continuity of the services indicated as indispensable for the survival of the Business.

In order to guarantee the rapid implementation of the business continuity plans, the Company identified 96 resources who are assigned the responsibility, under the BCP, to reactivate the critical processes in emergency situations. These resources are part of the Critical Emergency Teams.

In 2023, Business Continuity (BC) actions in Ifitalia were carried out in compliance with the main activities planned, which regarded:

- Verification of the alignment of the internal reference regulations for the BC with that of the Parent Company
- Annual verification and update of the BIAs and BCP;
- Update of target sites for the critical team;
- Handling of "key" suppliers mapped for BC purposes;
- Acquisition of results of the related audit tests performed by critical suppliers;
- Update of the permanent controls plan consistent with the Group's Generic Control Plan;
- Execution of the operating continuity simulation tests;
- Delivery of BC training

Financial Security – Anti-Money Laundering, Terrorist Financing Prevention, Economic and Financial Sanctions and Embargoes Unit

The Bank of Italy regulations require each intermediary to set up a specific function in charge of supervising the commitment to prevent and manage money laundering and terrorist financing risks, with the possibility of outsourcing company control functions in accordance with specific regulatory requirements.

As part of the more general process in BNL of centralising the Compliance function (herein including the Anti-Money Laundering function) of the companies of the BNL Banking Group that began in 2015, during the fourth quarter of 2016, Ifitalia assigned the formal responsibility of the Anti-Money Laundering Function to the Head of the Financial Security Unit within the BNL Compliance Area, which took charge of the full perimeter related to Financial Security. With the aim of monitoring the correct provision of services, the Chairman of the Board of Directors was appointed as Outsourced Service Point of Contact (RPE). As from 1 September 2023, a new Head of Financial Security was appointed, who was also appointed Head of Anti-Money Laundering of the BNL Banking Group as from 24 October 2023.

Thus, in 2023, the Anti-Money Laundering Function operationally supervised, coordinated or implemented the entire scope of activities, which includes:

- due diligence and profiling of customers/intermediaries;
- checking the proper AUI registrations and bookkeeping, and the delivery of information to the FIU;
- identification, analysis and reporting of potentially suspicious transactions;
- management of advisory and authorisation activities related to international sanctions and embargoes, combating terrorist financing and the proliferation of weapons of mass destruction.

For all these areas, the Anti-Money Laundering Function, in addition to directly managing certain operational processes (e.g., reporting of suspicious transactions to the Supervisory Authority) has:

- ensured specialised advisory services on financial security issues;
- provided the necessary contributions in the Committees tasked with validating the Company's new measures;
- monitored the evolution of national and EU legislation on Financial Security, as envisaged by the regulatory watch process introduced at Group level in 2019, assessing its impact on operating processes and developing appropriate updates to ensure its full compliance (e.g. the adjustment of the anti-money laundering system following the publication of the new anomaly indicators by the Bank of Italy in May 2023);
- drafted or updated the body of procedures of the Policies relating to the scope, consistent with the provisions of the Parent Company and in compliance with current legislation;
- carried out independent testing, consisting of verification and reperformance on the first line control activities as part of due diligence and AML, carried out in accordance with the provisions of the respective Generic Control Plans specific to the factoring market;
- monitored any operational risk incidents as part of the Financial Security;
- carried out the annual self-assessment of money laundering risk, as well as the quarterly monitoring required by the Group model, analysing the results and defining the subsequent action plans for the areas for improvement that emerged;
- defined the specific training plan in the field of Financial Security and monitored the correct and complete use by impacted colleagues.

In 2023, an inspection mission was carried out by the Group's control body with the aim of assessing the "GRC" (Governance, Risk management, Internal Controls system) system adopted by Ifitalia to guard against the risks of money laundering, terrorist financing, and violations of regulations on international sanctions and embargoes. Following the audits carried out, the Ifitalia system was found to be consistent with the Group's requirements and with the external reference Regulations.

Finally, it should be noted that three Suspicious Transaction Reports were sent to the FIU in 2023.

Protection of Customers’ Interests (PIC)

The BNL Compliance Area has provided advice and support on new products, services and activities for the relevant areas of responsibility, carrying out the relevant assessments in advance and validating them where necessary; it has also contributed to providing the necessary support to identify the impact of regulatory changes on the control system and to define and update the regulatory framework in a timely manner.

During 2023, as envisaged in the Training Plan for PIC issues, training activities were provided to employees identified as "target" with the support of the My Development platform.

Finally, note that in 2023 there were no incidents concerning issues related to the Protection of Customers' Interests.

Professional Ethics

With regard to the issue of Professional Ethics, note that during 2023, continuing the activities carried out in previous months, the Company’s internal body of regulations was kept updated, to ensure that it is aligned with the Group’s procedural system. These activities covered both processes and control systems. In particular, activities were carried out to issue/update the following regulations:

- the **Gifts, Invitations and Other Benefits Policy**, which provides principles, rules (including prohibitions) and processes concerning gifts, invitations and other benefits received or offered by employees. The purpose of the regulations is to support people in an area where non-compliant behaviour can expose the company to significant legal and reputational risks. The document describes the conditions under which Gifts, Invitations and other Benefits, received or offered, can be accepted, authorised or refused. Offering and accepting gifts, invitations and other benefits are part of the normal course of business when they are part of the Group's promotional strategy or are intended to maintain and strengthen business relationships. However, under certain circumstances, offering or accepting gifts or invitations can constitute an act of corruption. This is the case when the ultimate aim is to influence a person to do or not to do something in violation of their legal, contractual or professional obligations. It is therefore one of the key procedures in dealing with the risk of corruption and is an integral part of the BNP Paribas Group entities' anti-corruption framework.
  The local adjustments required, compared to the Group procedure (CPL0067 v_4.0), are related to more stringent rules defined in Italian Legislative Decree 231 of 8 June 2001, which introduced "corporate administrative responsibility" in Italy. The Protocols that make up this MOG include, among other things, a prohibition on sending/receiving gifts to/from any type of Public Officials, without limiting the prohibition to public officials with restrictions.
- The **Whistleblowing Procedure**, which aims to illustrate the System put in place within the Company and the BNP Paribas Group to allow Collaborators and external Third Parties to report in full safety, and under the conditions envisaged by the regulations, actual or suspected violations of laws or rules of the Group's Code of Conduct. The Whistleblowing System is one of the components of the corruption prevention system applicable at Group level and, in addition to fulfilling legal obligations, it falls within the Group's commitment to scrupulously apply laws and regulations, and in the request addressed to Collaborators to report any suspected or ascertained violations of the Group's Code of Conduct.
  The main components of this System are represented by the Whistleblowing Channels made available to Collaborators and external Third Parties, standardised provisions to guarantee the treatment of reports in a consistent manner within the Group and rules aimed at protecting the confidentiality of the persons concerned (Whistleblowers, Interested Persons and any other person involved in a Report).
- The **Operating Principles of the Ethical Alert - Whistleblowing System**, which supplements the “Whistleblowing Procedure” of Ifitalia and regulates the so-called Ethical Alert or Whistleblowing System adopted by the Company to allow employees to report acts or facts that may constitute a violation of external rules or ethical principles.
  The Above System is structured to ensure that reports are received, examined and evaluated through specific, autonomous and independent channels that differ from ordinary reporting lines.

The purpose of these regulations is to describe the process of appointing the Whistleblowing Point of Contact, the main activities and tasks of the Whistleblowing Point of Contact, as well as the methods for accessing the channels of the System made available to the Company's Collaborators. They also aim to provide guidance on the entire process of managing a Whistleblowing report: receipt, analysis of admissibility, investigations carried out by the Whistleblowing Point of Contact or by its designated Structures, closing methods, processing times, and finally information, reporting and control activities. Finally, they describe the methods for processing the data relating to the whistle-blower and the persons reported, in accordance with the principle of data confidentiality.

- Generic Professional Ethics controls (PE 1LoD GCL) were implemented, some of which were carried out temporarily by Compliance (e.g. PAD_KC1) and the new first level control points on the Whistleblowing System (EP0015) and the first level control points in the PAD area (EP0015) were implemented by Compliance.

As regards Professional Ethics, ongoing consultancy was guaranteed to support Ifitalia's Structures/Divisions.
During 2023, the Compliance Function ensured the usual second-level oversight of ethics risks, as envisaged by the "Generic Control Library of Professional Ethics" issued by the Company. With reference, in particular, to ethical and deontological behaviour, the Function ensured the oversight of adopted systems and monitored compliance with policies.
In fact, in relation to the activities of the "Professional Ethics" domain, in order to prevent the occurrence of a conflict of interest and protect the Company from the occurrence of a potential reputational and legal risk, the management of Gifts and Invitations received/offered by collaborators was supported not only by a regulatory framework governing the conditions under which they may be accepted, authorised or refused, but also by a Register dedicated to their identification held by the same first line of defence. The Gifts, Invitations and other benefits regulations represents one of the key procedures in dealing with the risk of corruption and is an integral part of the BNP Paribas Group entities' anti-corruption framework.
The activities related to the process of authorising assignments and activities that Employees wish to carry out in a personal capacity outside working hours were also ensured on an ongoing basis. To this end, the Compliance Function has adopted a special register of names, in which all requests by employees to undertake assignments or perform external activities in a personal capacity and which entail an actual or potential risk of conflict of interest are to be constantly recorded.
The proper operation of the company's Ethics Alert system was continuously supported by the maintenance of a Register in which all reports received through the channels made available to employees are tracked, as well as by the formalisation, through the issue of specific internal regulations, of a structured process aimed at ensuring, among other things, the confidentiality of the identity of both the Whistleblower and the person reported.
In the first few months of 2023, the Compliance Division also supported the updating/revision of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 with reference to the "General Part" thereof.

During 2023, no incidents occurred pertaining to issues of professional ethics.
Also for the year 2023, a specific annual report was prepared by the Head of Internal Reporting Systems to illustrate the progress of the Company's ethical alert system (known as whistle-blowing) with reference to the previous year.

Finally, specific training activities on Professional Ethics were carried out in e-learning mode through the "Percorso di Condotta" (Conduct Path) course, the training campaign held every two years for all Group employees that, for the 2023 Season, addressed the importance of the Code of Conduct and the culture of confrontation, the Protection of Customers' Interests, Respect for People, Diversity, Equity and Inclusion, Conflict of Interests, and the Management of Confidential Information on Financial Markets, Anti-Corruption and Financial Security, as well as anti-corruption issues through the course "Fighting Corruption and Trafficking in Influence - Most Exposed Personnel", a training activity dedicated to the untrained belonging to the segment "most exposed" to corruption risks and based on 10 practical cases of possible corruption. Lastly, additional training activities concerned the rules of conduct for Relevant Persons through the delivery of the "Personal account dealing (Personal Transactions)" course.
Moreover, awareness-raising/communication in favour of all Collaborators were carried out with reference to the areas of Gifts and Invitations, Personal Transactions put in place by the Relevant Parties, the proper authorisation process to carry out personal external tasks and the presence and availability of an ethical alert system (Whistleblowing).

Market Integrity and Banking Laws

The annual DMA (Designated Market Activities) certification exercise, carried out on the basis of the system defined by the Group (the procedure issued by the Group is in the process of being implemented), confirmed the exclusion of the company from the scope of the Remediation Plan with respect to the Federal Reserve Bank.

With reference to issues relating to Banking Laws, the Company, with the support of BNL Compliance, ensured that the Company's regulatory corpus was updated to ensure its alignment with the Group's system.

BNL Compliance has ensured the continuation of consultancy activities. In particular, support was provided to the Company for the annual review of the document set (desk package and trader mandate) required by the Volcker Rule and French Banking Law. Half-yearly inventories of financial instruments and in-scope assets were also completed and submitted to the Parent Company.

During 2023, no incidents occurred pertaining to issues of Banking Laws.

Organisational measures

The organisational measures described below were implemented in 2023.

With effect from 1 February, the new Product & Business Development structure was created within the Sales Department, dedicated to the development of particular product categories.

With effect from 1 March, as part of the Operations Department - Operations Services Structure, the new Governance Quality & Controls structure was created and the two “Credit Lines Secretariat” and “KYC Operations Team” structures were merged into a single structure called Credit Lines Secretariat & KYC Operations Team

For the sake of completeness of information, it is also reported that with effect from 22 January 2024, as part of the Operations Services Structure of the Operations Department, a new service model was implemented on an experimental basis, which provides for the establishment of work teams that are responsible for following the customers assigned as a unit on the transferor side and on the debtor side. In particular, the Credit Management and Debtor Management structures were integrated into the new Receivables Management structure within which three teams operate, each with responsibility for a different product/customers' segment.

In addition to the above, activities continued during the year to analyse and revise organisational processes with the aim of achieving greater efficiency in the company and its operations and, consequently, greater commercial competitiveness.

A particular effort continues to be dedicated to the digitalisation of processes and documents: during the year, the focus was on intensifying the use of existing tools, also through targeted actions both internally and above all towards customers to disseminate and promote the knowledge and use of these tools, the main ones being the portal for the exchange of contractual documentation and the digital signature for subscription the same documentation.

One Factoring project

Within the framework of existing project activities, of particular importance is the One Factoring Transformation project, desired and coordinated by the Parent Company BNP Paribas, which involves Ifitalia together with the Group's other factoring companies with the aim of creating synergies between all entities, defining common processes and products; the project also includes the creation of a single IT platform, which will allow cost rationalisation and information sharing.

The project, launched in 2020, was definitively approved between May and June 2022.

In June 2023, the first Group application, called “Sage”, was adopted for the management of Treasury activities, and activities were launched for the adoption of the SalesForce tool with regard to the management of the KYC/KYT processes. This adoption will take place in the first months of 2024.

During 2023, the working groups continued with the Group for the definition and alignment of processes and products, as well as the functional requirements concerning the target applications identified. In this context, a detailed mapping of the core processes was carried out at local level, also in order to prepare the comparison activities with the processes of the other factoring entities to arrive at the design of the main target processes.

The date of migration of Ifitalia to the new platform initially scheduled "starting from Q3 2024" will be rescheduled in the coming months in order to allow the adequate completion of the development, testing and gradual "roll out" activities of the other factoring companies of the Group subject to migration.

Research & development activities

The following IT projects/activities were implemented in 2023:

1. Transformation: continuation of the "One Factoring" project, in collaboration with the Group Leader involving the BNPP Group Factoring Companies, to identify Group synergies in technological, operational and process terms. The BNPP Group's Factoring Sector is responsible for the programme. These applications were migrated:
   i. KyC (Know your Customer) on the new Sales Force “One Factoring” platform
   ii. Treasury on the new Sage “One Factoring” platform
2. Procedures, policies and controls: update of IT Governance procedures following the introduction of new Group policies and controls. The ICT policies and controls in the Cyber area have been revised to be applied to all suppliers that provide services.
3. New customers: the FIS core system was set up to welcome/activate new customers.
4. Corporate reorganisation: reporting on Electronic File and FIS (Core System) and related controls was streamlined following the conferral of the two Credit Lines Secretariat and Risks offices into the Completion of Customer Lines and Committees office.
5. Data logging on FIS (Core Application): logging procedures for obsolete data on FIS were implemented for storage cost containment.
6. Processing time efficiency: the batch procedures of the Core FIS system (Mainframe) were optimised with the aim of making processing times more efficient and containing the related costs.
7. Credit Reference Bureau: the technical specifications provided by the Bank of Italy have been implemented for the management of the Output flows phase for the exchange of data (return flows from the Bank of Italy to the reporting parties). The project is part of the revision of information services of the Credit Reference Bureau (CR) and the Database of Parties (AS) with the aim of innovating them and improving the services and products for reporting entities as required by the Bank of Italy (Reference no. 1151266/21 of 3 August 2021 - Credit Reference Bureau and Database of Parties).
8. Risk follow-up: risk model updated and aimed at improving the performance of the model and scoring for certain categories of debtors, in the area:
   - SME Retail to adapt to business requirements;
   - LGD Small Corporate to comply with Bank of Italy requests.
9. IFIPeg (Electronic Management Procedure - Watchlist): evolutionary measures were carried out to improve certain functions and implement the requirements of the Bank of Italy.
10. IT security - Cybersecurity: interventions were carried out aimed at mitigating the IT security risk on Ifitalia assets.
   i. Mediana (Home Factoring): the system, the basic software and the application were adjusted
      - to the BNPP Group's Cyber Security standards;
      - to the NIST (National Institute of Standards and Technology) requirements such as the implementation of Strong Authentication with the insertion of an OTP code during authentication in addition to the user and password in order to strengthen the methods of access to the systems by the users (both external and internal);
      - to the methods of communication processes to the document archive, located at the supplier DocFlow, for the transfer of assignments, recognitions, CMFs (Assignments of Mass and Future receivables);

- to the new versions for the mitigation of system obsolescence and the transition of components to cloud infrastructure (Group Conformity);

ii. FIS (Core System): the system, the basic software and the application were adjusted
   - to the BNPP Group's Cyber Security standards;
   - to the NIST (National Institute of Standards and Technology) requirements such as the implementation of Strong Authentication with the insertion of an OTP code during authentication in addition to the user and password in order to strengthen the methods of access to the systems by the users (both external and internal);
   - to the new versions for the mitigation of system obsolescence and the transition of components to cloud infrastructure (Group Conformity);

iii. other Ifitalia (non-core) systems: in collaboration with BNL and BNPP, the obsolescence project was activated for adjustment to the new versions of the infrastructure, of the basic products such as the Operating System, SQL Server, Oracle, IIS (Internet Information Services), WebSphere and the applications installed in the Group Data Center (Marne - Paris);

iv. exchange flows between systems were migrated from FTP (File Transfer Protocol) to SFTP (SSH File Transfer Protocol)/CFT (Cross File Transfer)

11. NIST (National Institute of Standards and Technology): interventions carried out in line with the requirements of the BNPP Group.
12. Cybersecurity: the study was launched to identify gaps related to the Digital Operational Resilience Act (DORA - European Union regulation, applicable from 17 January 2025) in order to guarantee the resilience of financial services.
13. Rationalisation of local data centres: as requested by the Group and in collaboration with BNL, activities were implemented in order to
    - move the Ifitalia Recovery Data Centre from Rome Aldobrandeschi to the Milan - Basiglio Data Centre;
    - start the migration activities from the local network to the Group's centralised one (Pop Country);
    - launch the study to identify the technical and financial feasibility for the decommissioning of the Diamante Milan Data Centre.

Securitisation transactions

Starting in 2016, Ifitalia began a programme of securitisation transactions through the collaboration and coordination of BNPP CIB of Milan. As at 31 December 2023, there were 7 securitisation transactions in place.
These multi-year transactions (with a duration of 5 years with a renewable commitment each year) allow the company to hold long-term relationships with the customer while maintaining satisfactory margins and, at the same time, providing the customer a more stable and structured working capital financing.
The transactions, structured by BNPP CIB of Milan, are developed as described below.
Trade receivables, originated by primary customers of Ifitalia, are sold by Ifitalia without recourse, pursuant to the Italian Factoring Law (Law no. 52/91). At the time of purchase, Ifitalia sells the entire portfolio of receivables, with recourse, to the vehicle company Tierre Securitization s.r.l. (SPV) based on the Italian Securitisation Law (Law no. 130/1999). The transaction is conducted on a revolving basis, i.e. on collection of the receivables, which have an average duration of 60 days, new receivables are gradually sold.
The trade receivables are sold (Ifitalia customer to Ifitalia and Ifitalia to the SPV) at a price equal to their nominal value (sale at par) or discount.
The SPV finances the purchase of the receivables through the issue of two classes of short-term ABS Notes - Class A1 and Class A2 - which have a different amortisation profile, but the same rights (pari passu rank). Class A1 Notes are subscribed by third parties, while Class A2 Notes are subscribed by Ifitalia.
Ifitalia fully guarantees the credit risk of the transaction through the mechanism of purchasing the receivables without recourse and selling them to the SPV with recourse. From an operational point of view, this occurs through Ifitalia’s commitment to buy the unpaid receivable back from the SPV after a certain number of days of delay in payment. In turn, Ifitalia protects itself from credit risk by taking out specific insurance policies on debtor risk or by benefiting from existing policies on portfolio factored on the debtors of securitised receivables.

The transaction structured as above provides customers with a committed source of loans for working capital, while keeping its relationships with customers unchanged, and allows Ifitalia to construct a significant transaction with satisfactory profitability, whose funding may be allocated with third parties. It also allows the increase in the loyalty of a customer of high standing.
The transaction, as devised, does not add any specific risk for Ifitalia compared to a normal without recourse factoring transaction.
From an accounting/financial statements point of view, for the mechanism of purchasing without recourse receivables and their resale with recourse (which effectively keeps the credit risk on the entire portfolio with Ifitalia), at the time of the sale by Ifitalia to the SPV, the receivables are not derecognised from Ifitalia's financial statements, but continue to be represented under balance sheet assets. At the time of sale of the receivables by Ifitalia to the SPV, instead of derecognising the receivables, an item is recorded under payables in liabilities, limited to the portion not financed by Ifitalia.

Main aggregates for outstanding securitisation transactions as at 31 December 2023

As at 31 December 2023, Ifitalia had 7 securitisations in place, the main balance sheet aggregates of which are shown below:

(thousands of €)

Items	Balance at 31/12/2023	Balance at 31/12/2022
Loans in portfolio (included in item 40 of the balance sheet assets)	751,700	723,817
Other payables Item 10 (represents funding received from third parties)	-288,550	-288,850
Other payables	-4,346	-2,132
Portion of securitisation portfolio financed by Ifitalia equal to value of securities subscribed by Ifitalia	**458,804**	**432,835**

New commercial operations: Trading of Ecobonus and Superbonus tax credits

During 2023, the activity of purchasing tax credits in relation to the "Rilancio" Decree (Italian Law Decree no. 34 of 19 May 2020 as amended and supplemented) continued.
The operation was aimed at companies operating in the field of energy requalification with the related benefit of the superbonus and minor bonus concessions.
The purchase concerned both credits directly arisen from the transferors and subsequent transferees.
The business model implemented by Ifitalia in 2023 continued to be that of trading, i.e. acquiring and then reselling the credit to BNPP group companies on the basis of limits made available by those group companies formalised in specific contracts.

With regard to the limits made available by the companies of the group, there is no distinction between limits for credits acquired directly by the beneficiaries and limits for credits acquired by persons who did not directly qualify for the tax relief. As mentioned above, Ifitalia's customer is not the individual person or the individual condominium, but the corporate companies that carry out the bonus works applying the discount on the invoice and/or the general contractor.

For each customer, a preliminary credit assessment is defined and a specific credit line is approved on the basis of the powers envisaged by the company's internal regulations; purchases are made as part of the resolution.
In terms of the financial statements, the acquired credits remain under the company's financial statement assets only for the time necessary for their re-assignment (about 1 month). The credits existing as at 31 December 2023 amounting to approximately EUR 15 million are recognised as other assets in the Financial Statement assets (as required by the Measure of 29 October 2021 "Financial statements of IFRS intermediaries other than banking intermediaries").

In January and February 2024, these credits were fully re-assigned.

Commissions received from customers for trading activities are recorded under commission income in the income statement.

Therefore, Ifitalia has made products and services available to its customers in order to fully benefit from the tax advantages contained in the "Rilancio" Decree.
This initiative has brought people and businesses closer to the redevelopment of buildings, and is another concrete example of support for our business strategy,
which increasingly combines business with environmental, economic and social sustainability issues.

Actions taken by Ifitalia in the ESG area

In line with the objectives of the BNP Paribas Group, Ifitalia takes ESG (Environmental, Social, Governance) factors duly into account in the enforcement of the corporate strategy.
Consistent with the Bank of Italy's expectations, during 2023, Ifitalia undertook a series of actions to monitor, manage and assess climate and environmental risks.
The action plan, shared with the Supervisory Authority, is consistent with the 2022-2025 strategic plan of the BNP Paribas Group "Growth, Technology & Sustainability" (GTS).

The main actions taken by the Company in the ESG area are described below, based on the relevant area.

Strategy
The BNP Paribas Group as part of its "Growth, Technology & Sustainability" 2022-2025 strategic plan (the so-called GTS), which involves all Group Entities, has dedicated a section to sustainability that focuses on the following 5 issues:

- Savings and sustainable investment;
- Energy transition (including mobility);
- Circular economy;
- Natural capital & biodiversity;
- Social inclusion.

The main actions carried out by Ifitalia in these areas are listed below:

- Participation in the membership BNP Paribas 3 Step IT programme for the management of the life cycle of technological assets (PCs and telephones) in an effective, efficient, safe, economic and sustainable manner. Thanks to its membership in the programme, Ifitalia also finalised the complete renovation of the IT equipment segment in the first few months of 2023.
- The extension of Flexible Working allowed a savings of 8,891 km travelled, avoiding(1) the emission of 966 kg of CO_2.
- The new company headquarters has energy certification A and Leed Gold certification with a strategic positioning of the building (near the underground) in order to further incentivise the use of public transport. In addition, the company car policy was updated to include more than 90% of hybrid cars.
- Starting from Q4 2022, the process of complete digitalisation of contractual documents with customers (therefore reducing paper consumption in this area) began.
- The transformative process connected to the One - Factoring programme has been launched, which among other benefits envisages the reduction of the number of servers with a substantial impact towards the reduction of CO_2 emissions.
- Training courses were provided to personnel with the aim of spreading the ESG culture.

Governance
The Board of Directors oversees ESG issues as part of the overall supervision of the risk management framework and the commercial strategy.
Ifitalia has adopted a Code of Conduct to oversee all forms of discriminatory behaviour, opposing any attitude of inequality through the Whistleblowing channel and introducing remuneration policies aimed at reducing the gender inequality gap.
During 2023, a cross-functional ESG committee was formally established, with the aim of overseeing and monitoring the implementation of the company's strategic policies on ESG issues.

[1] Considering an average CO_2 emission of 108.6 g/km - www.acea.auto

Pricing & Offer
Ifitalia has developed stand-alone factoring products to support specific energy recovery initiatives (e.g. Ecobonus) and participated in a specific agreement for the Reverse Factoring product (in agreement with the main players in the Factoring area in Italy) with transferor pricing linked to ESG assessments on the debtor portfolio.

Risk management
The ESG size is an integral part of the risk identification and assessment process to which Ifitalia is exposed.
The application of sector policies, exclusion lists and monitoring, as well as the analysis of disputes support the management of reputational and credit risk to which the company may be exposed in its relations with third parties.
As part of the activities of Entry into Relationship with customers, there is a specific moment of assessment of the counterparty with respect to its possible operations in an ESG sensitive sector.
The analysis of the ESG profile is an integral part of the credit line investigation process, in line with specific internal sector policies and supported by a BNPP Group platform that allows consultation of surveillance lists and adverse information.
Legal risk is managed by the legal function through regulatory vigilance and the management of lawsuits that could include climate and environmental issues.
The procedure for the adoption of new products/processes takes into consideration ESG issues and must be validated by all company functions.
The Company's Business Continuity Plan also includes environmental threats.
The third-party management system requires the analysis of ESG issues. Specific metrics relating to ESG risks are used in the Due Diligence questionnaire addressed to external suppliers.

Significant events after year end

When drawing up the financial statements as at 31 December 2023, Ifitalia considered all the events after the reporting period up until the date of approval of the financial statements by the Board of Directors that could have a significant impact on the balance sheet and income statement results represented (IAS 10 § 8).

No significant events occurred after year end.

However, an update of the main significant events that emerged during 2023 and their impact on Ifitalia is provided below.

Risks, uncertainties, impacts of the COVID-19 epidemic - update

Also in the course of 2023, the global economy continued to recover what was previously lost in 2020 as a result of the impact of the pandemic, the COVID impact on the business is therefore currently overcome or at least marginal.

Confirming this, factoring in Italy significantly increased its business volumes and Ifitalia moved in line with the market, returning overall to values in line with the pre-pandemic situation.

In the assessment of assets, and in particular of NPLs, there were no changes in criteria that continue to take into account the specific situation of each debtor. The volumes of new NPL entries could increase in the coming months in consideration of both the slowdown in economic growth and the increase in rates, which have impacted in particular on companies with high levels of debt.

With regard to collective provisioning, the provisioning system implemented by the BNPP Group to calculate impairment levels on performing loans, which was introduced at the end of 2020 to manage the heterogeneous impact of the pandemic crisis on the macroeconomic environment, was confirmed in 2023.

Impact of the Russia-Ukraine Conflict on the Economic and Financial Situation - update

The economic market and industrial business have already priced in the effects from this conflict, hoping that the situation will not deteriorate. Attention is now also focused on the conflict in the Middle East, also by virtue of the repercussions on supplies and on the oil price, as well as on maritime traffic. Any expansion and/or worsening of these crises could have significant effects on the global and domestic economy.

Ifitalia promptly launched an analysis of the potential associated risks and monitored them also during 2023, reaching the following conclusions:
- direct exposures held by the Company to Russia and Ukraine: there are no direct exposures to these countries and no exposures to the Rouble currency.
- indirect impacts relating to the relationships held by customers with countries at risk: again, no significant impacts were identified.

In general, there are no indications of potential risks that could affect the Company's economic and financial situation.

Impacts of the inflationary scenario and of the trend in energy costs

Inflation has slowed down to the benefit of consumptions, although the rally drive in rates seems to have been exhausted and there could be some signs of a reduction from the FED/ECB in the second half year.

In this context, the reduction in energy costs, which contributed to the drop in inflation, is significant. However, the scenario could change during the year by virtue of the existing conflicts.

Business outlook

Although the economic context affected the short-term credit market and the volume of loans and turnover of Ifitalia in 2023 suffered a slight slowdown, particularly in the second half year, the economic result achieved was particularly satisfactory, also in consideration of the enforcement of some repricing actions in a context of overall resilience of the factoring business, the positive impact of market interest rates on the return on equity, cost containment and reduced impact of the cost of risk.

The acquisition of new customers also continued in 2023, with the usual synergistic support of the Sales Network of Ifitalia, BNL and the BNP Paribas Group, enabling the launch of 272 new customer relationships, mainly in the Corporate and SME sector. This strategy is aimed at ensuring stable organic growth of the business in line with the group's development objectives, sustainable over time, also thanks to a correct monitoring of the risk level.

Equally fundamental is the disbursement of an appreciable level of service for all customers clusters, whose level of satisfaction is constantly monitored through surveys at NPS (Net Promoter Score) level. The regular and persistent monitoring of relationships and the mutual level of satisfaction is duly confirmed by the increase in this index, whose value went from 50 in 2022 to 71 in 2023.

The macroeconomic scenario in the Eurozone and in Italy appears to be stable, compared to the growth recorded in the 2022/2023 two-year period, which had also benefited from a post-COVID economic rebounding; a growth in Ifitalia volumes in 2024 will therefore be closely linked to the improvement of its market share.

The assumed drop in interest rates could bring a benefit in terms of greater access to credit by companies, and at the same time a negative impact due to the lower return on equity.

Also in 2023, the contribution of the product dedicated to the purchase of Super/Ecobonus tax credits as defined by the "Rilancio" Law Decree et seq. was also significant, which made it possible to broker more than EUR 1,194 million of credits in 2023 (which will then be transferred within the Group) allowing revenues of more than EUR 14 million. However, the latest legislative innovations that have brought a squeeze on the benefits of Super/Ecobonus tax credit must be considered and therefore in 2024 there will be a progressive reduction in this business with a consequent significant reduction in revenues from this activity.

The strong international vocation of our company is also confirmed thanks to the close collaboration and synergy with the factoring network of the Group to which we belong, BNP Paribas, which places us as one of the reference companies for multinational companies.

In terms of high value-added solutions, for groups of high standing and over medium-term time horizons, the significant number of securitisations managed is combined with the international factor.

For what concerns operating costs, the company will continue to manage them carefully in order to obtain their stabilisation/containment, to guarantee the continuity of investments associated with developing new relationships, new projects (particularly the "one factoring" Group project), organisational developments and changes in the reference regulations.

Commercial and credit development policies will continue to be geared towards selectivity of credit and operational risks; the company has also strengthened monitoring of insurance coverage on the risk of the debtor portfolio, both with a view to risk mitigation and to benefit in terms of invested capital, thanks to the introduction of capital relief policies also in the domestic segment, which will bring important benefits in competitive terms.

We propose that you approve the financial statements in their entirety, as presented to you, as well as allocate the profit for the year as follows:

to the Statutory reserve EUR 58,461,952

The statutory reserve shall, therefore, change in this way:

Statutory reserve

Opening balance	**EUR 726,323,831**
from Profit for 2023	Euro 58,461,952
Closing balance	**Euro 784,785,783**

We would like to thank you for the confidence placed in us and for the support provided during the year; we would also like to thank the Board of Statutory Auditors for the support given to the Company during the year. In conclusion, particular thanks go to all the staff for the dedication, the acknowledged commitment and the valuable work carried out to achieve the Company's objectives, as well as, to the Parent Company BNP Paribas S.A. for the collaboration and assistance provided.

Assago, 21 March 2024

On behalf of the Board of Directors

Il Presidente
Mario Girotti

IFITALIA FINANCIAL STATEMENT

Ifitalia Financial Statements as at 31 December 2023

IFITALIA BNP PARIBAS

MANDATORY FINANCIAL STATEMENTS

Balance Sheet

(euro)

	ASSETS	31/12/2023	31/12/2022
10	Cash and cash equivalents	344.697	3.339.684
20	Financial assets at fair value through profit or loss:	389.699	405.927
	a) financial assets held for trading	-	-
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	389.699	405.927
30.	Financial assets at fair value through other comprehensive income	-	-
40.	Financial assets measured at amortised cost:	7.217.580.907	8.162.290.983
	a) loans to banks	16.069.950	11.623.748
	b) loans to financial company	303.602.430	256.983.796
	c) loans to customers	6.897.908.527	7.893.683.439
50.	Hedging derivatives	-	-
60.	Change in fair value of portfolio hedged items (+/-)	-	-
70.	Equity investments	-	-
80.	Property, plant and equipment	9.404.410	15.117.784
		-	
90.	Intangible assets	7.885.339	9.029.105
	of wich: goodwill	-	-
100.	Tax assets	43.270.206	49.598.022
	a) current	17.172.452	12.865.520
	b) deferred	26.097.754	36.732.502
110.	Non-current assets and disposal groups held for sale	-	-
120.	Other assets	30.021.729	33.530.302
	Total assets	**7.308.896.987**	**8.273.311.807**

(euro)

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2023	31/12/2022
10	Financial liabilities measured at amortised cost:	6,197,114,191	7,233,907,818
	a) Deposits	6,197,114,191	7,233,907,818
	b) Debt securities issued	-	-
20	Financial liabilities held for trading		
	Financial liabilities held for trading (former item 30 IAS 39)		
30		-	-
	Financial liabilities designated at fair value		
40	*Financial liabilities measured at fair value (former item 40 IAS 39)*	-	-
50	Hedging derivatives	-	-
60	Change in fair value of portfolio hedged items (+/-)	16,657,153	14,460,857
		16,228,589	14,023,281
	Tax liabilities	428,564	437,576
	a) current		
70	*b) deferred*	-	-
80	Liabilities associated with discontinued operations	163,634,250	145,689,841
90	Other liabilities	2,855,339	3,324,839
100	Post-employment benefits	17,099,871	22,837,708
	a) commitments and guarantees issued	410,730	762,798
	b) post-retirement benefit and similar obligations	-	-
	c) other provisions for risks and charges	16,689,141	22,074,910
110	Equity	55,900,000	55,900,000
120	Treasury shares (-)	-	-
130	Equity instruments	-	-
140	Share premium	61,798,643	61,798,643
150	Reserves	736,345,459	699,768,028
160	Valuation reserves	(969,871)	(953,358)
170	Profit (loss) for the year	58,461,952	36,577,431
	Total Liabilities and Shareholders' equity	**7,308,896,987**	**8,273,311,807**

Income Statement

(euro)

	P&L	Year 2023	Year 2022
10	Interest and similar income	256,031,690	83,859,556
	of which: interest income calculated using the effective interest rate method	250,853,804	80,045,068
20	Interest and similar expense	(166,495,123)	(24,869,234)
30	**Net interest income**	**89,536,567**	**58,990,322**
40	Fee and commission income	76,722,941	75,689,332
50	Fee and commission expense	(14,170,583)	(14,331,343)
60	**Net fee and commission income**	**62,552,358**	**61,357,989**
70	Dividends and similar income		
80	Net result from trading	(63,249)	(80,667)
90	Net result from hedging	-	-
100	Profit (loss) from disposal or repurchase of:	-	-
	a) financial assets measured at amortised cost	-	-
	b) financial assets at fair value through other comprehensive income	-	-
	c) financial liabilities	-	-
110	Net result of other financial assets/liabilities at fair value through profit or loss:	-	-
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value		
120	**Net banking income**	**152,025,676**	**120,267,644**
130	Net value adjustments/write-backs for credit risk relating to:	(17,807,151)	(10,994,494)
	a) financial assets measured at amortised cost	(17,807,151)	(10,994,494)
	b) financial assets at fair value through other comprehensive income	-	-
140	Gains/losses on contract modifications without eliminations	-	-
150	**Net result of financial management**	**134,218,525**	**109,273,150**
160	Administrative expenses:	(49,228,167)	(48,574,369)
	a) personnel expenses	*(23,059,152)*	*(22,380,001)*
	b) other administrative expenses	*(26,169,015)*	*(26,194,368)*
170	Net provisions for risks and charges	3,763,079	(5,774,665)
	a) commitments and guarantees issued	*351,778*	*(336,779)*
	b) other net provisions	*3,411,301*	*(5,437,886)*
180	Net v alue adjustments/write-backs on property, plant and equipment	(1,140,891)	(314,188)
190	Net value adjustments/write-backs on intangible assets	(3,570,600)	(3,494,787)
200	Other operating expenses/income	1,389,862	1,612,958
210	**Operating expenses**	**(48,786,717)**	**(56,545,051)**
220	Profit (Loss) from equity investments	-	-
230	Net result of valuation at fair value of property, plant and equipment and intangible assets	-	-
240	Value adjustments to goodwill	-	-
250	Gains (Losses) on sale of investments		
260	**Operating profit (loss) before taxes**	**85,431,808**	**52,728,099**
270	Income taxes for the year	(26,969,856)	(16,150,668)
280	**Operating profit (loss) net of taxes**	**58,461,952**	**36,577,431**
290	Profit (Loss) of discontinued operations, net of taxes	-	-
300	**Profit (loss) for the year**	**58,461,952**	**36,577,431**

Statement of Comprehensive Income

(euro)

	Items	Year 2023	Year 2022
10	**Profit (loss) for the year**	**58,461,952**	**36,577,431**
	Other income components net of taxes without reversal to income statement connected with:		
20	Equity instruments measured at fair value through other comprenshive income		
30	Financial liabilities designated at fair value through profit or loss (change in the creditworthiness)		
40	Hedging of equity instruments measured at fair value through other comprehensive income		
50	Property, plant and equipment		
60	Intangible assets		
70	Defined benefit plans	(16,513)	175,746
80	Non-current assets held for sale		
90	Share of reserves from valuation of investments carried at equity		
	Other income components net of taxes with reversal to income statement connected with:		
100	Hedging of foreign investments		
110	Exchange rate differences		
120	Cash flow hedges		
130	Hedging instruments [not-designated elements]		
140	Financial assets (other than equity instruments) at fair value through other comprehesive income		
150	Non-current assets and disposal groups held for sale		
160	Share of reserves from valuation of investments carried at equity		
170	**Total other income components net of taxes**	**(16,513)**	**175,746**
180	**Comprehensive income (Item 10+170)**	**58,445,439**	**36,753,177**

IFITALIA BNP PARIBAS

Statement of Changes in Equity

Statement of Changes in Equity as at 31 December 2023

(euro)

	Balances as at 31.12.2022	Change in opening balances	Balances as at 01.01.2023	Allocation of profit from previous year: Reserves	Allocation of profit from previous year: Dividends and other uses	Changes during the year: Changes in reserves	Changes during the year: Equity transactions: Issue of new shares	Changes during the year: Equity transactions: Purchase of treasury shares	Changes during the year: Equity transactions: Extraordinary distribution of dividends	Changes during the year: Equity transactions: Changes in equity instruments	Changes during the year: Other changes	Comprehensive income as at 2023	Shareholders' Equity 31.12.2023
Share capital:	**55,900,000**		**55,900,000**										**55,900,000**
a) ordinary shares	55,900,000		55,900,000										55,900,000
b) other shares													
Share premium	**61,798,643**		**61,798,643**										**61,798,643**
Reserves:	**699,768,028**	**-**	**699,768,028**	**36,577,431**									**736,345,459**
a) profit-related	700,926,401		700,926,401	36,577,431									737,503,832
b) other	(1,158,373)		(1,158,373)										(1,158,373)
Valuation reserves	**(953,358)**		**(953,358)**									**(16,513)**	**(969,871)**
Equity instruments													
Treasury shares													
Profit (loss) for the year	**36,577,431**		**36,577,431**	**(36,577,431)**								**58,461,952**	**58,461,952**
Shareholders' Equity	**853,090,744**		**853,090,744**									**58,445,439**	**911,536,183**

Statement of Changes in Equity as at 31 December 2022

(euro)

	Balances as at 31.12.2021	Change in opening balances	Balances as at 01.01.2022	Allocation of profit from previous year: Reserves	Allocation of profit from previous year: Dividends and other uses	Changes during the year: Changes in reserves	Changes during the year: Equity transactions: Issue of new shares	Changes during the year: Equity transactions: Purchase of treasury shares	Changes during the year: Equity transactions: Extraordinary distribution of dividends	Changes during the year: Equity transactions: Changes in equity instruments	Changes during the year: Other changes	Comprehensive income as at 2022	Shareholders' Equity 31.12.2022
Share capital:	**55,900,000**		**55,900,000**										**55,900,000**
a) ordinary shares	55,900,000		55,900,000										55,900,000
b) other shares													
Share premium	**61,798,643**		**61,798,643**										**61,798,643**
Reserves:	**673,440,872**	**-**	**673,440,872**	**26,327,156**									**699,768,028**
a) profit-related	674,599,245		674,599,245	26,327,156									700,926,401
b) other	(1,158,373)		(1,158,373)										(1,158,373)
Valuation reserves	**(1,129,104)**		**(1,129,104)**									**175,746**	**(953,358)**
Equity instruments													
Treasury shares													
Profit (loss) for the year	**26,327,156**		**26,327,156**	**(26,327,156)**								**36,577,431**	**36,577,431**
Shareholders' Equity	**816,337,567**		**816,337,567**									**36,753,177**	**853,090,744**

Statement of Cash Flows (prepared using the indirect method)

A. OPERATIONAL ACTIVITY			31/12/2023	31/12/2022
1.		**Management**	**88.636.102**	**67.151.427**
	-	profit (loss) for the year (+/-)	58.461.952	36.577.431
	-	gains/losses on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-)	-	-1.963
	-	gains/losses on hedging (+/-)	-	-
	-	net value adjustments/write-backs for credit risk (+/-)	12.792.683	6.917.201
	-	net value adjustments/write-backs on property, plant and equipmentand and intangible assets (+/-)	4.711.491	3.808.975
	-	net allowances to provisions for risks and charges and other costs/revenues(+/-)	-3.667.880	5.774.665
	-	taxes not settled (+/-)	16.337.856	14.075.118
	-	net value adjustments/write-backs on discontinued operations, net of taxes (+/-)	0	0
	-	other adjustments (+/)	-	-
2.		**Cash flow generated/absorbed by financial assets**	**941.770.010**	**-1.123.358.176**
	-	financial assets held for trading	-	-
	-	financial assets designated at fair value	-	-
	-	other financial assets mandatorily measured at fair value	16.228	147.605
	-	financial assets at fair value through other comprehensive income	-	-
	-	financial assets measured at amortised cost	931.917.393	-1.240.267.636
	-	other assets	9.836.389	116.761.855
3.		**Cash flow generated/absorbed by financial liabilities**	**-1.035.546.748**	**1.066.669.770**
	-	financial liabilities measured at amortised cost	-1.036.793.627	1.101.638.147
	-	financial liabilities held for trading	-	-
	-	financial liabilities designated at fair value	-	-
	-	other liabilities	1.246.879	-34.968.377
		Cash flow generated/absorbed by operating activities	**-5.140.636**	**10.463.021**
B. INVESTING ACTIVITIES				
1. Cash flow generated by:			**14.842.733**	**1.499.973**
	-	sale of equity investments	-	-
	-	dividends collected on equity investments	-	-
	-	sale of property, plant and equipment	14.842.733	1.499.973
	-	sale of intangible assets	-	-
	-	sale of subsidiaries and businesses	-	-
2. Cash flow absorbed by:			**-12.697.085**	**-17.900.641**
	-	purchase of equity investments	-	-
	-	purchase of property, plant and equipment	-10.270.251	-15.208.461
	-	purchase of intangible assets	-2.426.834	-2.692.180
	-	purchase of subsidiaries and businesses	-	-
		Net cash flow generated/absorbed by investing activities	**2.145.649**	**-16.400.668**
C. Activities provvista				
	-	issue/purchase of treasury shares	-	-
	-	issue/purchase of equity instruments	-	-
	-	distribution of dividends and other uses	-	-
		Net cash flow generated/absorbed by funding activities	**-**	**-**
		NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**-2.994.987**	**-5.937.647**

The approach used generated liquidity equal to item 10. Cash and cash equivalents.

Reconciliation

(euro)

Financial statement items	31/12/2023	31/12/2022
Cash and cash equivalents at the beginning of the year	3,339,684	9,277,331
Total net cash flow generated/absorbed during the year	(2,994,987)	(5,937,647)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	344,697	3,339,684

NOTES TO THE ACCOUNTS

INTRODUCTION

The Notes to the accounts are divided into the following parts:
1) Part A – Accounting Policies;
2) Part B – Information on the Balance Sheet;
3) Part C – Information on the Income Statement;
4) Part D – Other Information.
Each part of the notes is divided into sections, each of which illustrates an individual aspect of the business operations.
The sections contain both qualitative and quantitative information.
As a rule, the quantitative information comprises items and tables.

PART A – ACCOUNTING POLICIES

A. 1 – GENERAL SECTION

Section 1 – Declaration of compliance with international accounting standards

Ifitalia S.p.A.'s financial statements as at 31 December 2023 comply with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB, adopted by the European Commission, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005.
The Bank of Italy's measure of 17 November 2022 contains the provisions, which apply from the financial statements for the year ended or in progress as at 31 December 2023, repealing the provisions "The financial statements of IFRS intermediaries other than banking intermediaries" pursuant to Measure of the Bank of Italy of 29 October 2021 and applied for the last time to the financial statements for the year ended or in progress as at 31 December 2022.
As per the communication of the Bank of Italy of 14 March 2023 "Update for financial intermediaries other than banking intermediaries of the measure concerning COVID-19 impacts".
In order to guide the application and interpretation of the international accounting standards more clearly, reference was also made to the following sources:
- ✓ Framework for the Preparation and Presentation of Financial Statements issued by the IASB;
- ✓ Implementation Guidance, Basis for Conclusions and other interpretative documents for IAS/IFRS adopted by IASB or IFRSIC (International Financial Reporting Standards Interpretations Committee);
- ✓ documents drawn up by the Italian Chartered Accountants Association (Assirevi);
- ✓ documents drawn up by the Italian Standard Setter (OIC) and the Italian Banking Association (ABI);
- ✓ ESMA (European Securities and Markets Authority) and CONSOB documents that refer to the application of specific provisions in the IFRS.

Section 2 – General basis of presentation

The statutory financial statements, accompanied by the related Report on Operations, comprise:
- ✓ Balance Sheet and Income Statement;
- ✓ Statement of Comprehensive Income;
- ✓ Statement of Changes in Equity;
- ✓ Statement of Cash Flows;
- ✓ Notes to the Accounts.

The latter includes the relevant information on the accounting standards adopted. The financial statements were prepared with a view to the business as a going concern, taking into account the current and projected profitability and the ease of access to financial resources. The Directors considered the going concern assumption appropriate because, in their

judgement, no uncertainties linked to events or circumstances have emerged that, considered individually or as a whole, may lead to doubts about the viability of the business.
The accounting policies comply with the principles of accruals, relevance and significance of the accounting information and predominance of economic substance over legal form.
The financial statement accounts are consistent with the company's accounting records; furthermore, in compliance with the provisions of Article 5, paragraph 2 of Italian Legislative Decree no. 38 dated 28 February 2005, the financial statements have been drawn up using the Euro as the reporting currency. Specifically, in line with the instructions issued by the Bank of Italy, the statements have been drawn up in units of Euro without decimal figures, the notes to the accounts are drawn up in thousands of Euro, and the Report on Operations is drawn up in millions of Euro.
In preparing the financial statements and related disclosure, reference was also made, where applicable, to documents published in recent months by European regulatory and supervisory bodies and standard setters aimed at clarifying the application of IAS/IFRS in the current context (with particular reference to IFRS 9).

Section 3 – Events after the reporting period

When drawing up the financial statements as at 31 December 2023, Ifitalia considered all the events after the reporting period up until the date of approval of the financial statements by the Board of Directors that could have a significant impact on the balance sheet and income statement results represented (IAS 10 § 8).

Section 4 – Other aspects

The Ifitalia financial statements have been audited by the auditing firm Mazars Italia S.p.A., which was granted the appointment for the period 2015 - 2023 by the Shareholders' Meeting held on 24 November 2015 in accordance with Legislative Decree no. 39 of 27 January 2010.

<u>Impact of the Russia-Ukraine and Israel-Palestine Conflicts on the Economic and Financial Situation</u>

Following the escalation of the crisis in Eastern Europe, which later resulted in the Russian-Ukrainian conflict, the Company promptly launched an analysis of the potential related risks and monitored them during 2023, reaching the following conclusions:

- direct exposures held by the Company to Russia and Ukraine: there are no direct exposures to these countries and no exposures to the Rouble currency.
- indirect impacts relating to the relationships held by customers with countries at risk: again, no significant impacts were identified.

In general, there are no indications of potential risks that could affect the Company's economic and financial situation.

<u>Risks, uncertainties, impacts of the COVID-19 epidemic</u>

The provisioning system implemented by the BNPP Group to calculate impairment levels on performing loans, which was introduced at the end of 2020 to manage the heterogeneous impacts of the pandemic crisis on the macroeconomic environment, was confirmed in 2023.

<u>National tax consolidation</u>

Ifitalia S.p.A. has adhered to the group taxation regime for resident subsidiaries (so-called national tax consolidation) exercising, together with the consolidating company BNP Paribas S.A. Milan Branch, the option to Article 117 of Italian Presidential Decree no. 917 of 22 December 1986 (Consolidated Income Tax Act).

Risks and uncertainties related to the use of estimates

The preparation of the financial statements required the use of estimates and assumptions that can have significant effects on the amounts in the balance sheet and profit/loss account, and on the disclosure of contingent assets and liabilities in the financial statements.

The application of certain accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The calculation of these estimates involves the use of the information available and the adoption of subjective evaluations, based also on historical experience, used to formulate reasonable assumptions in order to record management events.

The assumptions on which the estimates are based take into account all the information available at the date of preparation of the periodic report as at 31 December 2023, as well as assumptions that are considered reasonable in the light of historical experience and the likely development of future reference scenarios. However, it cannot be excluded that these estimates and assumptions, although reasonable, may not prove to be correct in the future scenarios in which the Bank will operate. Therefore, future results may differ from the estimates made in the preparation of the separate financial statements as at 31 December 2023, and adjustments to the book value of assets and liabilities recognised in the balance sheet that cannot currently be foreseen or estimated may be required.

Moreover, the estimates and assumptions used may, by their nature, vary from year to year and, therefore, it cannot be excluded that in subsequent years the current values recognised in the financial statements may differ, even significantly, as a result of changes in the subjective evaluations used.

The estimation processes considered to be the most critical for the purposes of true and fair representation of the Bank's financial position, the results of the operations and of the cash flows are listed below, both because of the materiality of the book values affected by the above-mentioned processes, and because of the high degree of discretion involved in the evaluations, which requires Management to make estimates and assumptions:

• determining the losses due to impairment of receivables and, generally, of financial assets;
• determining the Level 3 fair value of financial assets and liabilities;
• estimating the recoverability of deferred tax assets;
• estimating the provisions for risks and charges;
• estimating employee benefit obligations;
• estimates used in defining right of use and lease liability for the purposes of applying IFRS 16.

Estimates and assumptions are reviewed on a regular basis. Any resulting changes are recognised in the period in which the revision is made if it affects only that period. If the revision affects both current and future periods, the change is recognised in the period in which the revision is made and in the relevant future periods.

The description of the accounting policies applied to the main aggregates of the financial statements provides the information required to identify the main assumptions and subjective evaluations used in the preparation of the financial statements. For more detailed information on the composition and relative book values of the items affected by the estimates in question, reference is made to the specific sections of the notes to the accounts.

Impairment tests

As regards the tests provided for by IAS 36, no impairment indicators were found in the valuations made, in consideration of the book values and the specific nature of the assets in the accounts.

Impacts of climate changes

Climate change is an urgent and potentially irreversible threat to humanity and the planet, playing a central role in global economic development.

The BNP Paribas Group is aware of the risks and business opportunities related to the fight against climate change. At the same time, the fight against climate change becomes an opportunity for product and service innovation and a concrete response to real needs. In BNL and in the BNP Paribas Group, the risks linked to climate change, in particular physical risks and transition risk, are identified and assessed at Bank level (RISK ID exercise). The framework for monitoring these risks also provides for their assessment both at individual customer level (ESG assessment at counterparty level) and at portfolio level.

Important opinions formulated for the application of IFRS 15

Performance obligations (explicit or implicit promises to transfer distinct goods or services to the customer) are identified at the time of inception of the contract based on the contractual terms and usual business practices.
For determining the consideration that the Company expects to receive for the supply of goods or services to the counterparty ("transaction price"), the following are considered:
- the effect of any reductions and discounts;
- the time value of money if significant terms of deferment are agreed;
- the variable price components.

The transaction price of each contract is allocated to each performance obligation on the basis of the relative stand-alone selling prices of the performance obligations.
Therefore, revenues are recorded in the income statement when the performance obligations are met through the transfer of the goods or services to the counterparty, which obtains control. In particular, revenue was recognised over time when the services are provided by the Company throughout the term of the contract and at a point in time when the performance obligation is met at a given time.
The following costs incurred to obtain the contracts and to provide the expected services are capitalised and amortised over the life of the reference contract if recovery is expected:
- incremental costs that the Company would not have incurred if the contract had not been signed
- costs that refer to a specific contract that generate resources that will be used to meet the performance obligation.

The residual amount of these costs recognised in the financial statements is periodically tested for impairment.

Legislative changes

The following accounting standards, interpretations or amendments to existing accounting standards that did not have a significant impact on the Bank became effective in 2023:

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (EU Regulation 2022/357);*

In particular, these are limited amendments (so-called “narrow scope amendments”) to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2 “Making Materiality Judgements”, which provide some indications to help companies identify which information on accounting standards (the so-called “accounting policies”) must be disclosed by applying materiality judgements. Information on accounting policies is relevant if, considered together with other information contained in the financial statements, it is reasonable to expect that it may influence the decisions of the financial statements' users. Relevant information must be clearly stated; it is not necessary to illustrate irrelevant information and, in any case, the latter must not obscure the relevant information.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Estimates (EU Regulation 2022/357);*

The amendments to IAS 8 are intended to provide clarifications to distinguish changes in accounting standards from changes in accounting estimates. In this regard, the definition of accounting estimate, previously not envisaged (“accounting estimates are monetary amounts in the financial statements subject to valuation uncertainty”) was added and other amendments were introduced in order to provide more clarifications. It should be noted that the entity may have to change an accounting estimate if there are changes in the circumstances on which the estimate was based or as a result of new information, new developments or greater experience. Corrections of errors are distinguished from changes in accounting estimates, which by their nature are approximations that need to be modified if additional information becomes known. For example, the profit or loss recognised as a result of the resolution of an uncertain event does not represent the correction of an error.

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392);*

With Regulation no. 1392/2022 of 11 August 2022, the European Commission adopted the amendments to IAS 12 Income taxes "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", published by the IASB on 7 May 2021. The amendments clarify how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce the diversity in the recognition in the financial statements of deferred tax assets and liabilities on these transactions.

- *IFRS17: Insurance contracts; including the amendments to IFRS 17 (EU Regulation 2021/2036) and amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (EU Regulation 2022/1491)*

The IFRS 17 accounting standard published by the IASB in May 2017 and subject to subsequent amendments published on 25 June 2020 and on 9 December 2021, was endorsed with Regulation no. 2036/2021 of 19 November 2021 and mandatorily entered into force from 1 January 2023. The European endorsement regulation makes it possible to exempt contracts characterised by intergenerational mutualisation and fairness of cash flows from the application of the obligation of grouping into annual cohorts envisaged by IFRS 17 (on an optional basis). Furthermore, with Regulation no. 1491/2022 of 8 September 2022, some changes of limited scope were introduced for the preparation of comparative information at the time of first-time adoption of IFRS 17 and IFRS 9. This amendment modifies the rules of transition to IFRS 17 for entities that apply the transition to IFRS 9 at the same time, taking into account the different requirements of the aforementioned accounting standards for restating comparative balances; in fact, IFRS 17 requires comparative disclosures to be restated, which is permitted but not required by IFRS 9. Under the amendment under review, an entity is permitted to present comparative information on financial assets as if the classification and measurement requirements of IFRS 9 had been applied; this option is applicable to the individual financial instrument and does not require it to adopt the impairment criteria set out in IFRS 9. The amendments are applicable from 1 January 2023.

As at 31 December 2023, the IASB had issued the following accounting standards, interpretations or amendments to existing accounting standards, which will become effective after the approval process is completed by the competent bodies of the European Union:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively); and Non-current liabilities with covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback (issued on 22 September 2022).
- Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules (issued on 23 May 2023);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Finance Arrangements (issued on 25 May 2023).

On 29 November, the IASB published for consultation the Exposure draft "Financial Instruments with Characteristics of Equity - Proposed amendments to IAS 32, IFRS 7 and IAS 1" concerning some proposals for amendments to IAS 32, IFRS 7 and IAS 1 in order to resolve some long-standing issues regarding the classification, presentation and report of financial instruments.

As at 31 December 2023, no accounting standard applicable to financial statements starting from 1 January 2024 has been endorsed by the European Commission.

A.2 – SECTION REGARDING THE MAIN FINANCIAL STATEMENT AGGREGATES

The accounting standards adopted for Ifitalia's 2023 financial statements are the same as those used for the 2022 financial statements.
Therefore, please find below:

a) the standards used for the preparation of the 2023 financial statements.

A) THE STANDARDS USED FOR THE PREPARATION OF THE 2023 FINANCIAL STATEMENTS

1. Financial assets at fair value through profit or loss

This item includes all financial assets not classified in the portfolio of financial assets at fair value through other comprehensive income and in the portfolio of financial assets measured at amortised cost.
More specifically, this item includes:
a) financial assets held for trading (debt securities, equities, loans, UCI units and derivatives);
b) assets mandatorily measured at fair value (debt securities and loans) with the valuation results recognised in the income statement on the basis of the option granted to companies (fair value option) by IFRS 9;
c) other financial assets mandatorily measured at fair value (debt securities, equities, UCI units and loans), i.e. financial assets, other than those designated 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 that are not held for trading.
The initial recognition takes place on the trading date for all financial assets. The initial recognition value is the fair value. Subsequent to initial recognition, the portfolio is measured at fair value, with the exception of equity instruments not listed on an active market and whose fair value cannot be reliably determined.
If the fair value of a financial asset becomes negative, this asset is recorded as a financial trading liability.
Financial assets at fair value through profit or loss conventionally include the balance arising from the offsetting of derivative contracts allocated to the trading portfolio and hedging derivatives in accordance with IAS 32, paragraph 42, if the absolute value of the fair value of the derivatives allocated to the trading portfolio is greater than the absolute value of the fair value of the hedging derivatives and is positive. This offset is recognised if the Group:
(a) currently has an exercisable right to offset the recognised amounts; and
(b) intends to pay the net amounts or to realise the asset and settle the liability at the same time.
Accrued interest is recorded in item 10 Interest income or 20 Interest expense, with the exception of differentials on non-hedging derivatives, which are recorded in net result from trading.
Realised gains and losses on sales or reimbursements and unrealised gains and losses deriving from fair value changes in the portfolio at issue are recorded in item “80. Net result from trading” with regard to financial assets held for trading and in item “110. Net result of other financial assets and liabilities at fair value through profit or loss” for assets designated at fair value and other financial assets mandatorily measured at fair value.
The determination of the fair value of trading assets is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.
In relation to the provisions of the joint Bank of Italy/Consob/IVASS document of 8 March 2013 on the accounting treatment of "long-term structured repos", it should be noted that the Group does not carry out such transactions.

2. Financial assets at fair value through other comprehensive income

All financial assets that passed the SPPI test and may be sold for any reason, such as liquidity requirements or changes in interest rates, exchange rates or share prices, are classified as "Financial assets at fair value through other comprehensive income"; as well as equities that are held for strategic reasons or that are not contestable on the market.
Initial recognition takes place, for financial assets whose delivery is regulated on the basis of agreements envisaged by the reference market (regular way contracts), as of the settlement date, while the trading date is applied for the others.
The initial recognition value for all the assets is the fair value, inclusive of the transaction costs or income directly attributable to said instrument.
The Company measures these financial instruments at fair value, with the exception of investments in equity instruments not listed on active markets for which it is not possible to measure fair value reliably.
The determination of the fair value of securities measured at fair value through other comprehensive income is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.
The expected loss recognised in the income statement under item "130. Net value adjustments for credit risk relating to: b) financial assets at fair value through other comprehensive income" is calculated on the non-equity instruments that have passed the SPPI test. Any value write-backs are recorded with a matching balance in the income statement.
The value of unlisted share investments is determined by applying recognised measurement techniques, including the method based on multiple market observations of similar companies. The value of listed share investments is determined based on the market price.
For investments in equity instruments, all positive and negative changes in fair value, even if the latter are significant or prolonged below cost, are recorded with a matching balance under equity.
Financial assets are cancelled when the asset is sold, transferring the essential nature of the associated risks and benefits, or when the contractual rights on the financial flows deriving from said assets cease.
Following the derecognition of an investment in bonds, the related cumulative and unrealised change in value recognised in equity is transferred to item "100. Profit/loss from disposal or repurchase of: b) financial assets at fair value through other comprehensive income" in the income statement.
In case of derecognition of an equity instrument, the related cumulative and unrealised change in value is reclassified to an available reserve within shareholders' equity.
Profits and losses from disposals are determined using the average cost method.

3. Financial assets measured at amortised cost

This item includes debt securities and loans allocated under the "Hold to Collect" business model and therefore measured at amortised cost. Due from banks, including also due from central banks other than demand deposits included in "Cash and cash equivalents" and due from customers, including due from Post Offices and Cassa Depositi e Prestiti, as well as operating loans related to the provision of financial assets and services as defined by the consolidation act of banking and lending laws (TUB) and the Consolidated Finance Act (TUF) (e.g. servicing activities) are recognised.
Loans/receivables are recognised in the financial statements when the Company becomes a party to the contract and acquires unconditionally a right to payment of the agreed amounts and are initially recognised at their fair value, corresponding to the amount disbursed, including transaction costs and initial revenues directly attributable. Where the net amount disbursed does not refer to its fair value, due to the lower interest rate applied compared to that of the reference market or to that normally applied to loans with similar characteristics, the initial recognition is made for an amount equal to the discounting of future cash flows at an appropriate rate.
After initial recognition, financial assets classified in the loans portfolio are recognised at amortised cost, using the effective interest method. The effective interest method is used to calculate the amortised cost and interest income of the loan over its entire duration. The effective interest rate is the rate that discounts the flow of estimated future payments over the expected life of the loan so as to obtain the net book value at initial recognition. Interest on loans/receivables is classified under interest and similar income deriving from amounts due from banks and loans to customers, and is recorded on an accrual basis.

In particular, with regard to factoring transactions, the transferee company can recognise a financial asset in its financial statements if and only if:

a) the financial asset is transferred along with essentially all the risks and contractual rights to the correlated cash flows (the transferor may maintain the rights to receive the cash flows of the asset but must have the obligation to pay the same to the transferee, and cannot sell or commit the financial asset);

b) the benefits associated with its ownership cease with regard to the transferor when transferred to the transferee.

The forms of transfer for loans/receivables subject to factoring can be broken down as follows:

✓ without recourse: a transaction that, irrespective of the contractual form, provides the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IFRS 9;

✓ with recourse: a transaction that, irrespective of the contractual form, does not provide the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IFRS 9.

✓ Ifitalia recorded the following in the financial statements, under item 40 of the balance sheet assets, “financial assets measured at amortised cost”, and in line with the afore-mentioned criteria:

✓ loans/receivables acquired without recourse. Classification envisages the recording of the loans/receivables due from the debtors for the portion of the amount paid (cash risk) and for the portion still to be paid (endorsement risk) net of impairment. In this case, the amount due to the transferor, for the portion of the amounts still to be paid, is recorded under Balance Sheet liability item 10. “Payables”;

✓ advances paid to the transferors for loans/receivables acquired with recourse, inclusive of the interest and other amounts accrued, and net of impairment;

✓ advances paid to the transferors for loans/receivables acquired without recourse with contractual clauses (as defined below) that limit the essential transfer of all the risks and benefits (formal without recourse);

✓ advances paid to the transferors for future loan/receivable factoring transactions, inclusive of the interest and other amounts accrued;

✓ advances paid to the transferors exceeding the total loans/receivables inclusive of the interest and other amounts accrued;

✓ exposure to the factored debtors in just guarantee-related without recourse transactions when on occurrence of default the payment is made under guarantee of said loan/receivable;

✓ amounts due for late payments;

✓ exposures to the factored debtors for payment extensions granted.

✓ Ifitalia recorded the following amounts under guarantees and commitments, in line with the above criteria:

✓ both the value of the loans/receivables acquired without recourse (just guarantee) and the guarantees given accessory to the factoring transactions;

✓ the value of the endorsement risk for the loans/receivables acquired without formal recourse and the value of the exposure for the unused amount of the committed credit facilities.

In order to assess whether transfer of the essential nature of the risks and benefits has taken place in acquiring the loans/receivables factored without recourse, it is necessary to identify and analyse, using qualitative and quantitative criteria, the contractual

clauses capable of affecting the expected variability of the cash flows of the factored loans/receivables. For such purposes, the most common contractual clauses in Ifitalia transactions have been stated below, analysed with a view to application of the recognition/derecognition rules.

a) Maximum payable

This category of clauses is key for the purposes of the recognition/derecognition since it limits the undertaking of the credit risk by the Factor. In essence, while the “initial loss” remains the Factor’s, the losses exceeding the ceiling are the transferor’s. In the presence of this clause, it is necessary to quantify and compare the amount of the ceiling with the risk exposure. If the maximum payable essentially covers the credit risk, then it means that the afore-mentioned risk has been

transferred by the Transferor to the Factor.

With regard to the outstanding contracts, the latter point has been confirmed, therefore the clauses have not been considered as an impediment to recognition of the individual loans/receivables in the financial statements.

b) Malus clause

The commission linked to the portfolio's performance, with retroactive application (losses deriving from default of the factored debtors, with regard to principal and/or interest), can be critical for the purpose of recognition/derecognition since it can indicate a limitation or an exclusion of the transfer of the risks by the transferor to the Factor.

In the context of quantitative and qualitative analyses carried out, the loans/receivables assisted by this clause in certain specific cases led to the retention of the credit risk by the transferor to an extent considered to be significant on the basis of materiality

thresholds. In such cases, the clause was considered an impediment to recognition of the individual loans/receivables in the financial statements.

For the purpose of calculating the return within the sphere of factoring transactions, it is possible to identify, with regard to the nature, three categories of remuneration:

✓ Management commission

This commission takes the form of a fee for the provision of a plurality of services (for example, the dunning of the debtor, debt collection, etc.) provided by means of an unspecified number of activities within a specific time span. With regard to this type of commission, recognised irrespective of the duration of the loan/receivable, IAS 18 was applied, re-discounting the portion of commission relating to loans/receivables not expired to be credited as a matching balance to the item "other liabilities".

✓ Guarantee commission (costs/revenues directly attributable to the transaction)

This commission takes the form of a fee for the undertaking by the Factor of all or part of the risk element inherent in the financial asset forming the subject matter of the transaction. With regard to this type of commission, steps were taken to apply IFRS 9, spreading the revenue equally over the duration of the loan/receivable and for loans/receivables due beyond 12 months deducting the unaccrued amount (deferred income) from said loan/receivable.

✓ Other types of commission

This category includes those cost/revenue items not falling within the above two categories and includes on-going, one-off commission recorded at the time when the one-off service is completed (very often coinciding with collection of the commission).

Loans/receivables are in turn classified as performing and impaired (non-performing). According to the Bank of Italy instructions, impaired assets are as follows:

✓ Non-performing loans: positions vis-à-vis parties in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. Therefore, the existence of any guarantees (secured or unsecured) to cover the receivables is left aside.

✓ Unlikely to pay: the classification in this category takes place on the basis of the improbability that, without recourse to action such as enforcement of the guarantees, the debtor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid. Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of debtor default risk (for example, a crisis in the industrial sector in which the debtor operates).

✓ Impaired past due positions: starting from 1 January 2021, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of "transferor" customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the thresholds of relevance established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
- in the case of "debtor" customers, the days past due are calculated from the 90th day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the relevance thresholds established by the regulator. In the payments defined in the credit agreement have been suspended and the due dates

have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The relevance thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for Companies, Bodies or other Institutions.

The adoption of the new default criteria was communicated with an information letter to the contractualised customers.

Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

The classification of exposures subject to concession (forborne exposures) includes exposures that have been subject to concession vis-à-vis a debtor who is dealing with difficulties or is close to dealing with difficulties in terms of meeting its financial commitments. These exposures can be classified either as impaired assets ("non-performing exposures") or as performing loans ("performing exposures"). As regards the measurement and provisions for exposures subject to concessions, accounting policies follow the general criterion, in line with the provisions of IFRS 9.

<u>Staging rules</u>

The "significant increase in credit risk" is assessed at the individual facility level by comparing the rating determined at the reporting date with the rating in effect at the origination date (recognition date).

The rating, monitored and updated periodically according to Ifitalia's policies, represents the main parameter for expressing creditworthiness.

For the assessment of "significant impairment", Ifitalia uses the absolute and relative criteria defined at Group level.

✓ Absolute criteria:

The absolute criteria (or backstop) used to classify performing facilities in Stages 1 and 2 are based on the information available at the reporting date (e.g., rating, days past due). The thresholds used reflect absolute levels of high or low credit quality in order to classify:

- stage 1: includes facilities for which there was no significant increase in risk
- stage 2: includes facilities for which there has been a significant increase in risk compared to the facility's origination
- stage 3: “DEFAULT”, i.e. all facilities that have a rating of 11 and 12 and are therefore *Non-Performing*

. The absolute criteria (or Backstops) defined are based on the assessment of the rating at the reporting date.

Furthermore, as required by the accounting standard and Group policy, Ifitalia adopts the "Rebuttable Presumption", according to which all facilities with contractual payments past due for more than 30 days are classified in Stage 2.

✓ Relative criteria:

For all performing facilities, which do not fall within the scope of the absolute criteria, relative criteria are applied, expressed in terms of the difference between ratings (known as the "delta notch”).

<u>Impairment rules</u>

Following the classification in Stages, Ifitalia calculates the provisions (Expected Credit Loss) at the individual facility level, consistent with regulatory principles and Group guidelines.

The provision amount corresponds to the expected loss differentiated by Stage in order to take into account the different levels of risks:

✓ For facilities classified in Stage 1, an expected loss in relation to the maturity is calculated with a maximum value of one year;

✓ For facilities classified in Stage 2, a lifetime expected loss (EL Lifetime) is calculated, that is, until the facility’s maturity date;

✓ For facilities classified in Stage 3, specific provisions are calculated, corresponding to an expected lifetime loss.

Performing Perimeter

The ECL value is determined by Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and the maturity for all the facilities for which this information is arranged. Otherwise, in line with Group guidelines, the ECL is

determined with a simplified methodology based on historical loss data (EL ratio).
The impairment calculation is based on risk parameters (PD, LGD and EAD) consistent with the duration of the transaction.
The expected loss in Stage 1 represents the expected loss deriving from the possible occurrence of a facility entering default within one year of the reporting date.
The expected loss in Stage 2 is the present value of expected losses due to a facility entering default in the period between the reporting date and the facility's maturity.
To calculate the expected lifetime loss, cumulative PDs are therefore used.
For the portion of the portfolio for which the rating models are not available at the BNP Group level, Ifitalia, in line with Group guidelines, calculates the expected loss, at one year or over the lifetime, using a simplified method based on historical loss data (EL ratio).
In accordance with IFRS 9, the PD, LGD and EAD parameters used to calculate impairment are consistent with regulatory values (those used to calculate the IRBA capital requirements), in particular for the LGD parameter, the value is net of conservative margins, regulatory penalties, and downturn margins.
In addition, IFRS 9 provides for the adoption of a forward-looking, multi-scenario approach to risk parameters in order to incorporate current conditions as well as expectations for possible future events and conditions in the impairment calculation.
Non-Performing Perimeter
For facilities classified in Stage 3, Ifitalia calculates the expected lifetime loss through a forward-looking approach that incorporates future expectations of possible collections and losses, including possible sales scenarios.
For non-performing exposures, Ifitalia has adopted a unique, precise analytical valuation model for individual positions; thus, for these positions Ifitalia adopts a "Judgemental Approach";
The Judgemental Approach incorporates both the collection strategy and the expected value deriving from a possible sale of the portfolio.
The determination of the recoverable value of receivables takes into account the time value of money and any guarantees supporting the positions; for the purpose of calculating the current value of the flows, the fundamental elements are represented by the identification of estimated recoveries, the related timescales and the discount rate to be applied. For an estimate of the amount and the recovery timescale of the afore-mentioned problem loans/receivables, reference is made to specific calculations and, in the absence thereof, to estimated and forfeit values. These estimates are made taking into account both the specific solvency situation of debtors with payment difficulties and any difficulties in servicing debt by individual segments.
The write-down of problem loans/receivables is subsequently written back only when the quality of the amount due has improved to such an extent that reasonable certainty exists of a greater recovery of the principal and the interest and/or amounts have been collected to an extent greater than the value of the receivables recorded in the previous financial statements.
Recoveries of part or entire loans/receivables previously written down are booked to reduce the value of item "130. Net value adjustments/write-backs for credit risk relating to: a) financial assets measured at amortised cost".
A derecognition occurs when there is no longer a reasonable likelihood of recovery. The amount of the losses is recorded in the income statement net of the write-down allowances previously provided.
The Company writes off both partial and total credit. The timing of the write off takes account of the legal and judicial system, the different types of receivables and the average recovery times as well as the timing required for the full allocation of the receivables.

4. Property, plant and equipment

Property, plant and equipment are initially stated at cost, inclusive of all the charges directly associated with bringing the asset onto stream.
Item (80) "Property, plant and equipment" includes land and buildings used for business purposes, land and buildings for investment purposes, furniture, electronic systems and other tangible assets.

Assets used for business purposes are those held for the supply of services or for administrative purposes, while investment properties are those held for the purpose of collecting lease payments and/or held for appreciating the invested capital or in any event not occupied by the company or when they become as such.
Subsequent to initial recognition, property, plant and equipment are recorded at cost net of accumulated depreciation and impairment losses.
With reference to properties held for investment, the valuation at cost was opted for, providing the disclosure envisaged by IAS 40.
The depreciable value, equating to cost less the residual value (or rather the amount that is expected to be obtained from the asset at
the end of its useful life, usually zero, after having deducted the sale costs), is divided up systematically over the useful life of the tangible asset, adopting a straight-line depreciation approach.
The residual value and the useful life of property, plant and equipment is reviewed at least once a year for financial statement purposes
and, if the expectations differ from the previous estimates, the depreciation charge for the current and subsequent years is adjusted.
The useful life, subject to periodic review for the purpose of recording any estimates significantly different from the previous ones, is defined as:
– the period of time during which it is expected that an asset can be used by the company, or,
– the quantity of products or similar units that the company expects to obtain from the use of said asset.
In the property category, land and buildings are considered to be separable assets and treated independently for accounting purposes, even when acquired together, but only if the entire building is owned (detached property). As a rule, land has an unlimited life and therefore is not depreciated. Buildings have a limited life and, therefore, are depreciated. An increase in the value of the land on which a building stands does not influence the determination of the building's useful life.
If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset with its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows that are expected to derive from the asset. Any value adjustments are recorded under item 180. "Net value adjustments/write-backs on property, plant and equipment" in the income statement.
If the value of an asset previously written down is reinstated, the new book value cannot exceed the net book
value that would have been determined had no impairment loss on the asset had been recorded in previous years.

Depreciation is recorded in the income statement in item 180. "Net value adjustments/write-backs on property, plant and equipment".
The costs incurred subsequent to purchase are added to the book value of the assets or recorded as a separate asset if it is probable that future economic benefits exceeding those initially estimated will be achieved and the cost can be reliably determined. All the other costs incurred subsequently (e.g. ordinary maintenance measures) are recorded in the income statement, in the year they are incurred, under item: 160.b) "Other administrative expenses", if they refer to assets for business use, or item 200. "Other operating income/expenses", if referring to properties held for investment.
Property, plant and equipment are cancelled from the balance sheet when disposed of or when the asset is permanently withdrawn from use and future profits are not expected from its disposal and future economic benefits are not expected from its use. Any difference between the disposal value and the book value is recorded in the income statement under the item 250. Gains/losses on sale of investments.

In case of leases, the lease liability is recognised under the balance sheet liabilities, which consists of the present value of the payments that, at the valuation date, still have to be made to the lessor, while the Right of Use Asset (also known as "RoU Asset"), obtained as the sum of the following components, is recognised under the balance sheet assets:

- lease liability;

- initial direct costs;
- payments made at or before the commencement date of the lease (less any lease incentives received);
- dismantling and restoring costs.

The term of the lease, the basis for calculating the Right of Use, is determined by taking into account the economic duration and not the legal duration, and also includes any renewal or early termination options if the exercise of such options is reasonably certain.
The asset recognised is subject to straight-line depreciation and the new liability is discounted using a discount rate defined at the effective date of the lease contract and reduced to the payment of the lease instalments. Interest expense accrued on the lease liability is recorded under "Interest and similar expense" and the depreciation charges of the right of use are recognised under "Net value adjustments/write-backs on property, plant and equipment/intangible assets".
For contracts involving low-value assets (less than EUR 5,000) and for short-term leases with a duration of equal to or less than 12 months, the introduction of IFRS 16 does not require the recognition of the financial liability and the related right of use, but lease payments continue to be recognised in the income statement on a straight-line basis for the term of the respective contracts.

5. Intangible assets

The Company made use of the option envisaged by the standard not to apply IFRS 16 to intangible assets.
An intangible asset is a non-monetary asset, identifiable even if lacking physical appearance, from which it is probable that future economic benefits will originate. The asset is identifiable if:
– it can be separated or spun-off and sold, transferred, granted under licence, leased or exchanged;
– it derives from contractual rights or other legal rights irrespective of the fact that these rights are transferable or separable from other rights or obligations.
The asset is controlled by the company if the company has the power to avail itself of the economic future benefits deriving from the resource in question and can, also, limit access by third parties to said benefits. They are therefore recorded among the balance sheet assets only if:
(a) future economic benefits attributable to the asset in question are likely to emerge; (b) the cost of the assets can be reliably measured.
If the conditions described above should occur, intangible assets are included among the balance sheet assets and recorded at cost, adjusted for any accessory charges. Otherwise, the cost of intangible assets is recorded in the income statement related to the year in which the cost was borne.
Intangible assets recorded in the financial statements are essentially represented by software. Furthermore, in accordance with the Group accounting standards and IAS/IFRS, the Company adopted the policy of capitalising the IT costs attributable to software development projects.
After initial recognition, software is recorded in the financial statements at cost net of total amortisation and accumulated losses in value.
The cost includes:
- the purchase price less trade discounts and allowances;
- any direct cost for preparing the asset for use.

Any expenses, determined and attributable to the asset reliably, subsequent to initial recognition, are capitalised only if they are able to generate future economic benefits.
Intangible assets with a definite useful life are amortised on the basis of the estimate made of their residual useful life and recorded at cost net of total amortisation (using the straight-line method) and any impairment losses applicable. At the end of each accounting period, this residual useful life is subject to appraisal so as to ascertain
the adequacy of the estimate. If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset and its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows that are expected to derive

from the asset.
In the event that the book value is greater than the recoverable value, a loss equating to the difference between the two values is recorded under item 190. “Net value adjustments/write-backs on intangible assets”.
If the value of a previously written down intangible asset, other than goodwill, is reinstated, the new amounts cannot exceed the net book value that would have been determined if no loss had been recorded for the impairment of the asset in previous years.
Amortisation is recorded in the income statement in item 190. “Net value adjustments/write-backs on intangible assets”.
Intangible assets are eliminated from the balance sheet at the time of disposal or when future economic benefits from their use or disposal are no longer expected, and any difference between the disposal value and the book value is recorded in income statement item 250. Gains/losses on sale of investments.

6. Tax assets and liabilities

Income taxes are calculated in observance of current tax legislation. The tax liability (return) is the total amount of the current and deferred taxes included in the calculation of the net profit or loss for the year. Current taxes represent the amount of the income taxes payable (recoverable) referring to the taxable income (tax loss) for a year. Deferred taxes represent the amounts of the income taxes payable (recoverable) in future years, referable to taxable (deductible) timing differences.
Current tax assets include the advance payments and other tax credits for withholdings made or for tax credits for which a rebate has been requested from the competent tax authorities. By contrast, tax liabilities reflect the provisions necessary for covering the tax charges for taxation on the basis of current legislation. Deferred taxation is calculated by applying the “balance sheet liability method”, taking into account the tax effects associated with the timing differences between the book value of the assets and the liabilities and their value for tax purposes, which determine taxable or deductible amounts in future periods.
Timing differences can be:
✓ taxable, i.e. timing differences which, when determining the taxable income (tax loss) for future years, will translate into taxable amounts when the book value of the asset or the liability will be realised or discharged; a deferred tax liability is recorded for these differences.
✓ deductible, in other words timing differences that, when determining the taxable income (tax loss) for future years, will translate into deductible amounts when the book value of the asset or the liability will be realised or discharged.
A deferred tax asset is recorded for all the deductible timing differences if it will be probable that taxable income will be generated against which the deductible timing difference can be used.
Deferred tax assets and liabilities are calculated using the tax rate envisaged in the periods when the assets will be realised or the liability will be discharged and will be offset when they are due to the same tax authority and when the right to offsetting is recognised by law.
Current and deferred taxes are recorded in the income statement with the exception of those relating to items whose value adjustment is recorded as a matching balance to the equity and for which the tax effects are also recorded among the equity reserves. Deferred tax assets and deferred tax liabilities are not discounted back or offset.

7. Financial liabilities measured at amortised cost

Initial recognition takes place at the fair value of the liabilities, equating to the face value increased by any additional costs/income directly attributable to the individual transaction and not reimbursed by the creditor. Internal administrative costs are excluded.
Financial liabilities measured at amortised cost (item 10) include all the forms of funding vis-à-vis the system as well as amounts due to transferors. Payables include all the debt liabilities, other than trading liabilities.
The item mainly comprises payables due to banks for loans received, current account overdrafts and payables to transferors for loans/receivables acquired without recourse, in relation to the portion for which the price has not been paid

to the transferor or all the risks and benefits have not been transferred.
After initial recognition, subsequent measurement follows the amortised cost approach, using the effective interest rate method.
The related interest is recorded in the income statement under item 20. "Interest and similar expense".
Payables are cancelled from the financial statements when the related contractual obligations expire or are discharged.

8. Employee termination benefits

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker's rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in the financial statements on the basis of the amount to be paid to each employee and is valued using the actuarial method as a "defined benefit obligation", taking into account future due dates when the financial disbursement will actually occur.
In particular, following Italian Law no. 296/2006 (2007 Budget Act), the amount recorded under the item "Employee termination benefits" refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007, which may be different for every employee, valued by an independent actuary without applying the "pro-rata" of the service supplied. As a result, costs relating to work performed after said date are not considered for valuation purposes.
The actuarial method for calculating the employee termination benefits starts from the detailed situation, at the moment of recording, of each worker and envisages year after year, for each individual worker up until his/her departure, the development of this situation due to:
✓ the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
✓ for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9. Provision for risks and charges

A provision is recorded under "Provisions for risks and charges" (item 100) only when:
- a current obligation (legal or implicit) exists as the result of a past event;
- it is probable that the use of resources will be necessary for meeting the obligation;
- a reliable estimate can be made of the amount of the obligation.

The provision is represented by the liabilities that are expected to be incurred in order to discharge the obligation.
The provisions for risks and charges include:
- provisions for revocation disputes and third party disputes (including therein those made by staff and former employees);
- any other provision with a specific purpose;
- provision for a redundancy incentive for employees.

No provision is made against potential and improbable liabilities.
The amount set aside to the provision for risks and charges is recorded in the income statement under item 170 "Net provisions for risks and charges".
The afore-mentioned item includes the balance, positive or negative, between the provisions and any re-allocations to the income statement of the provisions deemed in excess.
If the provisions concern charges for employees, the income statement item concerned is item 160.a) "Administrative expenses: personnel expenses".
The provisions made are reviewed at the end of each reporting period and adjusted to reflect the best current estimate. If it is no longer likely that the use of resources for producing economic benefits will be necessary to meet the obligation, the provision is reversed.

A.3 – DISCLOSURE ON THE TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

The company has not carried out any portfolio transfers during 2023.

A.4 – FAIR VALUE DISCLOSURE

Qualitative information

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

The fair value is the price that would be perceived for the sale of an asset, or that would be paid for the transfer of a liability in a regular transaction between market operators as of the measurements date (*IFRS 13; § 9*). In the event of financial instruments listed on active markets (fair value level 1), the fair value is determined as from the official prices of the most advantageous market to which the Company has access (Mark to Market). A financial instrument is considered as listed on an active market if the listed prices are readily and duly available in a price list and these prices represent effective market transactions that regularly take place in normal transactions.
For the purpose of classification in fair value level 2, if the official listing on an active market does not exist for a financial instrument in its entirety, but active markets exist for the parts it is comprised of, the fair value is determined on the basis of the pertinent market prices for the parts it is comprised of. If the market listings are not available, the Company resorts to measurement models (Mark to Model) in line with the methods generally accepted and used by the market. The measurement models include techniques based on the discounting of the future cash flows and on the estimate of the volatility and are subject to review both during their development and periodically, for the purpose of ensuring their full coherence with the objectives of the measurement.
These methods use inputs based on prices formed in recent transactions in the instrument subject to measurement and/or prices/listings of instruments with similar features in terms of risk profile. These prices/listings are, in fact, important for the purpose of determining the significant parameters, in terms of credit risk, liquidity risk, price risk and any other significant risk, relating to the instrument being measured.
The reference to these "market" parameters makes it possible to limit the discretion used in the measurement, at the same time ensuring the verifiability of the resulting fair value.

If, due to one or more risk factors, it is not possible to refer to market data, and therefore the financial instruments are classified in fair value level 3, the measurement models employed use estimates based on historical data as inputs.
The parameters that cannot be observed on the markets used for the measurement of the equity instruments that give rise to FV adjustments in the determination of the estimates, refer to the Net Asset Value (with the exclusion of any intangible fixed assets) whose calculation is based on data communicated directly by the Company (financial statements, reports, etc.).
Specifically, as at 31 December 2023, the Company recorded unlisted equity investments that are carried at cost under "Financial assets mandatorily measured at fair value" since these are capital instruments whose fair value cannot be measured reliably~~.~~
During 2023, no changes took place in the measurement techniques used for estimating the fair value of Levels 2 and 3 of the financial assets and liabilities measured at fair value.
With regard to the financial instruments recognised at amortised cost, with regard to the estimate of the fair value indicated in the Notes to the accounts, the following methods and assumptions have been applied:
- for cash and cash equivalents, the fair value is represented by the nominal or face value;
- for properties, the fair value was determined on the basis of the analysis of the market values of similar properties;
- with regard to the impaired financial assets, the fair value was adopted as equal to the estimated realisable value used for financial statement purposes;

- with regard to financial assets, as well as for other asset and liability items without a specific maturity, the book value essentially approximates the fair value.

A.4.2 Processes and sensitivity of the measurements

The unobservable parameters capable of influencing the measurement of the instruments classified as level 3 are represented by the estimates and the assumptions underlying the models used for measuring the investments in equities.
With regard to these investments, no quantitative sensitivity analysis of the fair value with respect to the change in the non-observable inputs has been drawn up, since either the fair value has been obtained from third party sources without making any adjustment or it is the result of a model whose inputs are specific to the entity subject to measurements (e.g., equity values of the company) and in relation to which it is not reasonably possible to hypothesise alternative values.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in relation to the degree of observability of the inputs of the valuation techniques adopted. In detail, the following levels are identified:
Level 1: valuations (without adjustments) taken from the active markets of the listings;
Level 2: inputs other than the listed prices as per the previous point, but in any event referring to parameters or prices that can be observed directly or indirectly on the market;
Level 3: inputs that are not based on market observations.
The classification of financial instruments measured at fair value and assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis is carried out with reference to the aforementioned indications. These parameters are also used for the transfer between the various levels that might become necessary during the year. There were no transfers between the fair value levels during 2023.

A.4.4 Other information

The Company has not availed itself of the possibility envisaged by IFRS 13, § 48 that makes it possible to "measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions."

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Quantitative information

A.4.5 Fair value hierarchy

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

(Thousands of euro)

	Total 31/12/2023			Total 31/12/2022		
Financial assets/liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	-	-	-	47	-	359
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair v	63	-	327	47	-	359
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**63**	**-**	**327**	**47**	**-**	**359**
1. Financial liabilities held for trading	-		-	-		-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**		**-**

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

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

(Thousand of euro)

		Financial assets at fair value through profit or loss				Financial assets at fair value through comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
		Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1.	**Opening balance**	**359**	**-**	**-**	**359**		**-**	**-**	**-**
2.	**Increases**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Purchases	-	-	-		-	-	-	-
2.2.	Profits charged to:	-	-	-	-	-	-	-	-
2.2.1	Income statement	-	-	-	-	-	-	-	-
	- of which gains	-	-	-		-	-	-	-
2.2.2.	Shareholders' equity	-	X	X	X	-	-	-	-
2.3	Transfers to other levels	-	-	-	-	-	-	-	-
2.4.	Other increases	-	-	-	-	-	-	-	-
3.	**Decreases**	**32**	**-**	**-**	**32**	**-**	**-**	**-**	**-**
3.1	Sales	-	-	-		-	-	-	-
3.2	Reimbursements		-	-		-	-	-	-
3.3	Losses charged to:	-	-	-	-	-	-	-	-
3.3.1	Income statement	-	-	-	-	-	-	-	-
	- of which losses	-	-	-		-	-	-	-
3.3.2	Shareholders' Equity	-	X	X	X	-	-	-	-
3.4	Transfers to other levels	-	-	-	-	-	-	-	-
3.5	Other decreases	32	-	-	32		-	-	-
4.	**Closing balance**	**327**	**-**	**-**	**327**	**-**	**-**	**-**	**-**

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

There were no amounts in this section.

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

(Thousands of euro)

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 31/12/2023				Total 31/12/2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortised cost	7,217,581	-	-	7,217,581	8,162,291	-	-	8,162,291
2. Property, plant and equipment held for investment purposes	1,069		1,069	-	1,159		1,159	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**7,218,650**	**-**	**1,069**	**7,217,581**	**8,163,450**	**-**	**1,159**	**8,162,291**
1. Financial liabilities measured at amortised cost	6,197,114	-	-	6,197,114	7,233,908	-	-	7,233,908
2. Liabilities associated with discontinued operations	-	-	-	-	-	-	-	-
Total	**6,197,114**	**-**	**-**	**6,197,114**	**7,233,908**	**-**	**-**	**7,233,908**

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

A.5 DISCLOSURE ON “DAY ONE PROFIT/LOSS”

The Company did not carry out any transactions that generated the “day one profit/loss”.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

(thounsands of euros)

	Total 31/12/2023	Total 31/12/2022
a) Cash	2	2
b) Current accounts and demand deposits to banks	343	3,338
c) Demand deposits with Central Banks	-	-
Total	**345**	**3,340**

The item comprises cash and cash equivalents and revenue stamps at company headquarters. It implements the reclassification of on-demand receivables due from banks and Central banks, which are now included under "Cash and cash equivalents".

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

2.1 Financial assets held for trading: breakdown by product

There were no amounts in this section.

2.2 Derivative financial instruments

There were no amounts in this section.

2.3 Financial assets held for trading: breakdown by debtor/issuer/counterparties

There were no amounts in this section.

2.4 Financial assets designated at fair value: breakdown by product

There were no amounts in this section.

2.5 Financial assets designated at fair value: breakdown by debtor/issuer

There were no amounts in this section.

2.6 Other financial assets mandatorily measured at fair value: breakdown by product

(thousands of euro)

Items	Total 31/12/2023			Total 31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Others debt securities	-	-	-	-	-	-
2. Equity securities	**63**	**-**	**201**	**47**	**-**	**201**
3. Units of CIUs	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**126**	**-**	**-**	**158**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	126	-	-	158
Total	**63**	**-**	**327**	**47**	**-**	**359**

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

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

(thousands of euros)

	Total 31/12/2023	Total 31/12/2022
1. Equity instruments	**264**	**248**
of which: banks	-	-
of which: other financial companies	-	
of which: non-financial companies	264	248
2. Debt securities	**-**	**-**
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. UCI units	**-**	**-**
4. Loans	**126**	**158**
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	126	158
e) Household	-	-
Total	**390**	**406**

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

There were no amounts in this section.

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown by product of due from banks

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets	L1	L2	L3	First and second level	Third level	of which: impaired financial assets	L1	L2	L3
1. Deposits						-						
2. Current accounts												
3. Loans	16,070	-	-	-	-	16,070	11,624	-	-	-	-	11,624
2.1 Repurchase agreements												
2.2 Financial leasing												
2.3 Factoring	16,070	-	-	-	-	16,070	11,624	-	-	-	-	11,624
- with recourse	144					144	110					110
- without recourse	15,926					15,926	11,514					11,514
2.4 Other loans												
3. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities												
- other debt securities												
4. Other assets												
Total	**16,070**	**-**	**-**	**-**	**-**	**16,070**	**11,624**	**-**	**-**	**-**	**-**	**11,624**

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

4.2 Financial assets measured at amortised cost: breakdown by product of due from financial companies

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair Value			Book value			Fair Value		
	First and second level	Third level	of which: impaired financial assets	L 1	L 2	L 3	First and second level	Third level	of which: impaired financial assets	L 1	L 2	L 3
1. Loans	**303,602**	**-**	**-**	**-**	**-**	**303,602**	**256,984**	**-**	**-**	**-**	**-**	**256,984**
1.1 Repurchase agreement												
1.2 Financial Leasing												
1.3 Factoring	303,602	-	-	-	-	303,602	256,984	-	-	-	-	256,984
- with recourse	278,280					278,280	225,477					225,477
- without recourse	25,322					25,322	31,507					31,507
1.4 Other loans												
2. Debt securities							-	-	-	-	-	-
2.1 Structured securities												
2.2 other debt securities												
3. Other assets												
Total	**303,602**	**-**	**-**	**-**	**-**	**303,602**	**256,984**	**-**	**-**	**-**	**-**	**256,984**

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

4.3 Financial assets measured at amortised cost: breakdown by product of due from customers

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3
1. Loans	6,838,979	58,930	-	-	-	6,897,909	7,827,068	66,615	-	-	-	7,893,683
1.1 Financial leasing												
of which: without final purchase option												
1.2 Factoring	6,657,832	50,759	-	-	-	6,708,591	7,466,268	58,440	-	-	-	7,524,708
- with recourse	298,484	23,172				321,656	470,073	27,231				497,304
- without recourse	6,359,348	27,587				6,386,935	6,996,195	31,209				7,027,404
1.3 Consumer credit												
1.4 Credit cards												
1.5 Loans on pledge												
1.6. Loans granted in relation to the payment services performed												
1.7 Other loans	181,147	8,171				189,318	360,800	8,175				368,975
of which: from enforcement of guarantees and commitments												
2. Debt securities	-	-	-	-	-	-		-	-	-	-	-
2.1 structured securities												
2.2 other debt securities												
3. Other assets												
Total	**6,838,979**	**58,930**	**-**	**-**	**-**	**6,897,909**	**7,827,068**	**66,615**	**-**	**-**	**-**	**7,893,683**

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

The item "Financial assets measured at amortised cost" includes deferred income relating to the spreading of revenue, falling within the scope of IFRS 9, in line with the duration of the credit to which they refer.

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of due from customers

(thousands of euro)

Breakdown	Total 31/12/2023			Total 31/12/2022		
	First and second level	Third level	of which: impaired financial assets purchased or originated	First and second level	Third level	of which: impaired financial assets purchased or originated
1. Debt securities	-	-	-	-	-	-
a) Public Administration						
b) Other financial companies						
2. Loans to:	6,838,979	58,930		7,827,068	66,615	
a) Public Administration	559,672	21,416		725,495	19,386	
b) Other financial companies	6,224,822	37,154		7,020,714	46,226	
c) Households	54,485	360		80,859	1,003	
3. Other assets						
Total	**6,838,979**	**58,930**	-	**7,827,068**	**66,615**	-

4.5 Financial assets measured at amortised cost: gross value and total value adjustments

(thousands of euros)

	Gross value					Value adjustments				
	First level	*of which: instruments with low credit risk*	Second stage	Third stage	impaired purchased or originated	First level	Second level	Third level	impaired purchased or originated	**Overall partial write-off ***
Debt securities										
Loans	6,227,127		940,449	306,031		2,983	5,942	247,101		
Other assets										
Total 2023	**6,227,127**	**-**	**940,449**	**306,031**		**2,983**	**5,942**	**247,101**		-
Total 2022	**7,349,853**	**-**	**754,960**	**319,814**		**5,683**	**3,454**	**253,199**		-
of which: impaired financial assets purchased or originated	X	X				X				

* Value to be shown for information purposes

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

4.6 Financial assets measured at amortised cost: guaranteed assets

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Due from banks		Due from financial companies		Due from customers		Due from banks		Due from financial companies		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	412	412	281,073	281,073	1,823,637	1,821,575	143	143	221,259	221,231	2,321,793	2,314,924
- Leased assets												
- Factoring receivables	13	13	279,573	279,573	313,293	312,279	98	98	221,159	221,131	466,639	464,458
- Mortgages												
- Pledges												
- Unsecured guarantees	399	399	1,500	1,500	1,510,344	1,509,296	45	45	100	100	1,855,154	1,850,466
- Derivatives on receivables												
2. Impaired assets guaranteed by:					133,238	30,709	-	-	-	-	139,078	29,995
- Leased assets												
- Factoring receivables					124,923	27,660					129,840	26,987
- Mortgages												
- Pledges												
- Unsecured guarantees					8,315	3,049					9,238	3,008
- Derivatives on receivables												
Total	**412**	**412**	**281,073**	**281,073**	**1,956,875**	**1,852,284**	**143**	**143**	**221,259**	**221,231**	**2,460,871**	**2,344,919**

VE = book value of exposures
VG = fair value of the guarantees

Section 5 – Hedging derivatives – Item 50

There were no amounts in this section.

Section 6 – Change in fair value of portfolio hedged items – Item 60

There were no amounts in this section.

Section 7 – Equity investments – Item 70

There were no amounts in this section.

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

(thousands of euro)

Activities/Values	Total 31/12/2023	Total 31/12/2022
1. Owned assets	**144**	**265**
a) land		
b) buildings		
c) furniture	3	4
d) electronic equipment	141	261
e) other		
2. Rights of use acquired through leasing	**8,191**	**13,694**
a) land	-	-
b) buildings	8,191	13,694
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**8,335**	**13,959**
of which: obtained through enforcement of guarantees received	-	-

The decrease in buildings is due to the recognition of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises. The change is due to the new stipulated contract, which provides for the reduction of spaces leased to Ifitalia compared to the previous contract.

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

(thousands of euro)

Activities/Values		Total 31/12/2023				Total 31/12/2022			
		Balance sheet value	Fair Value			Balance sheet value	Fair Value		
			L1	L2	L3		L1	L2	L3
1.	**Property assets**	**1,069**	**-**	**1,069**	**-**	**1,159**	**-**	**1,159**	**-**
a)	land		-		-				-
b)	buildings	1,069		1,069		1,159		1,159	-
2.	**Rights of use acquired through leasing**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a)	land	-	-	-	-	-	-	-	-
b)	buildings	-	-	-	-	-	-	-	-
	Total	**1,069**	**-**	**1,069**	**-**	**1,159**	**-**	**1,159**	**-**
of which: obtained through enforcement of guarantees received		-	-	-	-	-	-	-	-

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

"Assets held for investment" are represented by the property located in Rome, via Vittorio Veneto 7, entirely leased to third parties.

8.3 Property, plant and equipment for business use: breakdown of revalued assets

There were no amounts in this section.

8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

There were no amounts in this section.

8.5 Inventories of property, plant and equipment regulated by IAS 2: breakdown

There were no amounts in this section.

8.6 Property, plant and equipment for business use: changes during the year

(thousands of euro)

		Land	Buildings	Furniture	Electronic systems	Others	**Total**
A.	**Gross opening balances**		**13,772**	**1,670**	**2,459**	**-**	**17,901**
	A.1 Total net impairments	-	(78)	(1,666)	(2,198)		**(3,942)**
	A.2 **Net opening balances**	**-**	**13,694**	**4**	**261**	**-**	**13,959**
B.	Increases	**-**	**9,187**	**-**	**1,084**		**10,271**
	B.1 Purchases		8,191	-	13		**8,204**
	B.2 Capitalised improvement expenditure						**-**
	B.3 Write-backs						**-**
	B.4 Positive changes in fair value charged to :	-					**-**
	a) equity						**-**
	b) income statement						**-**
	B.5 Exchange gains						**-**
	B.6 Transfers from property held for investment purposes			X	X	X	**-**
	B.7 Other changes		996		1,071		**2,067**
C.	**Decreases**	**-**	**14,690**	**1**	**1,204**	**-**	**15,894**
	C.1 Sales				1,072		**1,072**
	C.2 Depreciation		918	1	132		**1,051**
	C.3 Impairment losses charged to:	**-**	**-**	**-**	**-**	**-**	**-**
	a) equity						**-**
	b) income statement						**-**
	C.4 Negative changes in fair value charged to:	**-**	**-**	**-**	**-**	**-**	**-**
	a) equity						**-**
	b) income statement						**-**
	C.5 Negative exchange differences						**-**
	C.6 Transfers to:	**-**	**-**	**-**	**-**	**-**	**-**
	a) tangible assets held for investment purposes			X	X	X	**-**
	b) non-current assets and disposal groups held for sale						**-**
	C.7 Other changes		13,772				**13,772**
D.	**Net closing balance**	**-**	**8,191**	**3**	**141**	**-**	**8,335**
	D.1 Total net impairments	-	-	(1,667)	(1,259)	-	(2,926)
	D.2 **Gross closing balance**	**-**	**8,191**	**1,670**	**1,400**	**-**	**11,261**
E.	Valuation at cost	**-**	**8,191**	**3**	**141**	**-**	**8,335**

The property, plant and equipment for business use of the company are all measured at cost. The purchase of the period in the buildings category is due to the recognition of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises.

A table showing the rights of use acquired in the lease of property, plant and equipment is shown below.

(thousands of euro)

	Land	Buildings	Furniture	Electronic systems	Others	**Total**
A. Gross opening balances		**13,772**				**13,772**
A.1 Total net impairments		(78)				**(78)**
A.2 **Net opening balances**		**13,694**				**13,694**
B. Increases	**-**	**9,187**				**9,187**
B.1 Purchases		8,191				**8,191**
B.2 Capitalised improvement expenditure						**-**
B.3 Write-backs						**-**
B.4 Positive changes in fair value charged to :	-					**-**
a) equity						**-**
b) income statement						**-**
B.5 Exchange gains						**-**
B.6 Transfers from property held for investment purposes			X	X	X	**-**
B.7 Other changes		996				**996**
C. Decreases	**-**	**14,690**			**-**	**14,690**
C.1 Sales						**-**
C.2 Depreciation		918				**918**
C.3 Impairment losses charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.4 Negative changes in fair value charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.5 Negative exchange differences						**-**
C.6 Transfers to:	**-**	**-**	**-**	**-**	**-**	**-**
a) tangible assets held for investment purposes			X	X	X	**-**
b) non-current assets and disposal groups held for sale						**-**
C.7 Other changes		13,772				**13,772**
D. Net closing balance	**-**	**8,191**	**-**	**-**	**-**	**8,191**
D.1 Total net impairments	-	(918)	0	0	-	**(918)**
D.2 **Gross closing balance**	**-**	**8,191**	**-**	**-**	**-**	**8,191**
E. Valuation at cost	**-**	**8,191**	**-**	**-**	**-**	**8,191**

The rights of use acquired in a finance lease refer to the lease contracts of the property located in Assago, which is used by the Company as work premises. The contract is concluded with the Company of the Diamante RE Group.

8.7 Property, plant and equipment held for investment: changes during the year

(thousands of euro)

	Total	
	Land	Buildings
A. Opening balances		**1,159**
B. Increases	**-**	**-**
B.1 Purchases		
B.2 Capitalised improvement expenses		
B.3 Net positive fair value changes		
B.4 Reversals of impairment losses		
B.5 Positive exchange rate differences		
B.6 Transfers from operating properties		
B.7 Other changes		
C. Decreases	**-**	**90**
C.1 Sales		
C.2 Depreciation		90
C.3 Negative changes in fair value		
C.4 Impairment losses		
C.5 Exchange rate losses		
C.6 Transfers to:		
(a) operating properties		
b) non-current assets and disposal groups held for sale		
C.7 Other changes		
D Closing balance	**-**	**1,069**
E. Measurement at fair value		**1,069**

The property, plant and equipment held for investment of the company are all measured at cost.

The value of the land for the property located in Rome (Via V. Veneto) has not been spun-off, since Ifitalia does not own the entire building.

8.7.1 Property, plant and equipment held for investment for rights of use acquired: changes during the year

There were no amounts in this section.

8.8 Inventories of property, plant and equipment regulated by IAS 2: changes during the year

There were no amounts in this section.

8.9 Commitments to purchase property, plant and equipment

There were no amounts in this section.

Property, plant and equipment: depreciation

Category	Depreciation percentage
Land	no depreciation
Buildings	from 1,25% a 10%
Furniture	20%
IT equipment	from 11,11% to 33,33%
Other	from 14,29% to 25%
Other : works of art	no depreciation

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown

(thousands of euro)

Items/Valuation	Total 31/12/2023		Total 31/12/2022	
	Assets carried at cost	Assets carried at fair value	Assets carried at cost	Assets carried at fair value
1. Start				
2. Other intangible assets				
of which: software	**7,885**		**9,029**	
2.1 owned	**7,885**	**-**	**9,029**	**-**
-internally generated	1,851		1,936	
- other	6,034		7,093	
2.2 rights of use acquired under leases				
Total 2	**7,885**	-	**9,029**	-
3. Assets related to financial leasing:				
3.1 unexercised assets				
3.2 assets withdrawn as a result of termination				
3.3 other assets				
Total 3	**-**	-	**-**	-
Total (1+2+3)	**7,885**	**-**	**9,029**	**-**
Total (T-1)	**9,029**	**-**	**9,832**	**-**

The IT costs attributable to internal software development projects amount to EUR 1,851 thousand.

The intangible fixed assets-other also include "software licenses" for EUR 869 thousand (EUR 1,114 thousand in 2022) and "software development" for EUR 5,165 thousand (EUR 5,978 thousand in 2023).From 2022, a provision was set aside for the risks and charges to cover the write-off of certain software (intangible fixed assets) to be carried out at the end of 2025 following the hypothetical introduction of the new IT platform "One Factoring".

9.2 Intangible assets: changes during the year

(thousands of euro)

	Total
A. Opening balances	**9,029**
B. Increases	**2,427**
B.1 Purchases	2,427
B.2 Reversals of impairment losses	
B.3 Positive changes in fair value	-
- to equity	
- in income statement	
B.4 Other changes	
C. Decreases	**3,571**
C.1 Sales	
C.2 Depreciation	3,571
C.3 Value adjustments	-
- to equity	
- in income statement	
C.4 Negative changes in fair value	-
- in equity	
- in income statement	
C.5 Other changes	
D. Net closing balance	**7,885**

The purchases during the year, amounting to EUR 2,427 thousand, refer to capitalisations of IT costs, of which EUR 740 thousand (717 thousand in 2022) referring to capitalisation of internal effort.

9.3 Intangible assets: other information

There were no amounts in this section.

Value adjustments to intangible assets: amortisation

Category	depreciation percentage
Software	from 12,5% to 33,3%
Costs of conversion	12.5%
Cost of implementation	33.3%
Costs for regulatory constraints	directly charged to the income statement

Section 10 – Tax assets and tax liabilities - Asset item 100 and liability item 60

10.1 Tax assets: current and deferred: breakdown

(thousands of euro)

	31/12/2023				31/12/2022			
	IRES	IRAP	OTHER	TOTALE	IRES	IRAP	OTHER	TOTAL
Current tax assets:								
- Tax advances	13,071	3,132	11	16,214	9,400	2,618	(46)	11,972
- Amounts withheld	39			39	16			16
- Tax credits pending rebate by the tax authorities	7	649	263	919	7	649	221	877
	13,117	**3,781**	**274**	**17,172**	**9,423**	**3,267**	**175**	**12,865**
Prepaid tax assets:								
- Writedowns of credits exceeding the deductible portion for the year	17,629	2,335		19,964	24,954	3,214		28,168
- Provisions for risks and charges	5,751	15		5,766	8,150	53		8,203
- Other	368			368	362			362
	23,748	**2,350**	**-**	**26,098**	**33,466**	**3,267**	**-**	**36,733**
Total	**36,865**	**6,131**	**274**	**43,270**	**42,889**	**6,534**	**175**	**49,598**

10.2 Tax liabilities: current and deferred: breakdown

(thousands of euro)

	31/12/2023			31/12/2022		
	IRES	IRAP	TOTAL	IRES	IRAP	TOTAL
Current tax liabilities:						
- Taxes for the year	12,373	3,855	16,228	11,141	2,882	14,023
	12,373	**3,855**	**16,228**	**11,141**	**2,882**	**14,023**
Deferred tax liabilities:						
- Amortisation/depreciation of tangible fixed			-			-
- Capital Gain on participations			-			-
- Others	429		429	438		438
	429	**-**	**429**	**438**	**-**	**438**
Total	**12,802**	**3,855**	**16,657**	**11,579**	**2,882**	**14,461**

10.3 Change in deferred tax assets (matching balance in income statement)

Deferred tax assets have been recorded in the financial statements based on the assumption that taxable income will be generated against which the deductible timing differences can be used.

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**36,371**	**38,356**
2. Increases	**1,903**	**3,064**
2.1 Deferred tax assets recognized during the year	1,903	3,064
a) related to previous years		
b) due to change in accounting policies		
c) write-backs		
d) other	1,903	3,064
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**12,544**	**5,049**
3.1 Deferred tax assets eliminated during the year	12,544	5,049
a) reversals	12,271	5,049
b) written down as now considered irrecoverable		
c) change in accounting policies		
d) other	273	
3.2 Reductions in tax rates		
3.3 Other decreases	-	-
a) transformation into tax credits pursuant to Law 214/2011		
b) other	-	-
4. Closing balance	**25,730**	**36,371**

The increase of EUR 1,903 thousand refers to the allocation to provisions for risks and charges for the year; the reduction of EUR 12,271 thousand relating to deferred tax assets cancelled during the year concerns the deductible portion of receivables (EUR 8,204 thousand) and the use of provisions for risk and charges (EUR 4,067 thousand).

10.3.1 Change in deferred tax assets pursuant to Law 214/2011 (matching balance in income statement)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**21,677**	**24,966**
2. Increases		
3. Decreases	**7,133**	**3,289**
3.1 Amounts reversed	7,133	3,289
3.2 Transformation into tax credits	-	-
a) from losses for the year		
b) from tax losses		
3.3 Other decreases	-	-
4. Closing balance	**14,544**	**21,677**

10.4 Changes in deferred tax liabilities (matching balance in income statement)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balances	**438**	**347**
2. Increases	**-**	**91**
2.1 Deferred taxes recognized during the year	-	91
a) related to previous years		
b) due to change in accounting policies		
c) other		91
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**9**	**-**
3.1 Deferred tax liabilities eliminated during the year	9	-
a) reversals	9	-
b) due to change in accounting policies		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
4. Closing balance	**429**	**438**

10.5 Changes in deferred tax assets (matching balance under equity)

(thousands of euro)

		Total 31/12/2023	Total 31/12/2022
1.	**Opening balance**	**362**	**428**
2.	**Increases**	**6**	
2.1	Deferred tax assets recognized during the year	6	-
	a) related to previous years		
	b) due to changes in accounting policies		
	c) other	6	
2.2	New taxes or increases in tax rates		
2.3	Other increases		
3.	**Decreases**	-	66
3.1	Deferred tax assets eliminated during the year	-	66
	a) reversals		66
	b) written down as now considered irrecoverable		
	c) due to changes in accounting policies		
	d) other		
3.2	Reductions in tax rates		
3.3	Other decreases		
4.	**Closing balance**	**368**	**362**

10.6 Changes in deferred tax liabilities (matching balance under equity)

There were no amounts in this section.

Section 11 – Non-current assets and disposal groups held for sale and associated liabilities – Asset item 110 and liability item 70

There were no amounts in this section.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

(thousand of euro)

	31/12/2023	31/12/2022
Guarantee deposits	3	3
Amounts receivable for supply of services/advance payments	7	5
Items in transit	630	584
Securities credited to customers subject to collection services awaiting collection from the bank	3,354	6,548
Ecobonus credits	14,822	11,338
Other amounts receivable	11,206	15,052
Total	**30,022**	**33,530**

Ecobonus credits represent tax credits acquired by Ifitalia and waiting to be sold again to Group companies. The sale then took place by February 2024.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of payables

(thousands of euro)

Items	Total 31/12/2023			Total 31/12/2022		
	due to banks	due to financial	due to customers	due to banks	due to financial	due to customers
1. Loans	4,994,946	288,550		6,073,129	288,850	
1.1. Reverse repurchase agreements						
1.2 other	4,994,946	288,550		6,073,129	288,850	
2. Leasing payables	8,191			13,699		
3. Other payables	467,099	12,838	425,490	453,103	1,214	403,913
Total	**5,470,236**	**301,388**	**425,490**	**6,539,931**	**290,064**	**403,913**
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	5,470,236	301,388	425,490	6,539,931	290,064	403,913
Total fair value	5,470,236	301,388	425,490	6,539,931	290,064	403,913

1.2 Financial liabilities measured at amortised cost: breakdown by product of securities issued
There were no amounts in this section.

1.3 Subordinated payables and securities
There were no amounts in this section.

1.4 Structured securities
There were no amounts in this section.

1.5 Lease payables
Cash outflows for leases are shown in the table below.

(thousands of euro)

	Maturity bands for leasing cash flows					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from 1 yer to 2 years	over 2 years	**Total**
Leasing debts	162	66	231	477	7.255	**8.191**
Total	**162**	**66**	**231**	**477**	**7.255**	**8.191**

The duration of the payables derives from the term of the lease contract for the property located in Assago, which is 15 years.

Section 2 – Financial liabilities held for trading – Item 20

2.1 Financial liabilities held for trading: breakdown by product
There were no amounts in this section.

2.2 Breakdown of financial liabilities held for trading: subordinated liabilities
There were no amounts in this section.

2.3 Breakdown of financial liabilities held for trading: structured securities
There were no amounts in this section.

2.4 Breakdown of financial liabilities held for trading: derivative financial instruments
There were no amounts in this section.

Section 3 – Financial liabilities designated at fair value – Item 30
There were no amounts in this section.

Section 4 – Hedging derivatives – Item 40
There were no amounts in this section.

Section 5 – Change in fair value of portfolio hedged items – Item 50
There were no amounts in this section.

Section 6 – Tax liabilities – Item 60
See section 10 under assets

Section 7 – Liabilities associated with discontinued operations – Item 70
See section 11 under assets

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

(thousands of euro)

DESCRIPTION	Total 31/12/2023	Total 31/12/2022
Collections being registered	76,348	74,529
Amounts due to employees	1,386	1,296
Amounts due to the tax authorities	953	853
Amounts due to social security and welfare institutions	1,616	1,492
Payables and invoices to be received from suppliers and professionals	21,250	16,833
Liabilities due to transferors	5,803	7,401
Other payables	24,029	12,017
Advances from customers	31,724	30,815
Residual holiday entitlement fund	526	456
Total	**163,634**	**145,690**

The increase in the item “Other payables” from EUR 12,017 thousand in 2022 to EUR 24,029 thousand in 2023, is mainly due to the increase in 2023 in collections relating to ongoing legal proceedings pending resolution.

Section 9 − Employee termination benefits − Item 90

9.1 “Employee termination benefits”: changes during the year

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
A. Opening balance	**3,325**	**4,035**
B. Increases	**117**	**41**
B.1 Provision for the year	95	11
B.2 Other changes	22	30
C. Decreases	**587**	**751**
C.1 Liquidations	437	509
C.2 Other changes	150	242
D. Closing balance	**2,855**	**3,325**

As indicated in the accounting principles, the provision for employee termination benefits is calculated using the actuarial method. The provision for employee termination benefits calculated in compliance with Article 2120 of the Italian Civil Code equals EUR 2,981,356 and represents the effective obligation towards employees. The allocation for the year is EUR 62,430.

9.2 Other information

9.2.1 Description of the provision and related risks

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker’s rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in financial statements based on the amount to be paid to each employee and is valued using the actuarial method as a “defined benefit obligation”, taking into account future due dates when the financial disbursement will actually occur. In particular, following Italian Law no. 296/2006 (the 2007 Finance Act), substantially the Employee termination benefits (TFR) quotas:

- accrued through the beginning of 2007 will remain in-house and must be disbursed to employees in accordance with statutory regulations, creating a liability to be recorded in the financial statements;
- accrued from the beginning of 2007 must, according to the employee’s choice: a) be transferred to supplementary welfare funds; or b) be transferred to the INPS Treasury Fund.

Therefore, the amount recorded under the item “Employee termination benefits” refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007 that is different for every employee, valued by an independent actuary without applying the “pro-rata” of the service supplied. As a result, costs relating to future work provided are not considered for valuation purposes. The current method for calculating employee termination benefits starts from the detailed situation, at the moment of entry, of each worker and envisages each year, for each individual worker up until his/her departure, the development of the provision due to:

1. the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
2. for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9.2.2 Changes during the year of net defined benefit liabilities (assets) and reimbursement rights

The change in the provision for employee termination benefits is shown in Section 9 "Employee termination benefits – Item 90 – table 9.1 “Employee termination benefits: changes during the year”.

The social security cost related to employment benefits, as illustrated above, is not set aside, but recorded directly in the income statement following the supplementary welfare reform, which provides for the allocation of accrued employee termination benefits to supplementary funds or the INPS Treasury Fund (Legislative Decree no. 252/2005 and Law no. 296/2006). The allocation for the year is recorded in the income statement under personnel costs.

9.2.3 Information on the fair value of assets serving the plan

Employee termination benefits are fully paid by the Company and there are no assets serving the plan.

9.2.4 Description of the principal actuarial assumptions

The liability recognised in the balance sheet is equal to the present value of the defined benefit obligations accrued as at 31 December 2023 estimated by an independent actuary.

The benefits owed by the Company were estimated based on developmental assumptions for the population of relevant personnel (forecast of length of employment with company, probability of early disbursements), in addition to the use of appropriate demographic and economic financial bases (mortality tables, monetary inflation). For 2023, the following parameters were used: discount rate of 3.5%; inflation rate of 2.2%; 3% salary increase; estimated employment duration of 12 years.

Section 10 – Provisions for risks and charges − Item 100

10.1 Provisions for risks and charges: breakdown

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
1. Provisions for credit risk relating to commitments and guarantees issued	411	763
2. Provisions on other commitments and other guarantees issued		
3. Post retirement benefit obligations		
4. Other provisions for risks and charges	16,689	22,075
4.1 legal and tax disputes	14,419	18,706
4.2 personnel expenses	1,168	1,843
4.3 other	1,102	1,526
Total	**17,100**	**22,838**

The other provisions for risks and charges - "other" refer to the write-off of certain software (intangible fixed assets) to be carried out at the end of 2025 following the introduction of the new IT platform "One Factoring".

10.2 Provisions for risks and charges: changes during the year

(thousands of euro)

		Provisions on other commitments and	Post retirement benefit obligations	Other provisions for risks and charges	Total
A.	**Opening balance**	-	-	**22,075**	**22,075**
B.	**Increases**	-	-	**7,623**	**7,623**
B.1	Provision for the year			7,623	7,623
B.2	Changes due to the passing of time				-
B.3	Changes due to the changes in the discount rate				-
B.4	Other changes				-
C.	**Decreases**	-	-	**13,009**	**13,009**
C.1	Utilisations for the year			3,413	3,413
C.2	Changes due to the changes in the discount rate				-
C.3	Other changes			9,596	9,596
D.	**Closing balance**	-	-	**16,689**	**16,689**

Significant provisions for operational risk were mainly made considering transaction assumptions with transferor customers to settle ongoing disputes.

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

(thousands of euro)

	Provisions for credit risk relating to commitments and guarantees issued				
	First level	Second level	Third Level	impaired acquired or originated	Total
1. Commitments to disburse funds					-
2. Financial guarantees issued	314	55	42	-	**411**
Total	**314**	**55**	**42**	**-**	**411**

10.4 Provisions on other commitments and other guarantees given

There were no amounts in this section.

10.5 Defined benefit in-house pension funds

There were no amounts in this section.

10.6 Provisions for risks and charges - other provisions

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
Personnel provisions:		
- redundancy incentive		
- performance bonus		
- untaken holiday entitlement		
- other employee benefits	1,169	1,843
Total	**1,169**	**1,843**

Provisions for employee benefits, referred to as "other employee benefits", represent the provisions that the Company has recorded in the financial statements in relation to employee incentive plans.
These plans are related to the achievement of results at both company and individual employee level.

Section 11 – Equity – Items 110, 120, 130, 140, 150, 160 and 170

Summary

(thousands of euro)

SHAREHOLDERS' EQUITY		Total 31/12/2023	Total 31/12/2022
110.	Share capital	55,900	55,900
140.	Valuation reserves	61,799	61,799
150.	Reserves	736,345	699,768
	a) income reserves	737,504	700,926
	b) other reserves	(1,158)	(1,158)
160.	Valuation reserves	(970)	(953)
180	*Profit (loss) for the year*	58,462	36,577
	Total shareholders' equity	**911,536**	**853,091**

11.1 Share Capital: breakdown

(thousands of euro)

Type	Amount
1. Share capital	
1.1 Ordinary shares	55,900
1.2 Other shares	-

The share capital amounts to EUR 55,900 thousand and is made up of 55,900,000 shares with a par value of EUR 1 each.
The ordinary shares totalling 55,900,000 have been fully subscribed and paid up.

11.2 Treasury shares: breakdown

There were no amounts in this section.

11.3 Equity instruments: breakdown

There were no amounts in this section.

11.4 Share premium: breakdown

(thousands of euro)

Type	Amount
Share premium	
Share premium from ordinary shares	61,799

The share premium has not changed compared to 31 December 2022.

11.5 Other information

Breakdown and changes in Reserves

(thousands of euro)

			Legal reserve	Statutory reserve	Other	Total
A.	**Opening balance**		**11,180**	**689,746**	**(1,158)**	**699,768**
B.	**Increases**		**-**	**36,577**	**-**	**36,577**
	B.1	Allocations of profits		36,577		36,577
	B.2	Other changes				-
C.	**Decreases**		**-**	**-**	**-**	**-**
	C.1	Utilisations				-
		hedging of losses				-
		distribution				-
		transfer to capital				-
	C.1	Other changes				-
D.	**Closing balance**		**11,180**	**726,324**	**(1,158)**	**736,345**

The increase in the Statutory Reserve of EUR 36,577 thousand is due to the allocation of the 2022 profit.

Breakdown and changes in Valuation Reserves

(thousands of euro)

			Financial assets at fair value through other comprehensive income	Tangible assets	Intangible assets	Hedging of financial flows	Special revaluation laws	Financial liabilities at fair value with an impact on income statement (changes of creditworthiness)	Other	Total
A.	**Opening balances**		-	-	-	-		-	(953)	(953)
B.	**Increases**		-	-	-	-	-	-	(17)	(17)
	B.1	Positive fair value changes								-
	B.2	Other increases							(17)	(17)
C.	**Decreases**		-	-	-	-	-	-	-	-
	C.1	Negative fair value changes								
	C.1	Other decreases								
D.	**Closing balances**		-	-	-	-	-	-	(970)	(970)

With regards to the provisions of Article 2427 no. 7-bis of the Italian Civil Code, the following table provides an analytical breakdown of equity items by origin, potential use and distribution.

No use was made in the last three years.

(thousands of euro)

Ifitalia S.p.A. - Financial Statements as at 31 December 2023			
	Amount	**Potential use**	**Amount available**
Share capital	55,900	0	0
Capital reserve:			
Share premium reserve	61,799	A-B-C	61,799
Profit reserve:			
Legal reserve	11,180	B	
Statutory reserve	726,324	A-B-C	726,324
Other reserve:			
Stock options/Dspp/Freeshares reserve	102	A-B-C	102
FTA Reserve and Goodwill	(8,159)	A-B-C	(8,159)
Merger surplus	1,029	A-B-C	1,029
Reserve ex "property revaluation"	5,870	A-B-C	5,870
Valuation reserve	(970)	(1)	0
Profit for the year	58,462	A-B-C	58,462
Total	**911,536**	**-**	**845,427**
Non-distributable share	**66,109**		
Residual distributable share	**845,427**		**845,427**

Key:

A: share capital increase

B: coverage of losses

C: distributable to shareholders

(1) As provided for by art. 6 of Legislative Decree no. 38 of 28 February 2005, the valuation reserves formed in accordance with IAS cannot be distributed and are unavailable for allocation to capital, coverage of losses and the uses provided for by articles 2350 third section, 2357 first section, 2358 third section, 2359-bis first section, 2342,2478-bis fourth section of the Italian Civil Code

Other information

1. Commitments and financial guarantees given (other than those designated at fair value)

(thousands of euro)

	Notional value on commitments and financial guarantees issued				Total 31/12/2023	Total 31/12/2022
	First stage	Second stage	Third stage	Impaired acquired or originated		
1. Commitments to disburse funds	**93,865**	**8,975**	**145**	**-**	**102,985**	**385,574**
a) Public Administrations	30,477	3,421	145		34,043	298,928
b) Banks	-	-	-		-	-
c) Other financial institutions					-	-
d) Non-financial institutions	63,388	5,554	-		68,942	86,646
e) Families	-	-	-	-	-	-
2. Financial guarantees issued	**102,358**	**10,703**	**53**	**-**	**113,114**	**108,147**
a) Public Administrations	1,344	37	-	-	1,381	1,125
b) Banks	2,802	-	-	-	2,802	2,802
c) Other financial institutions			-	-	-	-
d) Non-financial institutions	96,123	10,514	53	-	106,690	102,062
e) Families	2,089	152	-	-	2,241	2,158

2. Other commitments and other guarantees given

There were no amounts in this section.

3. Financial assets subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements

There were no amounts in this section.

4. Financial liabilities subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements

There were no amounts in this section.

5. Securities lending

There were no amounts in this section.

6. Information on joint control assets

There were no amounts in this section.

IFITALIA BNP PARIBAS

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

(thousands of euro)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2023	Total 31/12/2022
1. Financial assets at fair value through profit or loss:	-	-	-	-	-
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				-	-
2. Financial assets at fair value through other comprehensive income:			X	-	-
3. Financial assets measured at amortised cost:	-	**256,032**	**-**	**256,032**	**77,012**
3.1 Loans to banks		93	X	93	155
3.2 Loans to financial companies		24,834	X	24,834	2,786
3.2 Loans to customers		231,105	X	231,105	74,071
4. Hedging derivatives	X	X		-	-
5. Other assets	X	X		-	-
6. Financial liabilities	X	X	X		**6,848**
Total	**-**	**256,032**	**-**	**256,032**	**83,860**
of which: interest income on impaired financial assets		2,396			2,491
of wich: interest income on leasing					-

1.2 Interest and similar income: other information

The interest in item “Financial assets measured at amortised cost” essentially refers to interest accrued for factoring activities on payments, advances to transferors and on extensions granted to factored debtors. As at 31 December 2022, interest income also included any interest contractually charged to Ifitalia that, due to the application of negative funding rates, showed an accounting sign of revenue; for an amount of EUR 6,848 as at 31 December 2022. Due to the increase in market interest rates, this case did not occur in 2023.

1.2.1 Interest income on foreign currency financial assets

Interest income on foreign currency financial assets totalled EUR 9,382 thousand and refers to loans to customers.

1.3 Interest and similar expense: breakdown

(thousands of euro)

Items/Technical forms	Deposits	Securities	Other transactions	Total 31/12/2023	Total 31/12/2022
1. Financial liabilities measured at amortised cost:	166,495	-	-	166,495	24,869
1.1 Deposits from banks	153,946	X	X	153,946	21,207
1.2 Deposits from financial companies	12,549	X	X	12,549	3,662
1.3 Deposits from customers		X	X	-	-
1.4 Securities issued	X		X	-	-
2. Financial liabilities held for trading				-	-
3. Financial liabilities designated at fair value				-	-
4. Other liabilities	X	X		-	-
5. Hedging derivatives	X	X		-	-
6. Financial assets	X	X	X	-	-
Total	**166,495**	**-**	**-**	**166,495**	**24,869**
of which: interest expense related to leasing debts	*91*				*8*

1.4 Interest and similar expense: other information

Interest paid to banks consists of interest paid on funding received.

Interest paid to financial businesses is related to securitisation activities.

1.4.1 Interest expense on foreign currency financial assets

Interest expense on foreign currency liabilities amounted to EUR 8,642 thousand and refers mainly to foreign currency funding transactions.

Section 2 – Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

(thousands of euro)

	Types of service/Amounts	Total 31/12/2023	Total 31/12/2022
a)	financial lease transactions	-	-
b)	factoring transactions	61,897	59,874
c)	consumer credit	-	-
d)	guarantees given	-	-
e)	services:	-	-
	- fund management for third parties	-	-
	- exchange brokerage	-	-
	- distribution of products	-	-
	- other	-	-
f)	collection and payment services	-	-
g)	servicing in securitisation transactions	-	-
h)	other commission	14,826	15,815
	Total	**76,723**	**75,689**

2.2 Fee and commission expense: breakdown

(thousands of euro)

	Detail/Sectors	Total 31/12/2023	Total 31/12/2022
a)	guarantees received	741	626
b)	distribution of services to third parties		
c)	collection and payment services	730	838
d)	other commissions of brokerage	12,700	12,867
	Total	**14,171**	**14,331**

Section 3 – Dividends and similar income – Item 70

There were no amounts in this section.

Section 4 – Net result from trading – Item 80

4.1 Net result from trading: breakdown

(thousands of euro)

Transactions/Income components	Capital gains (A)	Profit on trade (B)	Capital losses (C)	Loss on trade (D)	**Net result [(A+B) - (C+D)]**
1. Financial assets held for trading	-	-	-	-	-
1.1 Debt securities					-
1.2 Equity instruments					-
1.3 UCI units					-
1.4 Loans					-
1.5 Other					-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities					-
2.2 Deposits					-
2.3 Other					-
3. Financial assets and liabilities: exchange differences	X	X	X	X	(63)
4. Derivative instruments	-	-	-	-	-
4.1 Financial derivatives					-
4.2 Credit derivatives					-
of which: natural hedging related to the fair value	X	X	X	X	
Total	-	-	-	-	**(63)**

Section 5 – Net result from hedging – Item 90

There were no amounts in this section.

Section 6 – Profit (loss) from disposal or repurchase – Item 100

There were no amounts in this section.

Section 7 – Net result of other financial assets and liabilities at fair value through profit or loss – Item 110

There were no amounts in this section.

Section 8 – Net value adjustments/write-backs for credit risk – Item 130

8.1 Net value adjustments/write-backs for credit risk relating to financial assets measured at amortised cost: breakdown

(thousands of euro)

Transactions/Income components	Value adjustments						Writebacks				Total	Total
	First level	Second level	Third level		Impaired acquired or originated		First level	Second level	Third level	Impaired acquired or originated	31/12/2023	31/12/2022
			Write-off	Other	Write-off	Other						
1. Loans to banks			-	-			-		-			33
impaired loans acquired or originated		-	-	-			-		-		-	
- for leasing												
- for factoring												
- other loans												
Other loans			-	-			-		-			33
- for leasing												
- for factoring			-	-	-			-	-			33
- other loans		-		-	-			-		-		
2. C Loans to financial istitutions	(36)	(1)									(37)	(19)
impaired loans acquired or originated		-	-	-			-		-		-	
- for leasing											-	
- for factoring											-	
- other loans												
Other loans	(36)	(1)									(37)	(19)
- for leasing											-	
- for factoring	(36)	(1)									(37)	(19)
- other loans		-	-	-			-		-		-	
3. Loans to consumers		(3,257)	(2,802)	- 22,513			3,503	-	7,299		(17,770)	(11,008)
impaired loans acquired or originated		-	-	-			-		-		-	-
- for leasing											-	-
- for factoring											-	-
- for consumer credit											-	-
- other loans											-	-
Other loans		(3,257)	(2,802)	(22,513)			3,503	-	7,299		(17,770)	(11,008)
- for leasing											-	-
- for factoring		(3,257)	(2,802)	(22,513)			3,503		7,299		(17,770)	(11,008)
- for consumer credit											-	-
- loans on pledge											-	-
- other loans		-	-	-			-		-		-	-
Totale	(36)	(3,258)	(2,802)	(22,513)			3,503	-	7,299		(17,807)	(10,994)

8.2 Net value adjustments/write-backs for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

There were no amounts in this section.

Section 9 – Gains/losses on contract modifications without eliminations – Item 140

There were no amounts in this section.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

(thousands of euro)

Type of expense/Amounts	Total 31/12/2023	Total 31/12/2022
1) Employees	18,280	17,392
a) salaries and wages	12,145	11,938
b) social security contributions	3,776	3,609
c) leaving indemnity		
d) social security and welfare costs		
e) provision for termination benefits	95	11
f) provisions for post-retirement benefits and similar obligations:		
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:	1,445	1,257
- defined contribution	1,445	1,257
- defined benefit		
h) other expenses (net)	819	577
2) Other active employees	610	637
3) Directors and Statutory Auditors	142	140
4) Staff retirement		
5) Recovery of expenses for employees seconded to other companies	(349)	(376)
6) Expense reimbursements for employees of third parties seconded to the company	4,376	4,587
Total	**23,059**	**22,380**

10.2 Average number of employees by category

	Total 31/12/2023	Total 31/12/2022
a) Employees	**239**	**236**
1) Managers	6	6
2) Middle managers	111	117
3) Remaining employees	122	113
b) Other personnel	**33**	**39**
Total	**272**	**274**

10.3 Other administrative expenses: breakdown

(thousands of euro)

Type of expense/Balances	Total 31/12/2023	Total 31/12/2022
Indirect duties and taxes	881	885
Sundry services rendered by third parties	11,706	10,528
Sundry services rendered by third parties (IT)	11,474	10,335
Sundry services rendered by third parties (Internal Auditing)	232	193
Fees for professionals	3,313	3,379
Fees for consultancy	606	828
Fees for legal and notarial costs	2,334	2,056
Fees for debt collection	273	410
Compensation to independent Auditors	100	85
Costs relating to properties/furniture	1,367	1,608
Postal, printed matter, surveillance of premises and stock values	1,091	1,002
Management expenses GFCC	753	776
Advertising and entertainment	280	240
Searches and information	1,534	1,649
Other expenses	5,244	6,127
TOTAL	**26,169**	**26,194**

The compensation for services rendered by the Independent Auditors for audit activities in 2023, net of VAT, is EUR 75 thousand (EUR 70 thousand in 2022).

Section 11 – Net provisions for risks and charges – Item 170

11.1 Net provisions for credit risk relating to commitments to grant funds and financial guarantees given: breakdown

(thousands of euro)

	Operations/Income components	Value adjustments		Writebacks		Total 31/12/2023	Total 31/12/2022
		Specific	Portfolio	Specific	Portfolio		
A.	Guarantees issued		394	(42)		**352**	**(337)**
B.	Derivatives on receivables					**-**	**-**
C.	Commitments to grant loans					**-**	**-**
D.	Other transactions					**-**	**-**
E.	**Total**	**-**	**394**	**(42)**	**-**	**352**	**(337)**

11.2 Net provisions relating to other commitments and other guarantees given: breakdown

There were no amounts in this section.

11.3 Other net provisions for risks and charges: breakdown

(thousands of euro)

Analysis	Total 31/12/2023	Total 31/12/2022
PROVISIONS	**(6,323)**	**(5,438)**
Legal disputes	**(5,710)**	**(4,585)**
Revocation actions	-	
Pending disputes	(5,710)	(4,585)
Personnel charges	-	-
Other provisions	**(613)**	**(853)**
USES	**9,734**	**-**
Legal disputes	**8,697**	**-**
Revocation actions	-	
Pending disputes	8,697	
Personnel charges	-	-
Other uses	**1,037**	**-**
INTEREST FROM DISCOUNTING BACK	**-**	**-**
Legal disputes	**-**	**-**
Revocation actions	-	
Pending disputes	-	
Total	**3,411**	**(5,438)**

Section 12 – Net value adjustments/write-backs on property, plant and equipment – Item 180

12.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

(thousands of euro)

Assets/Income component	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	**Net result (A+B)-C**
A. Property, plant and equipment				
A1 Owned	**1,051**	-	-	**1,051**
- for business use	133			133
-granted under operating lease	918			918
				-
A2 For investment	**90**	-	-	90
- for business use	90			90
-granted under operating lease				-
A3 Inventories	X			-
Total	**1,141**	**-**	**-**	**1,141**

Section 13 – Net value adjustments/write-backs on intangible assets – Item 190

13.1 Net value adjustments/write-backs on intangible assets: breakdown

(thousands of euro)

Assets/Income components	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	**Net result (A)+(B)-(C)**
1. Intangible assets different from goodwill:	3,571			**3,571**
of which: software	3,571			**3,571**
1.1 owned	3,571			**3,571**
1.2 acquired under financial lease				**-**
2. Assets pertaining to financial lease				**-**
3. Assets granted under operating lease				**-**
Total	**3,571**	**-**	**-**	**3,571**

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

(thousands of euro)

Analysys	Total 31/12/2023	Total 31/12/2022
Other charges		
Losses for sundry causes		
Other charges	(951)	(750)
Total	**(951)**	**(750)**

14.2 Other operating income: breakdown

(thousands of euro)

Analysys	Total 31/12/2023	Total 31/12/2022
Other income		
Rental income	429	375
Other income	1,912	1,988
Total	**2,341**	**2,363**

Section 15 – Profit (Loss) from equity investments – Item 220

There were no amounts in this section.

Section 16 – Net result of valuation at fair value of property, plant and equipment and intangible assets – Item 230

There were no amounts in this section.

Section 17 – Goodwill impairment – Item 240

There were no amounts in this section.

Section 18 – Gains/losses on sale of investments – Item 250

There were no amounts in this section.

Section 19 – Income taxes for the year on current operations – Item 270

19.1 Income taxes for the year on current operations: breakdown

(thousands of euro)

		Total 31/12/2023	Total 31/12/2022
1.	Current taxes (-)	(16,229)	(14,023)
2.	Changes in current taxes of previous years (+/-)	(109)	(52)
3.	Reduction in current taxes for the year (+)		
3.bis	Reduction in current taxes for the year for tax credits of which under Law no. 214/2011 (+)		
4.	Change in deferred taxes (+/-)	(10,641)	(1,985)
5.	Change in deferred taxes (+/-)	9	(91)
6.	Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(26,970)**	**(16,151)**

19.2 Reconciliation between the theoretical tax liability and the effective tax liability in the financial statements

(thousands of euro)

Analysis	Ires	Irap
Economic result useful for calculating taxation	85,432	85,432
Permanent, undeductible differences	880	848
Permanent, untaxable differences	(6,984)	(302)
Total taxable income	79,328	85,978
Theoretical tax rate	27.50%	5.55%
Theoretical tax liability/recovery	(21,815)	(4,772)
Other differences	(309)	(74)
Effective tax liability as per financial statements	**(22,124)**	**(4,846)**

Section 20 – Profit (loss) from discontinued operations, net of taxes – Item 290

There were no amounts in this section.

Section 21 – Income statement: other information

21.1 - Detailed breakdown of interest income and commission income

(thousands of euro)

Transactions/Income components	Interest income			Commission income			Total 31/12/2023	Total 31/12/2022
	Banks	Financial institutions	Customers	Banks	Financial institutions	Customers		
1. Financial leasing	-	-	-	-	-	-	-	-
- property assets							-	-
- movable assets							-	-
- operating assets							-	-
- intangible assets							-	-
2. Factoring	**93**	**22,215**	**233,724**	**24**	**439**	**76,260**	**332,755**	**152,701**
- on current receivables	*92*	*22,215*	*231,917*	*24*	*439*	*61,433*	316,120	136,776
- on future receivables			*176*				176	71
- on receivables acquired definitely							-	-
- on receivables acquired under nominal value							-	-
- for other loans	*1*		*1,631*			*14,827*	16,459	15,854
3. Consumer credit	-	-	-	-	-	-	-	-
- personal loans							-	-
- targeted finance							-	-
- loans on salaries							-	-
4. Loans on pledge							-	-
5. Guarantees and commitments	-	-	-	-	-	-	-	-
- commercial							-	-
- financial							-	-
Total	**93**	**22,215**	**233,724**	**24**	**439**	**76,260**	**332,755**	**152,701**

21.2 - Other information

There were no amounts in this section.

PART D – OTHER INFORMATION

Section 1 – Specific references to transactions carried out

A. LEASES (LESSOR)

There were no amounts in this section.

B. FACTORING AND TRANSFER OF LOANS/RECEIVABLES

B.1 Gross and book values

B.1.1 Factoring transactions

(thousands of euro)

Items/Amount	Total 31/12/2023			Total 31/12/2022		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets	**6,986,414**	**8,910**	**6,977,504**	**7,743,979**	**9,103**	**7,734,876**
- exposures to transferors (with recourse):	581,463	4,555	576,908	698,615	2,955	695,660
- factoring of future receivables	2,855	14	2,841	3,616	7	3,609
- other	578,608	4,541	574,067	694,999	2,948	692,051
- exposures to transferred debtors transferors (without recours	6,404,951	4,355	6,400,596	7,045,364	6,148	7,039,216
2. Impaired assets	**293,739**	**242,980**	**50,759**	**306,274**	**247,834**	**58,440**
2.1 Non-performing	**232,040**	**207,982**	**24,058**	**247,403**	**216,227**	**31,176**
- exposures to transferors (with recourse)	158,129	140,978	17,151	162,480	141,169	21,311
- factoring of future receivables	2,331	-	2,331	2,332	1,943	389
- other	155,798	140,978	14,820	160,148	139,226	20,922
- exposures to transferred debtors (without recourse)	73,911	67,004	6,907	84,923	75,058	9,865
- purchases below nominal value			-			
- other	73,911	67,004	6,907	84,923	75,058	9,865
2.2 Unlikely to pay	**58,983**	**34,474**	**24,509**	**53,129**	**30,955**	**22,174**
- exposures to transferors (with recourse)	17,973	11,983	5,990	18,875	12,955	5,920
- factoring of future receivables			-	-	-	-
- other	17,973	11,983	5,990	18,875	12,955	5,920
- exposures to transferred debtors (without recourse)	41,010	22,491	18,519	34,254	18,000	16,254
- purchases below nominal value			-			-
- other	41,010	22,491	18,519	34,254	18,000	16,254
2.3 Past due positions	**2,716**	**524**	**2,192**	**5,742**	**652**	**5,090**
- exposures to transferors (with recourse)	39	8	31	-	-	-
- factoring of future receivables	-	-	-	-	-	-
- other	39	8	31			-
- exposures to transferred debtors (without recourse)	2,677	516	2,161	5,742	652	5,090
- purchases below nominal value			-			-
- other	2,677	516	2,161	5,742	652	5,090
Total	**7,280,153**	**251,890**	**7,028,263**	**8,050,253**	**256,937**	**7,793,316**

B.1.2 Purchase transactions for impaired receivables other than factoring

There were no amounts in this section.

B.2 – Breakdown by residual life

B.2.1 – With recourse factoring transactions: advances and "total loans/receivables"

(thousands of euro)

Maturity	Advances		Total loans/receivables	
	2023	2022	2023	2022
- on demand	151,146	185,779	320,301	347,283
- up to 3 months	293,624	362,375	686,719	822,298
- 3 to 6 months	85,585	97,076	175,343	208,702
- 6 months to 1 year	32,125	31,929	41,499	48,114
- beyond 1 year	37,600	45,732	59,045	62,666
- unspecified duration	0	0		
Total	600,080	722,891	1,282,907	1,489,063

B.2.2 – Without recourse factoring transactions: exposures

(thousands of euro)

Time bands	Exhibitions	
	2023	2022
- at sight	526,853	490,457
- up to 3 months	4,209,602	4,668,250
- over 3 months	906,528	1,133,005
- 6 months to 1	215,681	204,794
- over 1 year	249,863	243,786
- indefinite	319,656	330,133
Total	**6,428,183**	**7,070,425**

B.2.3 – Purchase transactions for impaired receivables other than factoring

There were no amounts in this section.

B.3 – Other information

B.3.1 – Turnover of factored loans/receivables

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
1. Without-recourse transactions	28,386,038	29,523,099
of which: purchases below the nominal value		
2. With-recourse transactions	3,170,366	2,926,122
Total	**31,556,404**	**32,449,221**

Table drawn up in accordance with the standards illustrated in section A.2.3. "Loans/receivables – Classification".

B.3.2 – Collection services

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
Loans and receivables collected in the year	679,003	698,233
Amount of loans and receivables at year end	136,978	162,772

B.3.3 – Nominal value of factoring contracts for future loans/receivables

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
Flow of factoring contracts for future in the year	71,286	34,697
Amount of the contracts at year end	131,370	121,729

The unused margin intended as the difference between the maximum amount of loans/receivables that can be purchased and the amount of loans/receivables purchased, as at 31 December 2023, amounted to EUR 595 thousand (EUR 2,452 thousand at the end of 2022).

C. CONSUMER CREDIT

There were no amounts in this section.

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 - Value of guarantees (secured or unsecured) given and commitments

(thousands of euro)

	Transactions	Amount 31/12/2023	Amount 31/12/2022
1)	Financial guarantees given upon first request	**113,114**	**108,147**
	a) Banks	2,802	2,802
	b) Financial Companies	-	-
	c) Costumers	110,312	105,345
2)	Other financial guarantees given	**-**	**-**
	a) Banks		
	b) Financial Companies		
	c) Costumers		
3)	Commercial guarantees issued	**-**	**-**
	a) Banks		
	b) Financial Companies		
	c) Costumers		
4)	Irrevocable commitments to remburse funds	**102,985**	**385,574**
	a) Banks		
	i) certain to be called on		
	ii) uncertain to be called on		
	b) Financial Companies		
	i) certain to be called on		
	ii) uncertain to be called on		
	c) Costumers	102,985	385,574
	i) certain to be called on		240,576
	ii) uncertain to be called on	102,985	144,998
5)	Commitments underlying credit derivatives: protection sales		
6)	Assets made to guarantee third party obligations		
7)	Other irrevocable commitments		
	a) to give guarantees		
	b) others		
	Total	**216,099**	**493,721**

D.2 - Loans recorded in the financial statements due to enforcement

(thousands of euro)

Exposures	31/12/2023			31/12/2022		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets						
- from guarantees	-	-	-	-	-	-
- commercial						
-financial						
2. Impaired assets						
- from guarantees	**108,989**	**(82,209)**	**26,780**	**122,465**	**(86,855)**	**35,610**
- commercial						
-financial	108,989	(82,209)	26,780	122,465	(86,855)	35,610
Total	**108,989**	**(82,209)**	**26,780**	**122,465**	**(86,855)**	**35,610**

D.3 - Guarantees given (secured or unsecured): status of risk undertaken and quality

(thousands of euro)

Type of assumed risk	Not impaired guarantees issued				Impaired guarantees issued: non-performing				Other impaired guarantees			
	Counterguaranteed		Other		Counterguaranteed		Other		Counterguaranteed		Other	
	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions
Guarantees issued with assumption of risk of initial loss	-	-	-	-	-	-	-	-	-	-	-	-
- financial guarantees upon first request												
- other financial guarantees												
- commercial guarantees												
Guarantees issued with assumption of mezzanine type risk	-	-	-	-	-	-	-	-	-	-	-	-
- financial guarantees upon first request												
- other financial guarantees												
- commercial guarantees												
Pro rata guarantees issued	-	-	**113,061**	**(258)**	-	-	-	-	-	-	**53**	**(42)**
- financial guarantees upon first request			113,061	(258)							53	(42)
- other financial guarantees												
- commercial guarantees												
Total	-	-	**113,061**	**(258)**	-	-	-	-	-	-	**53**	**(42)**

D.4 - Guarantees given (secured or unsecured): amount of counter-guarantees

There were no amounts in this section.

D.5 - Number of guarantees given (secured or unsecured): status of risk undertaken

There were no amounts in this section.

D.6 - Guarantees given (secured or unsecured): with risk-taking on the first losses and mezzanine type: amount of underlying assets

There were no amounts in this section.

D.7 - Guarantees given (secured or unsecured) in the process of being enforced: stock data

There were no amounts in this section.

D.8 - Guarantees given (secured or unsecured) in the process of being enforced: flow data

There were no amounts in this section.

D.9 - Changes in impaired guarantees given (secured or unsecured): non-performing

There were no amounts in this section.

D.10 - Changes in impaired guarantees given (secured or unsecured): other

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	-	-	-	-	-
(B) Increases:	-	53	-	-	-	-
- (b1) transfers from performing guarantees	-	53	-	-	-	-
- (b2) transfers from other impaired guarantees	-	-	-	-	-	-
- (b3) other increases	-	-	-	-	-	-
(C) Decreases:	-	-	-	-	-	-
- (c1) outgoings to performing guarantees	-	-	-	-	-	-
- (c2) outgoings from other impaired guarantees	-	-	-	-	-	-
- (c3) enforcement	-	-	-	-	-	-
- (c4) other decreases	-	-	-	-	-	-
(D) Gross final value	-	53	-	-	-	-

D.11 - Changes in unimpaired guarantees given (secured or unsecured)

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	108,147	-	-	-	-
(B) Increases:	-	49,493	-	-	-	-
- (b1) Guarantees given	-	11,498				
- (b2) other increases	-	37,995				
(C) Decreases:	-	(44,579)	-	-	-	-
- (c1) Guarantees not enforced		-				
- (c2) transfers to impaired guarantees		(53)				
- (c3) other decreases		(44,526)				
(D) Gross final value	-	113,061	-	-	-	-

D.12 - Changes in value adjustments / total provisions

There were no amounts in this section.

D.13 - Assets pledged as guarantee for own liabilities and commitments

There were no amounts in this section.

D.14 - Fee and commission income and expense on guarantees given (secured or unsecured) during the year: total value

There were no amounts in this section.

D.15 - Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed	Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantess pro-quota
	Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- Subgroup 1: SAE 430 - Non financial institutions - Production companies					91,537
- Subgroup 2: SAE 245 - Banking system					2,802
- Subgroup 3: SAE 492 - Other non financial istitutions					2,605
- Subgroup : Others					16,170
Total	-	-	-	-	**113,114**

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D.16 - Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed		Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantess pro-quota
		Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- 'Region 1	North-West Italy					33,575
- 'Region 2	Centre Italy					28,225
- 'Region 3	North-East Italy					26,842
- 'Region 4	South Italy and islands					17,567
- 'Region 5	Others					6,905
	Total	-	-	-	-	113,114

D.17 - Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.18 - Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.19 - Stock and trend of the number of associates

There were no amounts in this section.

E. PAYMENT SERVICES AND ISSUING OF ELECTRONIC MONEY

There were no amounts in this section.

F. OPERATIONS WITH THIRD-PARTY FUNDS

There were no amounts in this section.

G. LOAN TRANSACTIONS SECURED BY PLEDGE

There were no amounts in this section.

H. COVERED BONDS

There were no amounts in this section.

I. OTHER ASSETS

There were no amounts in this section.

Section 2 – Securitisation transactions, disclosure on the structured entities not consolidated in the accounts (other than vehicle companies not for securitisations) and sales of assets.

A. A. Securitisation transactions

There were no amounts in this section.

B. Disclosure on the structured entities not consolidated in the accounts (other than vehicle companies for securitisations)

There were no amounts in this section.

C. Sale transactions

There were no amounts in this section.

Section 3 – Information on risks and related hedging policies
3.1 CREDIT RISK

QUALITATIVE INFORMATION
1. General aspects

Factoring activities involve numerous services that can be structured in various ways by means of the with- and without-recourse factoring of commercial loans and receivables.
A peculiar feature of factoring transactions is the correlated involvement for various reasons of three parties, which can be classified, in brief, as:

- The Factor (transferee);
- The Client (transferor);
- The Debtor (transferred party).

If observed from the standpoint of the underlying services, it is therefore a composite product, where the credit management, the guarantee of the debtor's solvency and the disbursement of advances on loans/receivables accepted under factoring can be combined in various ways.
Therefore, the risk assessment of factoring transactions must be carried out by means of preliminary analysis of numerous factors such as: the solvency of the transferred debtors, the degree of fragmentation of the risk, the characteristics of the underlying commercial relationship, the transferor's ability to repay – in the event of disbursement of advances – also in light of the figures of the Bank of Italy's Credit Reference Bureau and the financial statements, ratings – on the party and/or associated companies, connections or simple dependence on Groups, supply difficulties, technological innovation that could place a product out of the market, etc.
Clearly, these are appraisals that can only partly overlap with lending activities carried out by banks, indispensable for permitting an adequate control of the credit risk that partly expresses itself in aspects[1] not present in banking activities.
With regard to the provision of the above services, the factor may undertake the credit risks in different ways, which can be, in turn, broken down into certain elementary types:

- credit risk, represented by the risk of loss due to default of the transferor or debtor[2];
- dilution risk is the risk that the amount of a receivable decreases through the granting of receivables, in cash or another form, in favour of the debtor;
- commingling risk, which emerges in loan/receivable acquisition transactions each time the funds due to the Factor may be confused with those of the transferor.

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[1] Measurement of the asset risk: a wider concept of the measurement of creditworthiness of the individual debtors factored, since it refers to the interaction of the individual names within the factored portfolio, whose risk profile is determined by the concentration of the debtors and their domestic-export nature, the ageing, DSO and payments terms, payment methods, statistics on bad debt, etc.;
Measurements of the "factorability" risk, associated with the nature and the characteristics of the supply relationship being factored, which influences the tendency of the transferred receivables to self-liquidate, especially with reference to a hypothetical terminal phase of said relationship. This risk is appreciable from the analysis of the subject matter of the supply and the type of debtors involved, the invoicing process and the statistics relating to the invoices (number, amounts...), the contracts, etc.
Measurement of the concentration risk of the relationship, falls between the asset risk and the factorability risk, since in the factoring transaction one of the most significant risk mitigation factors is represented by the large number of commercial relationships with the party granted credit that can be placed under observation and on which it is possible to intervene. In fact, adequate diversification not only permits the portfolio factored to "survive" the default of one or more debtors, but also contributes towards isolating and containing any problematic issues linked to the commercial transactions underlying the factored receivables and limits the impact of potential fraud.
Measurement of the facility risk, associated with the contractual and operating features of the factoring transaction that contribute to determining the related risk profile. It requires the assessment of the reason for the technical form proposed and the opinion on the ongoing operations (e.g., global transfer vs. spot transfer, confidential vs. disclosed, QN vs. recognition, invoice forwarding method, accompanying documents, dunning).
Where several products are offered and/or several transactions for which the customer undertakes the dual role of transferor and transferred debtor, these situations may give rise - from a conceptual standpoint - to a correlation risk between the transactions, understood as the possibility of unexpected changes in the overall risk of the transaction due to correlation between the risks deriving from the characteristics of the various transactions offered to the customer (the latter being particularly complex to identify and quantify).

The internal control system set up by the company proposes to mitigate the manifestation of the above risks, which could lead to losses should they arise. The credit risk control model applied by the Company implements the regulatory updates defined by both the Regulator and the Group.

2. Credit risk management policies

2.1 Organisational aspects

The Head of the Risk Division holds the position of Head of the Risk Control Function and, in this capacity, reports hierarchically to the Board of Directors; the Risk Division is integrated into the RISK organisational model of the BNP Paribas Group, with the consequent close link and reporting of the Head to the Factoring Global CRO of BNPP, with which it acts in close coordination.
The Risk Regulatory and Transversal Project point of contact, who follows project management activities concerning internal and external regulatory adjustments/changes and management activities in the field of IT planning and cost control, reports to the Risk Manager. The remaining units of the Division are at line level.

Risk Division

- oversees the processes relating to the assumption of credit risk and ensures the maintenance of the customer portfolio quality over time in keeping with the corporate and BNP Paribas Group objectives and strategies
- expresses a credit opinion on credit proposals, change of status to impaired risk, adequacy of provisions where envisaged by the delegations of authority and procedures in force.
- ensures constant monitoring of credit risks and those envisaged as part of the ICAAP process for the relevant areas of responsibility.
- ensures, in coordination with the competent BNP Paribas Group Functions, the definition and maintenance of the methods and instruments aimed at identifying, measuring, assessing and handling the credit risks.
- ensures, in coordination with the competent BNP Paribas Group Functions, the monitoring of the Company's operational risks in its role as second line of defence and the coordination of the activities carried out by the first line of defence.
- monitors outsourced risk activities.

The structures of the Risk Division are shown below.

RISK ORM – Operational Risk Management

The function was established as an internal structure in the last quarter of 2018.

The Risk Division is responsible for defining and supervising the overall operational risk management framework in its role as "second line of defence" together with Compliance, Legal, Tax and Finance to the extent of their direct concern. Risk ORM is the structure in charge of this role that is carried out, in summary, in the following activities:

- ensure the dissemination and monitoring of compliance with the regulations, directives and methods of the Group in the field of Operational Risks, the assessment of the consequent choices regarding the methods and tools used and the assistance/consultancy on the matter to all company structures;
- supervise the qualification/quantification of historical operational risk incidents (HI Quality Review) by proposing any mitigation actions;
- ensure the definition of the mapping of the Company's operational risks (RCSA Risk & Control Self-Assessment), by supervising the activities carried out by OPC (Operational Permanent Controllers) and by Divisions/Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the definition of the Company's control plan, by supervising the activities carried out by the Risk Owner Company Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the supervision of the finding monitoring activities and recommendations issued by the periodic inspections (Inspection Générale), by the Regulator, by the Control Bodies and of the relevant corrective actions;

- ensure the effective implementation of strategies, frameworks and risk mitigation actions with the 1st line of defence, through the follow-up of action plans and the independent control of the activities carried out, either through tests of the controls carried out by the first line of defence or, if deemed relevant, any other type of controls;
- contribute to the dissemination of the culture and awareness of operational risk and to the formation of the risk mitigation framework;
- express an independent and alert view of the level of risk and the status of the operational risk mitigation framework;
- ensure internal management reporting to the Company's Control Bodies, to BNL SpA and to the Parent Company for matters falling within its competence;
- ensure the implementation of the outsourcing system by taking care of the implementation of the first line of defence on it;
- organise and coordinate the implementation of Data Protection & Privacy management systems (jointly with the DPO of the Italian territory);
- With reference to the internal and external fraud protection system:
  - ensure, in accordance with the Group guidelines, the coordination of initiatives for the management of fraud reports as well as assistance/consultancy on the matter;
  - ensure the implementation of the systems required for the prevention, identification, control and monitoring of the internal and external fraud protection system, as well as the coordination or direct management of investigations;
  - contribute to the training of personnel on the culture of prevention and defence against the risk of fraud.

Risk Monitoring Department
The purpose of the structure is to see to the definition, planning and implementation of controls aimed at monitoring credit risk. Specifically:
1) it defines, plans and implements credit control activities. In this area, the Department:

- carries out checks regarding the lending process and the management of the relationship and collections based on internal regulations;
- monitors the process and the merits of the assignment and revisions of ratings and reports periodic worsening in statistical ratings for the purpose of suitable management/review of the positions;
- makes sure that the facilities granted are regularly used with respect to the resolution reached at the time and the progression of the risk elements expressed by the development of the relationship;
- checks the process of allocating for impaired accounts; monitors the achievement of lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- monitors the achievement of the lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- controls the consistency of the risk status classifications of the positions according to the guidelines of BNP Paribas Group and the Banking System, reporting any misalignment to the competent Functions;

2) it ensures, working with the Business Lines, the effectiveness of the process of watchlist/doubtful management to define and implement the corrective actions on positions subject to systematic supervision;

3) it contributes, in line with the rules of the BNP Paribas Group and together with the competent Functions, to the planning, application and maintenance of the procedures aimed at overseeing the credit risks;

4) it ensures that specific reports regarding the results of the control activities carried out and the corrective actions for the identified anomalies are prepared for the Senior Management and/or the boards;

5) it reports any operational risk found as part of its permanent control activities.

The structure carries out these activities on a monthly, quarterly, half-yearly and yearly basis, based on the type of control to be carried out.

The activities are carried out based on the Plan of activities, which includes both controls on performance and on merits and correctness of form, broken down by type of process:

- Assumption and Review of credit risk;
- Credit risk management;
- Collection of impaired loans.

Risk Management Department
The Structure carries out two main activities, model development and performance analysis and reporting:

- Model development: for the models developed by Ifitalia, it takes care of the estimation, maintenance and development of the methods aimed at measuring credit risk, ensuring the correct local implementation and acknowledgement, where applicable, of the guidelines of the Parent Company BNP Paribas. For Models developed by BNL and adopted by Ifitalia, it performs analyses on the performance of the models on the specific Ifitalia portfolios, both during first-time adoption and in case of changes or updates by the BNL tasked functions, checking whether any adaptations are required to ensure correct implementation at entity level.

- Performance analysis and reporting:
  - It ensures the monitoring of the performance and estimates produced by the local models used for management purposes within the credit process as well as the policy engines (systematic supervision and scoring). It sees to the rationale of the quality control system for the relevant areas of responsibility (internal risk models); on the basis of the results of the checks carried out, it directs and manages the follow-up of the anomalies found. It prepares periodic reports for the Company's Governance and Control Bodies on the control activities carried out (performance and data quality).
  - It provides quarterly reporting on the Risk Appetite Framework, which defines the risk profile considered acceptable by the Company in the medium to long term. In particular, for each type of risk to be assumed, risk objectives, early warnings and operating limits are established under both normal and stress conditions.
  - Asset Quality Monitoring: it analyses the quality of assets through a system of reports at various levels of detail to allow Senior Management and Top Management to see changes in the main risk variables under their control or affected by their actions.

As part of the ICAAP controls, it collaborates with the Finance Division for the part under the responsibility of the Risk Division in carrying out the stress tests required by the regulations as well as ensuring control during the year of the second pillar risks falling within the Risk Division perimeter considered significant for the company.
It provides information support to management to enable: the tasked functions to implement the process of controlling the size of the impairment and flat-rate provisions (known as Action Plan); an aid to the latter's formulation of budget forecasts for the cost of credit risk; to define/set credit policies decided at local level.
The structure collaborates with the IT Division, as far as they are responsible, in relation to the development and maintenance of the databases necessary for the implementation of their analysis objectives.

Credit Risk Analysis

The Credit Risk Analysis structure, through its Transferor Risk Assessment and Debtor Risk Assessment structures, has the following responsibilities:

- seeing to the independent and autonomous assessment of the credit proposal, through the formulation of Risk Opinions, in accordance with the policies, procedures and processes of the company and of the BNP Paribas Group, taking into account the risk profile of the loan portfolio concerned;
- seeing to the independent assessment of the ESG (Environmental, Social and Governance) risk profile, in accordance with the relevant sector policies, BNP Paribas Group procedures and dedicated exclusion and monitoring lists;
- ensuring the consistency and quality of risk measures for both the counterparties and the relevant credit lines with recourse (review of ratings assigned through statistical models, known as override, or judgemental assignment of ratings to risk counterparties falling within the scope of application of this method according to the processes and policies in force at the time);

- assessing proposals for status changes to impaired risk, as well as intervention plans (requests for extensions, repayment plans, settlements, etc.) formulated by the Business Lines and BNL Workout, issuing the related Risk Opinion;
- assessing the adequacy of the proposed provisions on impaired risks and the departure proposals put forward compared to the Company Allocation Standards;
- ensuring the compliance of operations and the correct application of internal rules in the decision-making process (delegated powers, classification of exposures and guarantees, consistency of assessment tools, company relationships, etc.);
- participating in the systematic supervision process and in the identification of risk deterioration situations (WL) as well as in the WL, Doubtful and Workout committees;
- collaborating in the periodic assessment of the quality of Ifitalia's credit portfolio;
- collaborating in the definition of credit policies and portfolio strategies useful for controlling the cost of risk;
- collaborating in the improvement of credit procedures and processes and in the validation of new relevant products and/or activities;
- ensuring the dissemination as part of the Business Lines and the Risk Division of the tools and notions developed by the corresponding structure of BNL, GFCC or BNP Paribas;
- collaborating in the management of relations with Credit Insurance Companies and seeing to the activities of requesting insurance limits, the relevant replies and the management of reports of revocation or reduction of insurance coverage received.
-

The following outsourcings are currently contractually formalised:

- to the independent structure "RISK ORM ICT" of BNL S.p.A., the second level control activities falling within the ICT operational risk perimeter;
- to the independent structure "RISK IRC Italy" of BNL S.p.A., the second level control activities related to "model risk - credit risk" for Non-IRBA methods.

2.2 Management, Measurement and Control Systems

Internal Rating System (IRS)

The Company calculates the capital requirement under the Standardised Approach, using the Internal Rating System within the credit process and risk management framework, as per the decision formalised to the Bank of Italy in 2021.
The basic and highest level regulations governing the governance methods for the adoption, extension and management of the internal rating system defined as “Governance of the internal rating system” were approved by the Board of Directors and has been progressively enforced in company processes.
Ifitalia has had an internal rating system since 2005 and, over the years, this system has undergone a gradual evolution as well as maintenance.
The rating models expressed by the aforementioned engines express a value that classifies the counterparties according to the BNPP master scale. The ordinal scale has 10 values in the performing perimeter (in addition to 2 notches for each value except 10, which has 3) and 2 in the non-performing perimeter.
The principle of the uniqueness of the rating value is always safeguarded through a process of integration of these values with those expressed by the BNP Paribas banking network, which are used, whenever present, as drivers in the credit process.
The internal rating system as a whole is subject to a framework of controls described in the application rules that support correct application in company processes.

2.3 Credit risk management policies

Reporting

The reporting process drawn up by the Risk Management Dept. takes the form of periodic disclosure to the first levels of responsibility of business management, to the Strategic Supervision and Control Bodies and to the BNP Paribas Group's RISK function and contains, among other things, qualitative-quantitative information on portfolio risk and the level of sector concentration. In compliance with the credit policies expressed by the Group, periodic disclosure has also been prepared for the process Owners, with the aim of facilitating observance of the indicated limits and permitting periodic reporting. Additional reports are drawn up by the Risk Monitoring Dept. and intended for Senior Management – subject to discussion if necessary with the process Owners – with the aim of informing Senior Management on observance of certain aspects of the credit process deemed to be particularly critical, also in relation to the indications received from the Parent Company.

Delegation system

The system of lending powers systematically supplements the use of the rating in the credit authorisation process with depth in the structure for exercising the authorisation in relation to the expected loss levels.

The decision-making process, taking into account Ifitalia's merger within the BNP Paribas Group, has adopted the Group model.

This model entails the involvement of two organisation chains in the credit granting process: a "commercial chain[3]" and a "risk chain[4]". According to this process, all lending resolutions relating to the transferor and debtor risk are made by the commercial chain, which avails itself of the support of a team of specialised credit risk analysts, who express credit opinions (known as risk opinions) on the credit proposals developed.

By means of this constant and joint assessment of the transferor proposal, by the commercial chain and the risk chain, the credit process has been defined as "4 Eyes".

The 4 Eyes organisational process applies at every decision-making level, from the lowest (Local areas) up to the General Management and, in the event of disagreement between the commercial opinion and the risk opinion, the concept of resolution escalation applies at all levels, on the basis of which the decision is referred to the higher decision-making body. In the presence of specific characteristics of the operation accurately detailed in the relevant internal procedures (type of product, risk profile of the transferor and counterparty, presence of specific "supports", etc.), the Risk Division defined ex ante the pre-requisites applicable to the simplified procedures for assessing the transferor/debtor.

Resolution escalation applies each time the risk opinions express a more restrictive (or negative) lending opinion with respect to the proposed transaction and the decision-making body identified by the lending powers does not intend to comply with the risk opinion expressed.

Both with regard to the without recourse debtor and transferor role, the power delegations take into account not only the absolute amounts but also the internal rating values and the characteristics of the transaction (risk category).

In any event, the collective Decision-Making Bodies (Credit Committee and Board of Directors) are entrusted all the risks involving greater amounts, which are also subject to review by the Parent Company for the largest amounts or that, due to lender type, are reserved for the exclusive competence of the Board of Directors.

Lending policies

A set of "Specific Credit Policies", approved by the Board of Directors, supplements the strategic guidelines formulated by the Parent Company's Risk Policy Committee (RPC) as regards specific local aspects, aimed at supporting and guiding the factoring activities at Group level.

The "Specific Credit Policies" concern aspects such as:

- coordination at Group level of the risk assumption methods, taking account of sector performance, default risk of the counterparty, and the aspects inherent in managing the relationship;
- methods of assumption and review of without-recourse debtor risk for specific brackets of amounts and segments;
- methods of assumption of transferor risk with regard to specific types of products and/or credit underlyings.

The implementation of strategies as well as the implementation of the "Specific Credit Policies" are subject to verification and reporting to the company governance bodies, according to specifically defined processes.

Supervision of performing and past due loans/receivables

"Systematic Supervision" is the set of management rules and processes for the individual risk positions of transferor and debtor counterparties, hereinafter referred to as "Customers", aimed at ensuring constant reporting and assessment of risk, the consequent classification and the timely and effective application of management strategies designed to minimise the impact from risk increase, with a view to preserving the quality of these credit assets.

The Systematic Supervision process - whose general principles have been approved by the Board of Directors in a specific Policy - entails:

[3] "Commercial chain" means the business units of the Sales Division tasked with initial approval/decision-making activities.
[4] "Risk chain" means the business units of the Risk Division tasked with credit risk assessment activities in the initial approval process.

- on-going classification of Customers, by virtue of which the Customer base must be permanently classified in relation to the current and forecast risk, making a distinction between low risk customers and high risk ones;
- focus on customers subject to increasing risk, whose main objective is the early management of the deterioration of loan quality as well as its permanent and on-going monitoring;
- action plans, focused on the reduction/reclassification of the risk vis-à-vis high risk Customers.

The party enters the Systematic Supervision process when:
- it is possible to apply a risk assessment and consequent management action to the same,
- a limit is granted or resolved or when an exposure emerges,
- it is reclassified as performing or Forborne Unlikely to Pay (IPA), or Management Unlikely to Pay (IPG) from a status of Arrears Unlikely to Pay (IPM) and Non-Performing.

Conversely, it leaves the process when:
- he/she no longer has dealings with Ifitalia;
- the position is classified as Arrears Unlikely to Pay (IPM) and Non-Performing.

Depending on the relevance of the level of risk and/or the performance or management anomalies identified, the positions are subject to specific action plans and placed on watch lists. The most significant positions are regularly reviewed by the Risk Monitoring Committee.

<u>Organisation of the Committees</u>
For the purpose of ensuring an integrated management of the processes, the Company has established an organisational structure that envisages the meeting of Committees where the relevant company functions are occasionally called to provide their contribution through an integrated approach.
In particular:

<u>Credit Committee</u>
It decides on the granting of loans and authorises their disbursements, within the limits of the powers granted.
It expresses opinions on proposals pertaining to the higher decision-making bodies.
The Credit Committee meets in "ordinary" and "integrated" sessions. In the "integrated" session, the Credit Committee resolves solely on granting loans that exceed the powers of the "ordinary" session, without prejudice to the powers reserved exclusively to the Board of Directors.

<u>Debtor Committee</u>
It is a body that analyses and resolves with competence over all matters relating to problem loans/receivables with the exclusion of active operations.
In this context, within the limits of the powers granted by the Board of Directors, the Committee resolves, at the suggestion of the structure managing the relation, on:
- status changes with regard to transferor customers and debtors without recourse,
- risk provisions made on a judgemental basis,
- operations referring to positions classified as "Restructured Unlikely to Pay", "Arrears Unlikely to Pay", "Agreed Unlikely to Pay" or "Non-performing" as better defined in the Delegation System,
- deviation from global allocations compared to the standard on those classified as Past Due (PD) Forborne Unlikely to Pay (IPA).

The Committee also expresses opinions on proposals pertaining to the higher decision-making bodies.

<u>Product, Activities, Exceptional Transactions Committee</u>
This is an analysis and decision-making body that operates with the aim of assessing, validating and authorising new products, including services and agreements, and the implementation of exceptional activities and transactions, including operations that, although based on "Standard Products", due to the extraordinary size of the volumes involved (whether receivables, total number of invoices and/or per debtor, number of debtors, etc.) cannot be managed according to current practice and require organisational, operational or system adjustments/implementations.

The Committee also assesses and expresses an opinion on outsourcing projects concerning Essential Services Provision (ESP) with critical level 4 (Critical Arrangements according to the Group classification) as well as on outsourcing projects with even lower critical level if at least one of the members of the Pre-Validation Workshop (Pre-NAC) deems it appropriate. However, the Board of Directors must pass the outsourcing project before it is launched.

Risk Monitoring Committee

It is an analysis and decision-making body that ensures the integrated supervision of significant risks, also with a view to valuation of the level of adequacy of the available capital.
This Committee is the venue in which business management discusses the valuation of risks carried out by the competent Functions and assesses the mitigation action proposed by the responsible Functions, individually or jointly.
Furthermore, the company control Functions share the results of the respective activities within said Committee.
The Committee therefore represents one of the main venues in which - for its areas of responsibility - control is exercised by the Risk Control Functions and represents a point of business synthesis that ensures a single view of risks.
The Committee is structured into internal Sessions with different areas of responsibility and composition. For each session, the attendees are identified in relation to the topics covered and their respective expertise. As part of each Session, the members of the Committee invite representatives of the relevant structures in relation to the topics discussed.
Each structure can identify the names of persons who have the right to replace the attendees in the Sessions.

Specifically, the Committee is responsible for:

- examining the trends in the quality of assets in the portfolio and assessing the action/initiatives for the mitigation of the risks and for the amendment of the developmental trends of the activities for the containment of the risks and the RWAs;
- as part of the internal rating system, it ensures the examination of the changes in the risk measures applied in the company, as well as a periodic integrated view of the outcome of the data quality and data integrity controls related to the use of the system;
- assessing the corrective action plans proposed by the competent functions for the positions included on the watchlists on a consistent basis with the processes defined at BNP Paribas Group level;
- providing a global and systematic vision of the situation within the sphere of the permanent control system and operational risk, including “RISK ICT and Cyber”;
- validating the Operational Plans for Control of the risks, prepared by the responsible functions, to be submitted for the approval of the Board of Directors;
- ensuring, through a dedicated session, the coordination and monitoring of the system of defence against the risk of fraud;
- ensuring, through a dedicated session, the coordination and monitoring of the outsourcing risk management system;
- supporting the Business Continuity manager in the recognition, sharing and validation of the information and the initiatives aimed at the maintenance of the Business Continuity solutions;
- supervising, in an integrated manner, the current and forecast trend of the risk profile by monitoring the metrics of the Risk Appetite Framework;
- ensuring an integrated communication flow on significant risks: collecting and reviewing reports on trends in the adequacy of the available capital (ICAAP) and of the significant risks drawn up by the competent company Functions; communicating the outcome of the discussions to the BoD, formalised in specific reports.

ESG Committee

In 2023, the ESG Committee was established, a cross-functional body that meets quarterly and is responsible for translating the Board's policies on ESG issues into action and for steering and monitoring their progress.

Techniques for mitigating the credit risk

The mitigation of credit risk in the factoring transactions is essentially entrusted to an efficient and effective process for checking the ability of the debtor to pay the trade receivable acquired on maturity, which, since 2016 has been increasingly accompanied by insurance on without-recourse debtor risk, previously contracted essentially on foreign transactions and for transactions with specific customers. This choice is consistent with the strategies implemented within the factoring hub of BNP Paribas Group, where normally the assumption of without-recourse debtor risk is accompanied by an insurance guarantee or a guarantee from a foreign correspondent.
The compliance of correspondents and insurers is subject to periodic assessment.

Nevertheless, as regards unsecured and secured guarantees, the Company has already organised itself, defining tasks and responsibilities inherent to the definition of:

- standard forms for the types of guarantees normally assumed;
- processes for gathering the subscription of guarantees;
- processes for the control, custody and registration of the guarantees.

The organisational and technological processes take into due account the necessary functional distinction that must be assigned among the party that defines the standard texts, the party that collects the guarantees, and the party that checks/holds/validates them.
The credit protection usually undertaken is unsecured (unfunded). The use of secured (funded) credit protection instruments is typically associated with protection of already impaired loans/receivables and, therefore – contrary to banking activities - is more of an exception than a usual risk mitigation instrument.

2.4 2023 Projects
The main projects for 2023 are:

- Transformation: aims to bring all Group entities - Factoring Sector - onto a common IT platform (GTS Group Strategic Plan).
- ESG: the governance and control framework in the ESG area has been strengthened
- CRR3: implementations are underway to incorporate the new guidelines

3. Impaired credit exposures

Classification of impaired assets
The definition of impaired credit exposures is described by the company in a procedure that identifies the detection methods/criteria of the status of the counterparty.
This identification may be automatic (subjects in impaired past due status) or evaluated (arrears unlikely to pay and non-performing loans).

Subjects defined in past due/impaired status
Starting from 1 January 2021 and in line with the Group's operational guidelines, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of “transferor” customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the thresholds of relevance established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
- in the case of “debtor” customers, the days past due are calculated from the 90th day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the relevance thresholds established by the Regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The relevance thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for Companies, Bodies or other Institutions.

The adoption of the new default criteria was communicated with an information letter to the contractualised customers.

Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

Subjects defined as arrears unlikely to pay and non-performing loans

- Unlikely to pay: the classification of counterparties in this category is the result of the company's opinion as to the unlikelihood that, without recourse to actions such as enforcement of the guarantees, the debtor/transferor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid. Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of counterparty default risk (for example, a crisis in the industrial sector in which it operates). Exposures to local authorities (municipalities and provinces) in a state of financial rebalancing may come into this category. All cash and off-balance-sheet exposures to a counterparty in this situation are referred to as "unlikely to pay", unless the conditions for classification as non-performing are met.
- Non-performing loans: this category includes all cash and off-balance-sheet exposures vis-à-vis a party in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. The exposures whose anomalous situation is attributable to profiles pertaining to country risk are excluded.

Return to performing

The counterparty can leave the non-performing status:
- when the exposures are fully discharged, including interest on arrears;
- if, once the conditions for maintaining the position as Non-performing no longer exist, it is returned to performing/Unlikely to pay by means of a specific resolution passed by the Positions delegated for this purpose;
- in case of full loss transfer of the position not recovered in whole or in part.

The counterparty can leave the unlikely to pay status:
- when the entire exposure classified as Unlikely to pay has been discharged;
- by resolution of the decision-making body granted the right to do so.

The counterparty can leave the impaired past due status:
- the automatic positions do not require a resolution for the return to performing (BON/Bonis), in that the exit from this status is managed directly by the information system that checks on a monthly basis the absence of the conditions of materiality and persistence of the past due positions that determined the placement or the end of the "cure period".

Procedures for defining, managing and controlling anomalous items at Group level

The status coordination activity is transversal to all the entities of the BNPP group in order to achieve a homogeneous reclassification of the status of the customer. Alignment is a process that needs to be coordinated from the moment the state changeover is prepared for all the statuses being assessed. The status alignment process is not automatic but always subject to coordinated evaluation by the Group entities.

Management and recovery process for impaired loans not yet due

The supervision of the recovery process for impaired loans within the workout area (status other than past due and unlikely to pay that does not require the activation of legal and/or judicial recovery actions) is entrusted to the external structures BNL - Workout and MB Credit Solutions SpA/Mediobanca Group.

These structures operate for different perimeters of impaired loans, identified on the basis of the size of the counterparty risk (GBV), which is defined ranging from EUR 0 to 150K inclusive (known as Small Ticket) and in a range of higher amounts (known as Big Ticket). As this activity is outsourced, its internal point of contact is the Workout Control Unit within the Special Loans Structure.

As part of this process, these Structures implement collection strategies that consider:
- the status of the position and counterparties resulting from the data in its possession at the time the documentation is received and subsequently acquired;
- the effective amount to be recovered;
- the presence of external sources of reimbursement that may be considered.

In relation to the above, it periodically takes steps to formulate collection forecasts and to quantify the amount of provisions deemed adequate in light of the status of the position when the forecasts are formulated and each time there are new elements that allow to change it.

The activity of the above-mentioned external Structures is mainly focused on relations requiring legal/judicial actions, although some positions are also managed out of court when the amounts and the cost/benefit assessments suggest it.

4. Financial assets subject to commercial renegotiations and exposures subject to concession

Exposures falling under the categories of "Non-performing exposures with forbearance measures" and "Forborne performing exposures" as defined in the ITS are credit exposures subject to concessions (forbearance).
Forbearance measures are represented by concessions/rescheduling with counterparties that are, or are expected to be, in difficulty in meeting the originally agreed deadlines (financial difficulties).
Exposures must not be treated as forborne when the debtor is not in financial difficulty (no subjective requirement).
The valuation component from which the opinion of state of difficulty at the time of the request for concession/rescheduling arises is necessary to determine whether the measures put in place are to be understood as forbearance measures.
A concession measure is referable to any of the following actions:
a) a change in the previous contractual terms and conditions that the counterparty had to comply with and that counterparty is considered unable to comply with in the absence of the previous contractual terms and conditions due to financial difficulties (debt management problems) and that would not have been granted had the counterparty not been in such difficulties;
b) a total or partial refinancing/rescheduling of debt that would not have been granted had the counterparty not been in financial difficulty.
A concession measure can result in a loss for the bank/intermediary but this is not an absolute precondition. Therefore, a forbearance measure does not necessarily involve a loss.
In the business application, the focus is placed on the subjective assessment of the state of difficulty of the counterparty requesting the concession measure (forbearance measures) from which the requirement of placing the counterparty among the Non-performing or Performing forbearance measures can derive - together with the existence of certain objective assumptions.
In particular, to ensure the above, the following guidelines are defined:
1 The concession measures must be due to two distinct and alternative circumstances:

- 1.1 commercial reasons (trade concessions), i.e. problems related to the underlying supply and/or commercial policies of the purchaser and/or sector specificity in the absence of a state of difficulty and therefore of the counterparty;
- 1.2 change in deadlines resulting from a lack of funds in the presence of a state of difficulty of the counterparty (non-commercial concessions).

2 Some reasons constitute rebuttable presumption or absolute presumption of the case under 1.2.
3 The treatment must be differentiated between the debtor role (without recourse) and the transferor role (with recourse), meaning that:

- 3.1 the debtor role without recourse is a debtor counterparty where there are receivables without recourse;
- 3.2 the transferor role with recourse is a transferor counterparty where there are exposures with recourse.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio and loan quality (book values)

(thousands of euro)

	Portfolios/quality	Non-performing	Unlikely to pay	Past due positions	Performing Past due positions	Other Assets	Total
1.	Financial assets measured at amortised cost	31.737	25.000	2.193	576.612	6.582.039	**7.217.581**
2.	Financial assets at fair value through other comprehensive income						**-**
3.	Financial assets designated at fair value						**-**
4.	Other financial assets mandatorily measured at fair value		126			264	**390**
5.	Discontinues operations						**-**
	Total 31/12/	31.737	25.126	2.193	576.612	6.582.303	7.217.971
	B.2 Financing covered by **Total 31/12/**	38.889	22.794	5.090	606.334	7.489.590	8.162.697

2. Distribution of financial assets by portfolio and loan quality (gross and net values)

(thousands of euro)

Portfolios/quality	Impaired				Performing			Total (net exposure)
	Gross Exposure	Total value adjustment	Net exposure	Overall partial write-off *	Gross Exposure	Total value adjustment	Net exposure	
1. Financial assets measured at amortised cost	306,031	(247,101)	58,930		7,167,576	(8,925)	7,158,651	7,217,581
2. Financial assets at fair value through other comprehensive income			-				-	-
3. Financial assets designated at fair value			-		X	X	-	-
4. Other financial assets mandatorily measured at fair value	126		126		X	X	264	390
5. Discontinued operations			-				-	-
Total 31/12/2023	**306,157**	**(247,101)**	**59,056**	**-**	**7,167,576**	**(8,925)**	**7,158,915**	**7,217,971**
Total 31/12/2022	**319,972**	**(253,199)**	**66,773**	**-**	**8,104,813**	**(9,137)**	**8,095,924**	**8,162,697**

3. Distribution of financial assets by overdue bands (book values)

(thousands of euro)

Portfolios/quality	First level			Second level			Third level			Impaired acquired or		
	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days
1. Financial assets measured at amortised cost	399,250	110,802	14,236	39,677	10,073	3,045	4,110	2,908	299,013			
2. Financial assets at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 31/12/2023	399,250	110,802	14,236	39,677	10,073	3,045	4110	2,908	299,013	-	-	-
Total 31/12/2022	446,279	81,674	22,170	46,106	6,859	3,820	684	1,310	317,820			

4. Financial assets, commitments to grant funds and financial guarantees given: changes in total value adjustments and in total provisions

(thousands of euro)

Causes/Risk status	Total value adjustments																			Total provisions on commitments to disburse funds and financial				Total
	Assets in the first status						Assets in the second status						Assets in the third status											
	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Of which financial assets impaired acquired or originated	First level	Second level	Third level	Commitments to grant loans and financial guarantees issued	
Opening Balance		**5,683**				**5,683**		**3,454**				**3,454**		**253,199**			**253,199**			**596**	**167**			**263,099**
Increases in financial assets acquired or originated																								
Eliminations other than write-offs																								
Net value adjustments/write backs for credit risk (+/-)		893				893		2,806				2,806		16,537			16,537			52	132	42		20,462
Contract modifications without eliminations																								
Changes in estimation method																								
Write-off														(21,260)			(21,260)							(21,260)
Other changes		(3,593)				(3,593)		(318)				(318)		(1,375)			(1,375)			(334)	(244)			(5,864)
Closing balance		**2,983**				**2,983**		**5,942**				**5,942**		**247,101**			**247,101**			**314**	**55**	**42**		**256,437**
Recoveries from collections on financial assets written off														215			215							215
Write-offs recognised directly to the income statement														(2,802)			(2,802)							(2,802)

5. Financial assets, commitments to grant funds and financial guarantees given: transfers between different stages of credit risk (gross and nominal values)

(thousands of euro)

Portfolios/quality	Gross Value / Nominal Value					
	Transfer from first stage to second stage		Transfer from first stage to third stage		Transfer from second stage to third stage	
	From first status to second status	From second status to first status	From second status to third status	From third status to second status	From first status to third status	From third status to first status
1. Financial assets measured at amortised cost	143.594	51.106	823	425	2.134	554
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Commitments to grant loans and financial guarantees issued	23.025	27.191	10	145	245	-
Total 31/12/2023	166.619	78.297	833	570	2.379	554
Total 31/12/2022	126.490	86.365	2855	1798	6.077	3722

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

IFITALIA BNP PARIBAS

6. Credit exposures to customers, banks and financial businesses

6.1 Off-balance sheet credit exposures to banks and financial businesses: gross and net values

(thousands of euro)

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	First level	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
A1 On demand	343								343	
a) Impaired assets	X				X					
b) Performing assets	343		X				X		343	
A2 Other	314,169	5,632			(116)	(13)			319,672	
a) Doubtful loans	X				X					
-of which forborne exposures	X				X					
b) Unlikely to pay	X				X					
-of which forborne exposures	X				X					
c) Impaired past due loans	X				X					
-of which forborne exposures	X				X					
d) Performing Past due loans	60,548	237	X		(19)		X		60,766	
-of which forborne exposures			X				X			
e) Other Performing Assets	253,621	5,395	X		(97)	(13)	X		258,906	
-of which forborne exposures			X				X			
TOTALE A	**314,512**	**5,632**			**(116)**	**(13)**			**320,015**	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X				X					
b) Performing assets	2,802		X				X		2,802	
TOTALE B	**2,802**								**2,802**	
TOTALE A+B	**317,314**	**5,632**			**(116)**	**(13)**			**322,817**	

6.2 Cash credit exposures to banks and financial businesses: changes in gross impaired exposures

(thousands of euro)

	Cause/Categories	Impaired	Unlikely to pay	Impaired past due loans
A.	***Starting gross exposure***	**460**		**-**
	- of which: exposures sold, but not eliminated			
B.	***Increases***	**-**	**-**	**-**
B.1	entries from performing exposures	-	-	-
B.2	entries from impaired financial assets acquired or originated	-	-	-
B.3	B.2 Financing covered by other granting measures	-	-	-
B.4	contract modifications without eliminations	-	-	-
B.5	other increases		-	-
C.	***Decreases***	**(460)**	**-**	**-**
C.1	exits to performing exposures	-		-
C.2	write-offs	-	-	-
C.3	collections	-	-	-
C.4	sale proceeds	-	-	-
C.5	losses on sale	-	-	-
C.6	transfers from other categories of impaired exposures	-	-	-
C.7	contract modifications without eliminations	-	-	-
C.8	other decreases	(460)	-	-
D.	***Gross final exposure***	**-**	**-**	**-**
	of which: exposures sold, but not eliminated	-	-	-

6.2bis Cash credit exposures to banks and financial businesses: changes in gross forborne exposures broken down by credit quality

There were no amounts in this section.

6.3 Impaired cash credit exposures to banks and financial businesses: changes in total value adjustments

(thousands of €)

Cause/Categories		Impaired		Unlikely to pay		Impaired past	
		Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A.	***Initial total adjustments***	**460**	**-**	**-**	**-**		**-**
	- of which: exposures sold, but not eliminated						
B.	***Increases***	**-**	**-**	**-**	**-**	**-**	**-**
B.1	B.2 Financing covered by other granting measures		X	-	X	-	X
B.2	other value adjustments		-	-	-		-
B.3	losses on sale		-	-	-	-	-
B.4	transfers from other categories of impaired exposures		-	-	-	-	-
B.5	contract modifications without eliminations		X		X		X
B.6	other increases		-	-	-	-	-
C.	***Decreases***	**(460)**	**-**	**-**	**-**	**-**	**-**
C.1	write-backs from valuation						
C.2	write-backs from collection		-	-	-	-	-
C.3	gains on sale		-	-	-	-	-
C.4	write-offs		-	-	-	-	-
C.5	transfers from other categories of impaired exposures		-	-	-	-	-
C.6	contract modifications without eliminations		X		X		X
C.7	other decreases	(460)	-	-	-	-	-
D.	***Final total adjustments***	**-**	**-**	**-**	**-**	**-**	**-**
	- of which: exposures sold, but not eliminated						

6.4 Off-balance sheet credit exposures to customers: gross and net values

(thousands of euro)

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	**First level**	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
a) Doubtful loans			243,049				(211,312)		31,737	
-of which forborne exposures			28,119				(20,608)		7,511	
b) Unlikely to pay			60,265				(35,265)		25,000	
-of which forborne exposures			12,534				(7,373)		5,161	
c) Impaired past due loans			2,717				(524)		2,193	
-of which forborne exposures			41				(8)		33	
d) Performing Past due loans	463,740	52,558			(233)	(217)			515,848	
-of which forborne exposures										
e) Other Performing Assets	5,449,218	882,259			(2,635)	(5,711)			6,323,131	
-of which forborne exposures		9,077				(45)			9,032	
TOTALE A	**5,912,958**	**934,817**	**306,031**		**(2,868)**	**(5,928)**	**(247,101)**		**6,897,909**	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X		198		X		(42)		156	
b) Performing assets	193,421	19,678	X		(314)	(55)	X		212,730	
TOTALE B	**193,421**	**19,678**	**198**		**(314)**	**(55)**	**(42)**		**212,886**	
TOTALE A+B	**6,106,379**	**954,495**	**306,229**		**(3,182)**	**(5,983)**	**(247,143)**		**7,110,795**	

* Value to be shown for information purposes.

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

6.5 Credit exposures to customers: changes in gross impaired exposures

(thousands of euro)

	Cause/Categories	Doubtful loans	Unlikely to pay	Impaired past due loans
A.	***Starting gross exposure***	**259,203**	**54,409**	**5,742**
	- of which: exposures sold, but not eliminated			
B.	***Increases***	**4,716**	**25,958**	**2,675**
B.1	entries from performing exposures	1	23,356	1,242
B.2	entries from impaired financial assets acquired or originated			
B.3	transfers from other categories of impaired exposure	4,315	2,602	
B.4	B.2 Financing covered by other granting measures			
B.5	other increases	400		1,433
C.	***Decreases***	**(20,870)**	**(20,102)**	**(5,700)**
C.1	exits to performing exposures	(226)	(2,600)	(2,456)
C.2	write-offs	(15,549)	(6,969)	(114)
C.3	collections	(5,024)	(3,531)	
C.4	sale proceeds			
C.5	losses on sale			
C.6	transfers from other categories of impaired exposures		(4,089)	(2,828)
C.7	contract modifications without eliminations			
C.8	other decreases	(71)	(2,913)	(302)
D.	***Gross final exposure***	**243,049**	**60,265**	**2,717**
	of which: exposures sold, but not eliminated			

6.5bis Cash credit exposures to customers: changes in gross forborne exposures broken down by credit quality

(thousands of euro)

	Cause/Categories	Forborne exposures: impaired	Forborne exposures: performing
A.	***Starting gross exposure***	**50,016**	**2,844**
	of which: exposures sold, but not eliminated		
B.	***Increases***	**3,310**	**8,759**
B.1	entries from performing not forborne exposures	2,492	7,859
B.2	entries from performing forborne exposures	100	X
B.3	entries from impaired forborne exposures	X	463
B.4	entries from non impaired forbones	339	
B.5	B.2 Financing covered by other granting measures	379	437
C.	***Decreases***	**(12,632)**	**(2,526)**
C.1	exits to performing not forborne exposures	(33)	(2,151)
C.2	exits to performing forborne exposures	(463)	X
C.3	exits to impaired forborne exposures	X	(100)
C.4	write-offs	(2,615)	
C.5	collections		
C.6	sale proceeds		
C.7	losses on sale		
C.8	other decreases	(9,521)	(275)
D.	***Gross final exposure***	**40,694**	**9,077**
	of which: exposures sold, but not eliminated		

6.6 Impaired cash credit exposures to customers: changes in total value adjustments

(thousands of euro)

	Cause/Categories	Doubtful loans		Unlikely to pay		Impaired past due loans	
		Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A.	***Initial total adjustments***	**220,314**	**21,350**	**31,773**	**9,597**	**652**	
	- of which: exposures sold, but not eliminated						
B.	***Increases***	**15,381**	**3,348**	**14,590**	**1,316**	**(137)**	
B.1	value adjustments from impaired financial assets acquired or		X		X		X
B.2	other value adjustments	6,512	2,897	14,590	1,316	(137)	
B.3	losses on sale						
B.4	B.2 Financing covered by other granting measures	8,869	451				
B.5	contract modifications without eliminations		X		X		X
B.6	other increases						
C.	***Decreases***	**(24,383)**	**(4,090)**	**(11,098)**	**(3,540)**	**9**	
C.1	write-backs from valuation	(884)	(644)	(1,199)		9	
C.2	write-backs from collection	(2,785)		(487)			
C.3	gains on sale						
C.4	write-offs	(20,717)	(3,446)	(543)	(3,089)		
C.5	transfers from other categories of impaired exposures			(8,869)	(451)		
C.6	contract modifications without eliminations		X		X		X
C.7	other decreases	3					
D.	***Final total adjustments***	**211,312**	**20,608**	**35,265**	**7,373**	**524**	
	- of which: exposures sold, but not eliminated						

7. Classification of financial assets, commitments to grant funds and financial guarantees given based on internal and external ratings

There were no amounts in this section.

IFITALIA BNP PARIBAS

7.1 Breakdown of financial assets, commitments to grant funds and financial guarantees given by external rating classes (gross values)

(thousands of euro)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost	**481,382**	**1,627,072**	**899,706**	**553,716**	**29,383**	**8,246**	**3,874,102**	**7,473,607**
- First level	481,304	1,602,528	739,004	455,506	24,280	6,533	2,917,972	**6,227,127**
- Second level	78	24,544	160,702	98,210	5,103	1,713	650,099	**940,449**
- Third level							306,031	**306,031**
- Impaired acquired or originated								
B. B.2 Financing covered by other granting measures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- First level								**-**
- Second level								**-**
- Third level								**-**
- Impaired acquired or originated								
C. Commitments to disburse funds and financial guarantees issued								
- First level								
- Second level								
- Third level								
- Impaired acquired or originated								
Total (A + B + C)	**481,382**	**1,627,072**	**899,706**	**553,716**	**29,383**	**8,246**	**3,874,102**	**7,473,607**
of which: impaired financial assets acquired or originated								
D. Commitments to disburse funds and financial guarantees issued	**640**	**53,384**	**8,869**	**2,984**	**50**	**-**	**150,172**	**216,099**
- First level	640	53,341	8,848	2,984	50		130,360	**196,223**
- Second level		43	21	-	-		19,614	**19,678**
- Third level							198	**198**
- Impaired acquired or originated								
Total (D)	**640**	**53,384**	**8,869**	**2,984**	**50**	**-**	**150,172**	**216,099**
Total (A + B + C + D)	**482,022**	**1,680,456**	**908,575**	**556,700**	**29,433**	**8,246**	**4,024,274**	**7,689,706**

Ifitalia uses the external ratings of the following ECAIs:

	1	2	3	4	5	6
CERVED	A1.1, A1.2, A.1.3	A.2.1, A.2.2, A.3.1	B.1.1, B.1.2	B.2.1, B.2.2	C.1.1	C.1.2, C.2.1

7.2 Distribution of financial assets, commitments to grant funds and financial guarantees given by internal rating class (gross values)

There were no amounts in this section.

8. Financial and non-financial assets obtained through the enforcement of guarantees received

There were no amounts in this section.

9. Lending concentration

9.1 Distribution of cash and off-balance sheet credit exposures by sector of economic activities of the counterparty

(thousands of euro)

Exposure types/Balances	Public administration		Financial companies and		Non financial		Households		Famiglie	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Esposizione netta	Rettifiche valore complessive
A. CASH EXPOSURES										
A.1 Doubtful loans	7,264	(11,453)					24,425	(196,571)	48	(3,288)
-of which forborne exposures	378	(532)					7,133	(19,959)		(117)
A2 Unlikely to pay	13,886	(4,882)					10,936	(28,765)	178	(1,618)
-of which forborne exposures	504	(20)					4,591	(7,160)	66	(193)
A3 Impaired past due positions	266						1,792	(483)	135	(41)
-of which forborne exposures							33	(8)		
A4 Performing exposures	559,672	(341)	320,015	(129)	2,115		6,224,822	(8,372)	54,485	(83)
-of which forborne exposures							8,945	(45)	87	
TOTAL A	**581,088**	**(16,676)**	**320,015**	**(129)**	**2,115**		**6,261,975**	**(234,191)**	**54,846**	**(5,030)**
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	144						11	(42)		
B.2 Performing assets	35,265	(14)	2,802				175,236	(344)	2,230	(11)
TOTAL B	**35,409**	**(14)**	**2,802**				**175,247**	**(386)**	**2,230**	**(11)**
TOTAL (A+B) 31.12.2023	**616,497**	**(16,690)**	**322,817**	**(129)**	**2,115**		**6,437,222**	**(234,577)**	**57,076**	**(5,041)**
TOTAL (A+B) 31.12.2022	**1,044,925**	**(11,196)**	**274,748**	**(503)**	**26,488**	**(13)**	**7,254,924**	**(245,042)**	**83,990**	**(6,358)**

9.2 Distribution of cash and off-balance sheet credit exposures by counterparty's geographic area

(thousands of euro)

Exposure types/Balances	ITALY		OTHER EUROPEAN		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES										
A1 Non performing	31,460	(209,803)	277	(1,509)						
A2 Unlikely to pay	23,462	(34,967)	139	(138)			1,356	(151)	43	(9)
A3 Past due positions	2,016	(478)	175	(44)			2	(2)		
A4 Performing positions	5,788,736	(7,919)	1,032,931	(852)	225,716	(111)	63,882	(37)	47,729	(6)
TOTAL (A)		**(253,167)**	**1,033,522**	**(2,543)**	**225,716**	**(111)**	**65,240**	**(190)**	**47,772**	**(15)**
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	155	(42)								
B.2 Performing positions	197,371	(286)	17,975	(82)	170	(1)	17			
TOTAL (B)	**197,526**	**(328)**	**17,975**	**(82)**	**170**	**(1)**	**17**			
TOTAL (A + B) 31/12/2023	**6,043,200**	**(253,495)**	**1,051,497**	**(2,625)**	**225,886**	**(112)**	**65,257**	**(190)**	**47,772**	**(15)**
TOTAL (A + B) 31/12/2022	**7,128,505**	**(258,441)**	**1,188,305**	**(3,809)**	**259,044**	**(290)**	**55,292**	**(488)**	**27,441**	**(71)**

9.2.1 Distribution of cash and off-balance sheet credit exposures by geographic area of counterparty resident in Italy

(thousands of euro)

Exposure types/Balances	North-West		North-East		Centre		South and Islands	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES								
A1 Non performing	1,875	(60,360)	2,485	(22,263)	13,707	(57,448)	13,393	(69,732)
A2 Unlikely to pay	1,504	(9,733)	411	(2,718)	5,890	(10,243)	15,657	(12,273)
A3 Past due positions	482	(103)	167	(47)	596	(156)	771	(172)
A4 Performing positions	2,531,737	(2,084)	1,209,671	(1,008)	1,285,445	(3,728)	761,883	(1,099)
TOTAL (A)	**2,535,598**	**(72,280)**	**1,212,734**	**(26,036)**	**1,305,638**	**(71,575)**	**791,704**	**(83,276)**
B. OFF BALANCE SHEET EXPOSURES								
B.1 Impaired assets							155	(42)
B.2 Performing positions	88,752	(103)	36,699	(55)	41,401	(75)	30,519	(53)
TOTAL (B)	**88,752**	**(103)**	**36,699**	**(55)**	**41,401**	**(75)**	**30,674**	**(95)**
TOTAL (A+B) 31.12.2023	**2,624,350**	**(72,383)**	**1,249,433**	**(26,091)**	**1,347,039**	**(71,650)**	**822,378**	**(83,371)**
TOTAL (A+B) 31.12.2022	**2,921,775**	**(75,822)**	**1,419,370**	**(29,191)**	**1,867,893**	**(71,660)**	**919,467**	**(81,768)**

9.3 Significant exposures

(thousands of euro)

SIGNIFICANT EXPOSURES		Book value	Weighted value
a	Amount	2,622,403	1,594,294
b	Number	14	14

10. Models and other methods for gauging and handling the credit risk

The company does not use internal models for gauging credit risk

11. Other quantitative information

Not applicable to the company

3.2 MARKET RISK

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General aspects

The interest rate risk deriving from the timing mismatch between asset and liability items associated with funding and lending transactions is handled by the Finance Division.

As part of its core activities, due to company policy, funding reflects the same market parameters to which the structure of the loans is linked.

In consideration of the types of lending and funding that characterise Ifitalia's activities, the risk of a change in the market rates has a marginal impact on the value of assets and liabilities.

QUANTITATIVE INFORMATION

Given that all funding is currently provided to the company by the Parent Company, the mismatch by maturity band with respect to the amount of the funding is marginal as at 31 December 2023.

1. Distribution by residual maturity (re-pricing date) of financial assets and liabilities

Currency: euro *(thousands of euros)*

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. activities	**1,014,674**	**4,872,853**	**440,224**	**47,814**	**225,755**	**16,364**	**-**	**319,656**
1.1 Government bonds								
1.2 credits	1,014,674	4,872,853	439,834	47,814	225,755	16,364		319,656
1.3 other activities			390					
2. liabilities	**419,416**	**4,449,847**	**382,911**	**37,179**	**182,615**	**11,258**	**-**	**437,328**
2.1 debts	419,416	4,449,847	382,911	37,179	182,615	11,258		437,328
2.2 bonds issued								
2.3 other liabilities								
3. financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opzioni	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

Currency: other *(thousands of euros)*

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. activities	**15,355**	**261,660**	**3,959**	**-**	**-**	**-**	**-**	**-**
1.1 Government bonds								
1.2 credits	15,355	261,660	3,959	-	-	-		
1.3 other activities								
2. liabilities	**104,642**	**157,653**	**14,265**	**-**	**-**	**-**	**-**	**-**
2.1 debts	104,642	157,653	14,265	-	-	-		
2.2 bonds issued								
2.3 other liabilities								
3. financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opzioni	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

2. Models and other methods for gauging and handling the interest rate risk

The interest rate risk is monitored on a quarterly basis by the Finance Division – Treasury Dept. The model used by Ifitalia to monitor interest rate risk is that indicated in the provisions contained in Bank of Italy Circular no. 288, whose model is based on the principle of a 200 bp shock.

At the end of 2023, the portfolio's sensitivity to interest rate risk for Ifitalia amounted to EUR 4.15 million, equal to 0.49% of the supervisory capital, below the 20% threshold.

3. Other quantitative information on interest rate risk

There were no amounts in this section.

IFITALIA BNP PARIBAS

3.2.2 PRICE RISK

The Company does not purchase or sell financial instruments other than trade receivables and therefore is not exposed to the market risks associated with the price volatility of said instruments.

3.2.3 EXCHANGE RISK

QUALITATIVE INFORMATION

1. General aspects

Exchange risk is negligible within the scope of core business activities since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euro)

Entries	Currencies					
	USA dollars	Pounds	Yen	Canadian dollars	Swiss francs	Other curriencies
1. Financial activities	**174.204**	**84.811**	**-**	**2.012**	**234**	**41.272**
1.1 government bonds	-	-	-	-	-	-
1.2 equity securities	-	-	-	-	-	-
1.3 credits	174.204	84.811	-	2.012	234	41.272
1.4 other financial ativities	-	-	-	-	-	-
2. Other activities	-	-	-	-	-	-
3. Financial liabilities	**173.369**	**84.538**	-	**2.022**	**234**	**41.156**
3.1 debts	173.369	84.538	-	2.022	234	41.156
3.2 bonds issued						
3.3 other financial libilities	-	-	-	-	-	-
4. Other liabilities	-	-	-	-	-	-
5. Derivatives	-	-	-	-	-	-
5.1 long positions	-	-	-	-	-	-
5.2 short position	-	-	-	-	-	-
Total activities	174.204	84.811	-	2.012	234	41.272
Totale liabilities	173.369	84.538	-	2.022	234	41.156
Unbalances (-/+)	835	273	-	-10	-	116

2. Models and other methods for gauging and handling the exchange risk

As stated above, exchange risk is negligible since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

3. Other quantitative information on exchange risk

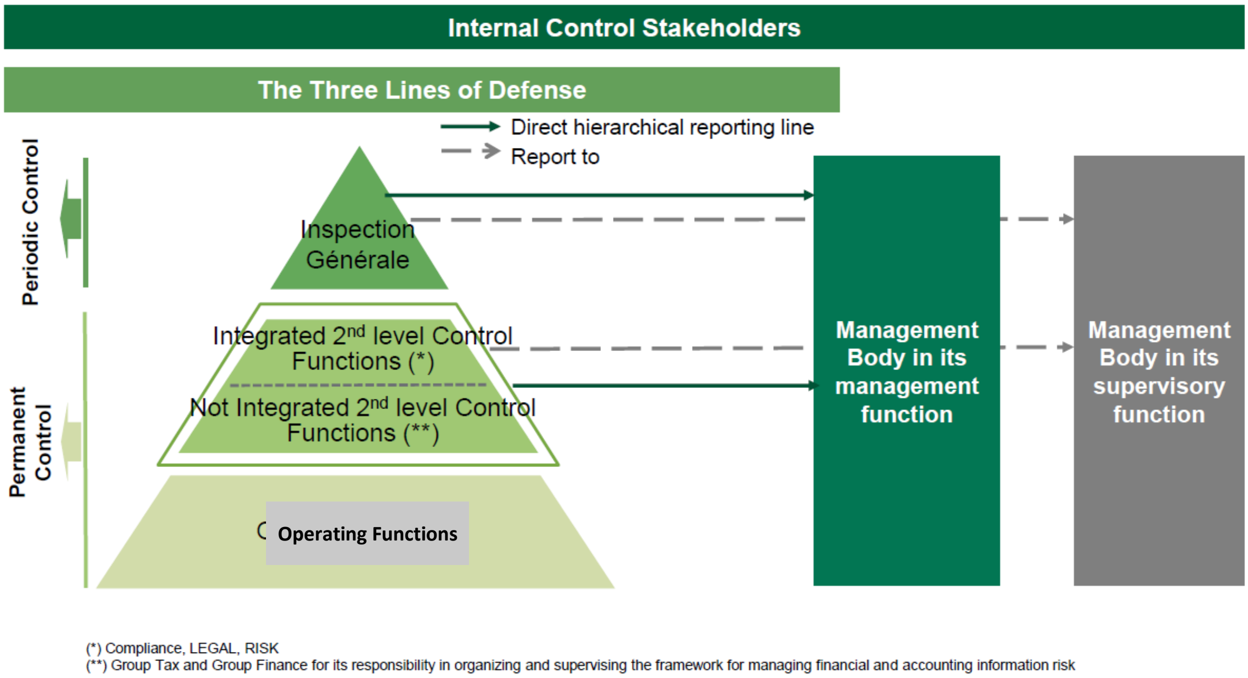
There were no amounts in this section.

3.3 OPERATIONAL RISK

QUALITATIVE INFORMATION

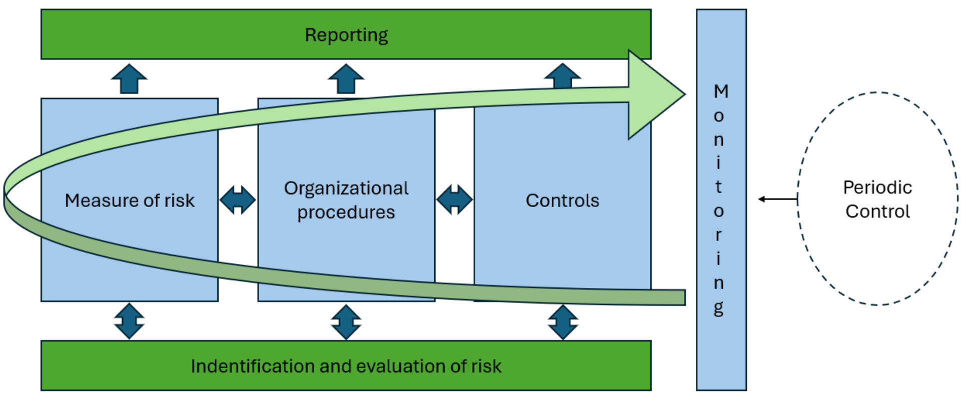
1. General aspects, management processes and methods for gauging the operational risk

The control model defined by the BNP Paribas Group allocates the Operational Risk tasks among three lines of defence and, limited to Permanent Controls, between the first and second lines of defence as summarised below.



(*) Compliance, LEGAL, RISK
(**) Group Tax and Group Finance for the purposes of organisational responsibilities and supervision of the risk management framework for accounting and financial reporting

The **permanent control system** is implemented by the Risk Division, which ensures its consistency and operation in accordance with the permanent control system provided for by the Parent Company BNP Paribas.
With reference to the regulatory framework, the activity is carried out on procedures that apply the Group's framework at the local level and are translated into policies, guidelines, operational implementation procedures, control plans and a reporting system.
The diagram below represents the overall breakdown of the components of the permanent control system:



The permanent control system consists of:

- **the first level of control,** represented by the operating functions, which perform line activities and hierarchical controls, and the Operational Risk and Permanent Controls Department (OPC) which performs the role of permanent first level control. The first line of defence is responsible for:
  - identifying and assessing the risks to which the assets are exposed;
  - defining adequate control methods and ensuring their execution;
  - identifying and implementing risk mitigation actions.
- **second level of control. These functions** are responsible, through delegation from the Governing Body, for the organisation and proper operation of the risk management system and its compliance with laws and regulations in a number of areas (themes and/or processes) defined by their Responsibility Charter

On the other hand, the periodic control is represented by the third level of control that is responsible for assessing risk management, control and corporate governance processes, as well as compliance with laws and regulations, and making proposals to strengthen their effectiveness.
With regard to operational risk, the distinction between control levels has been made fully operational in Ifitalia since 2018 with the operational start-up in the Risk Division of the **RISK ORM - Operational Risk Management structure, which acts as a second line of defence in carrying out permanent control and operational risk management activities**

On the other hand, the supervision, management and monitoring activities (also with reference to the ICAAP process) are carried out by the already mentioned Operational Risk and Permanent Controls Department (OPC) in coordination with the RISK ORM. The staff of the OPC Unit, who do not participate in specific operating activities of the other Functions, are dedicated to executing Permanent Controls according to the formalities and the deadlines defined in the Plan of Controls and prepared “day by day” operational disclosure on the checks carried out, emerging issues, and any mitigation activities carried out. This information is sent to the operational management (Heads of the Units).
Within the Ifitalia internal control framework, the OPC Unit is responsible for the follow-up of corrective actions resulting from audit missions carried out by Inspection Générale; the activity is reported to the Risk Division as the second line of defence. Inspection Générale is responsible for the final decision on the correct implementation of the corrective action resulting from the issue of specific recommendations.

The complementariness of the "Operational Risks" and "Permanent Controls" areas carries out its synergistic action in the identification, assessment and monitoring phase of the actual risk (the risk that takes into account the coverage of the procedures and the effectiveness of the controls) and in the definition phase of the corrective actions and the relative priorities, following the adoption of shared and common metrics and measurements.

The second line of defence implemented by RISK ORM, on the Risk Manager's recommendation, has the mission of ensuring the correct application at local level of the Group's framework with reference to: the regulations, the way in which the risks to which the company is exposed are assessed.
Second-level control activities are carried out on the basis of a control plan (POC), which is revised annually in a risk-oriented logic, with reference to the verification of the method of identification and execution of controls implemented by OPC (**Independent Testing**).
In addition to the above planned activities, there are others related to:

- the **supervision** (Check & Challenge) of the implementation methods and the consistency of the assessments carried out as part of the process of assessing the risks relating to company processes known as **RCSA/Risk Control & Self Assessment;**
- **the supervision** (Check & Challenge) of the implementation methods with respect to Group standards of the information reported and the decisions taken by management with regard to all major **operational incidents** and, on a sample basis, those of lesser importance;
- **the supervision of the implementation of the anti-fraud defence** system through active participation in defining and setting up the defence framework in terms of regulations and tools in collaboration with the first line of defence;
- **the supervision of the implementation of the outsourcing risk management system** in collaboration with the first line of defence.

Information and coordination with management at the corporate level is carried out through Inter-functional Committees, the main one being the **Risk Monitoring Committee** during the Operational Risk and Permanent Controls session, the Outsourcing session and the Fraud session. The members and mission of the individual sessions of the Risk Monitoring Committee are set out in the Company Regulations in force at the time.

Method

Management of operational risk, in the definition adopted by BNP Paribas, is based on an alignment of cause analysis (internal process or external fact), event (incident), and effect (risk of economic loss). In particular, the BNP Group defined as an incident a real event that has actually taken place, of which it is possible to effectively describe the real causes and consequences, as well as to measure its economic impacts. Analysis of the frequency/impacts of the historic incidents and their evolution in perspective represents an underlying element for the development of the map of the risks.

- ✓ Finance Division is responsible for ensuring that incidents generating a significant financial impact are properly reported in the Company's financial documents; this Division also works with the Operational Risk and Permanent Control Unit to perform an accounting reconciliation of operating incidents. It is also responsible for calculating the capital requirements to be established in relation to the operational risks.

The Operational Risk Management Model within Ifitalia concerns the following processes:

- **Loss Data Collection Process**: activities for the identification, entry, and registration of historic incidents of Operational Risk through input to the Risk360 Group tool. The process, implemented by the first line of defence, is subject to a second level control called Quality Review by RISK ORM, with the aim of ascertaining the correct identification of the causes and effects of the incident and the adequacy of the action plans identified. The application of the second level control is implemented with a risk sensitive logic that takes into account the type of incident and its amount. Following the examination, RISK ORM could agree with the first line of defence on the implementation of an action plan.
-
- **RCSA/Risk Control & Self Assessment process**: assessment of the exposure to operational and non-compliance risks within Ifitalia. The mapping of the risks has been one of the qualifying elements for the adoption of the TSA model. It is based on an auto-diagnostic process for the identification, classification and prior valuation of the risks which corporate operations are potentially exposed to and as such, is a managerial operating instrument useful for the planning of the most appropriate mitigation measures for said risk.
  The process, implemented by the first line of defence, is subject to a second level control process called Check&Challenge that aims to ensure the correct identification of the relevant risks, their assessment before and after the application of the control system, as well as the identification of action plans. The process has its own formalised governance, coordinated by the Risk Division, and ends with final approval by the Risk Monitoring Committee – Operational Risk and Permanent Controls session and by the Board of Directors.

- **Permanent Control Plan of the first level of defence**: activation of permanent control procedures on areas at greatest operational risk identified in the RCSA Process and Control Plans defined at the level of the Factoring Sector; the outcomes of the controls are reported through the Risk360 Group application.

- **Permanent Control Plan of the second level of defence:** activated on the basis of a risk-oriented approach that takes into account several parameters (such as, by way of example: the historicity of the incidents with respect to the processes, indications of the business line, the results of the risk maps, new areas of activity, etc.). The analysis process is called Independent Testing and targets a sample of processes and controls. Following the examination, if necessary, RISK ORM could agree with the first line of defence of the corrective actions.

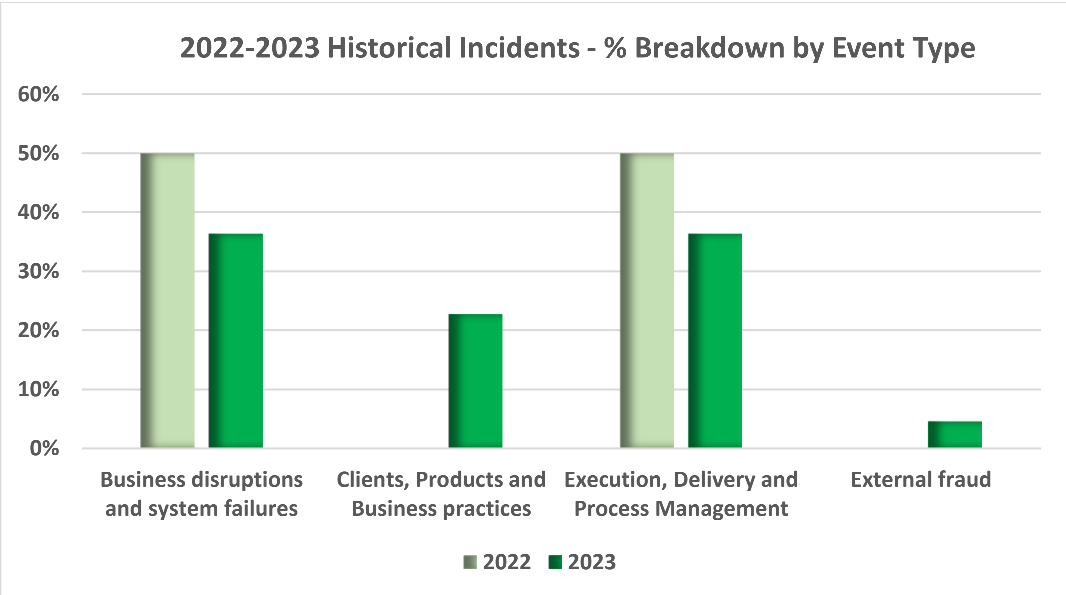
- **Issue Resolution Activities**: adoption of suitable corrective measures in relation to the critical areas indicated, to ensure the efficiency of the company procedures and processes (in terms of integration, variation or support).
  This action can be activated directly from the first line of defence (known as self-identified action plans) or derive from the activity carried out by the second line of defence as described above. Corrective actions identified as part

of the execution of controls and the analysis of incidents are recorded and monitored through dedicated Group platforms.

- **Reporting**:
  Reporting activities assure operational risk monitoring and enable to assess the efficacy of the controls and hedging procedures.
  Reports are produced by the first and second line of defence in line with their scopes of responsibility.
  With reference to the first line of defence, the main report produced, is the *Permanent Controls and Operational Risks Report* that guarantees information on the outcomes of the controls carried out by the first level of defence and the results of the Loss Data Collection process. This report, issued every six months, is intended for the management present in the Risk Monitoring Committee - Operational Risks and Permanent Controls Session and the Board of Directors.
  With regard to the second line of defence, two main reports are produced:
  - The half-yearly report on the performance of the permanent second level control activity with reference to the results of the independent tests, quality review, follow up of the action plans self-determined by the management and of the corrective actions defined in the context of the independent testing activities as well as the main key issues that may be relevant in the operational risk area on which the management may need to be updated. The report, issued every six months, is intended for the Risk Monitoring Committee - Operational Risks and Permanent Controls Session and the Board of Directors;
  - The annual report called *OR&C Report* submitted for validation by the General Manager and Risk Manager, and intended for the Business Line, provides the Group with a general view of the company's internal control system.

QUANTITATIVE INFORMATION

<u>Assessment of the main sources and nature of risk events</u>
The breakdown by percentage of operational risk events (historical incidents) recorded in 2023 according to the type of loss event (Event Type) defined by the Basel II Committee is provided below. During 2023, 22 risk events were recorded compared to 13 in the previous year, which are summarised below year on year:[5]



A fraud incident occurred in 2023, unlike in 2022 in which no incidents of this type were recorded.

[5] It should be noted that in 2023, following further analyses, it was ascertained that in 2022 an accident was recorded by mistake (with Event Type: Clients, Products and Business practices), therefore it was eliminated.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the liquidity risk

The policies for managing liquidity risk, i.e. the ability to fulfil, at any time, one's payment obligations at the set due dates, are an expression of the strategy defined by the Parent Company BNP Paribas, which is essentially based on centralised liquidity management for all Group companies.

QUANTITATIVE INFORMATION

1. Time distribution by residual maturity of financial assets and liabilities – Euro

Euro (thousands of euro)

	Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
	Cash assets	**858,211**	**-**	**-**	**1,586,036**	**2,690,108**	**949,203**	**246,275**	**227,191**	**43,826**	**16,444**	**320,046**
A.1	Government bonds											
A.2	Other debt securities											
A.3	Loans	858,211			1,586,036	2,690,108	949,203	246,275	227,191	43,826	16,444	319,656
A.4	Other assets											390
	Cash liabilities	**419,418**	**879,753**	**534,069**	**550,362**	**917,829**	**950,963**	**1,110,841**	**100,040**	**11,691**	**8,260**	**437,328**
B.1	Deposits and current accounts	419,418	879,753	534,069	550,362	917,829	950,963	1,110,841	100,040	11,691	8,260	437,328
	- Banks	370,673	871,751	518,763	494,448	819,231	891,552	1,108,267	100,040	11,691	8,260	11,838
	- Financial institutions	48,745	8,002	15,306	55,914	98,598	59,411	2,574	-	-	-	-
	- Customers											425,490
B.2	Debt securities											
B.3	Other liabilities											
	Off balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**293**
C.1	Financial derivatives with capital exchange	-	-	-	-	-	-	-	-		-	-
	- Long positions											
	- Short positions											
C.2	Financial derivatives without capital exchange	-	-	-	-	-	-	-	-		-	-
	Long positions											
	Short positions											
C.3	Deposits and loans to be received	-	-	-	-	-	-	-	-		-	-
	- Long positions											
	- Short positions											
C.4	Irrevocable commitments to grant funds	-	-	-	-	-	-	-	-		-	-
	- Long positions											
	- Short positions											
C.5.	Financial guarantees issued											293
C.6	Financial guarantees received											

1. Time distribution by residual maturity of financial assets and liabilities – Other currencies

Other currencies (thousands of euro)

	Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
	Cash assets	**9,449**	**-**	**-**	**43,292**	**183,792**	**42,910**	**1,531**	**-**	**-**	**-**	**-**
A.1	Government bonds											
A.2	Other debt securities											
A.3	Loans	9,449			43,292	183,792	42,910	1,531	-	-		
A.4	Other assets											
	Cash liabilities	**104,642**	**-**	**653**	**18,951**	**138,049**	**14,265**	**-**	**-**	**-**	**-**	**-**
B.1	Deposits and current accounts	104,642	-	653	18,951	138,049	14,265	-	-	-	-	-
-	Banks	104,642	-	653	18,951	138,049	14,265					
-	Financial institutions								-	-	-	
-	Customers											
B.2	Debt securities											
B.3	Other liabilities											
	Off balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**8**
C.1	Financial derivatives with capital exchange	-	-	-	-	-	-	-	-		-	-
-	Long positions											
-	Short positions											
C.2	Financial derivatives without capital exchange	-	-	-	-	-	-	-	-		-	-
	Long positions											
	Short positions											
C.3	Deposits and loans to be received	-	-	-	-	-	-	-	-		-	-
-	Long positions											
-	Short positions											
C.4	Irrevocable commitments to grant funds	-	-	-	-	-	-	-	-		-	-
-	Long positions											
-	Short positions											
C.5.	Financial guarantees issued											8
C.6	Financial guarantees received											

3.5 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

There were no amounts in this section.

Section 4 Equity Information

4. 1 Company equity

4.1.1 Qualitative information

The Company's equity is made up of the aggregation of share capital, share premium reserve, reserves, valuation reserves and profit for the period.

For supervisory purposes, the capital aggregate significant for this purpose is determined based on the current provisions envisaged by the Bank of Italy and represents the reference oversight for prudential supervisory provisions.

In accordance with said provisions, the Company is obliged to maintain a comprehensive capital requirement, which is calculated as the sum of the requirements relating to the single risk types (known as "building block").

4.1.2 Quantitative information

4.1.2.1 Company equity: breakdown

The Company's equity as at 31 December 2023 amounted to EUR 911,536 thousand.

(thousands of euro)

Items/Balances	Total 31/12/2023	Total 31/12/2022
1. Share capital	55,900	55,900
2. Share premium	61,799	61,799
3. Reserves	736,345	699,768
- profit	737,503	700,926
a) legal reserve	11,180	11,180
b) statutory reserve	726,323	689,746
c) treasury shares		
d) other		
- other	(1,158)	(1,158)
4. (Treasury shares)		
5. Valuation reserves	(970)	(953)
- Equity instruments measured at fair value through other comprehensive income		
- Hedging of equity instruments measured at fair value through other comprehensive income		
- Financial assets (other than equity securities) measured at fair value through other comprehensive income		
- Property, plant and equipment		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedges		
- Hedging instruments (elements not designated)		
- Exchange differences		
- Non current assets and disposal group held for sale		
- Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness)		
- Special revaluation laws		
- Actuarial gains (losses) relating to defined benefit pension plans	(970)	(953)
- Quote of the valuation reserves relating at equity		
6. Equity instruments		
7. Profit (loss) for the year	58,462	36,577
Total	**911,536**	**853,091**

4.1.2.2 Valuation reserves of financial assets at fair value through other comprehensive income: breakdown

There were no amounts in this section.

4.1.2.3 Valuation reserves of financial assets at fair value through other comprehensive income: changes during the year

There were no amounts in this section.

4.2 Own Funds and supervisory ratios

4.2.1 Own Funds

With the recent reform of Title V of the Consolidated Banking Law, which came into force on 11 July 2015, financial intermediaries are authorised by the Bank of Italy to carry out lending activities under any form and enrolled in the specific register envisaged by Article 106 of the consolidation act of banking and lending laws (TUB) (known as "consolidated register", as amended by Italian Legislative Decree no. 141/2010).
These intermediaries are subject to a prudential supervisory regime equivalent to that of the banks, aimed at pursuing objectives of financial stability and safeguarding sound and prudent management, structured according to the principle of proportionality, so as to take into account the operational, size-related and organisational complexity of the operators as well as the nature of the activities carried out. The quantitative information on supervisory capital and risk assets presented below has been calculated based on instructions issued to take into account the application of IAS/IFRS accounting standards ("Prudential Filters" discipline).

4.2.1.1 Qualitative information

The regulatory provision ("Basel 3"), which became operational as from 1 January 2014 through the issue of Regulation EU no. 575/2013 of 26 June 2013 (CRR) and Directive 2013/36/EU of 26 June 2013 (CRD IV), governs first and second pillar prudential requirements for credit institutions and investment firms, disclosure to the public (Pillar III), conditions for access to banking activity, the freedom of establishment and the freedom to provide services, as well as the prudential control processes and additional capital reserves.

The matter is implemented by means of implementing provisions codified in European Commission Regulations, the preparation of which is entrusted to the European Banking Authority (EBA). At national level, these provisions, harmonised at European level, were initially implemented by the Bank of Italy with Circulars no. 285 of 17 December 2013 and no. 286 of 17 December 2013, which contain the prudential rules applicable to Italian banks and banking groups, and then extended to financial intermediaries registered in a special register provided for in Article 106 of the consolidation act of banking and lending laws (TUB), through Circular no. 288 of 3 April 2015. During 2019, the regulations (CRR and CRDIV) were amended by Regulation (EU) no. 876/2019 (CRR2) and Directive (EU) no. 878/2019 (CRD V), with a view to further strengthening the resilience of the banking system while increasing its ability to sustainably support the productive fabric. In line with the decision to extend from time to time the requirements of the prudential regime for banks to financial intermediaries, the Bank of Italy updated Circular no. 288/2015 several times, implementing the CRR2 prudential regulation of banks in December 2020 and taking into account, at the same time, the changes made to counter the economic shock caused by the COVID-19 pandemic. The reference to EU initiatives to facilitate post-pandemic recovery was reflected in Regulation (EU) 873/2020 (Quick-Fix) of 26 June 2020, containing amendments to Regulations (EU) No. 575/2013 (CRR) and no. 876/2019 (CRR2).

The measures adopted were mainly intended to anticipate rules that mitigate certain capital requirements, such as the more favourable treatment of software assets that, under certain conditions, are no longer deducted from equity, as well as loans backed by pensions and salaries, which benefit from subsidised risk weights and, last but not least, loans granted to small and medium-sized enterprises (SMEs), for which the support measures have been extended, broadening the scope of cases that may result in reduced capital absorption by the borrowing institution.

Returning to the regulatory contents, it should be recalled that Own Funds (or Supervisory Capital) consist of the following capital aggregates:

1. Tier 1 Capital, which, in turn, is composed of:
- Common Equity Tier 1 (CET1);
- Additional Tier 1 (AT1);
2. Tier 2 capital (T2).

4.2.1.2 Quantitative information

(thousands of euro)

	Total al 31/12/2023	Total al 31/12/2022
A. Tier 1 capital ((Common Equity Tier 1) before application of prudential filters	**849,152**	**812,307**
B. Prudential filters applied to tier 1 capital : B.1 Positive prudential filters IAS/IFRS (+) B.2 Negative prudential filters IAS/IFRS (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A+B)	**849,152**	**812,307**
D. Elements to be deducted from Tier 1 capital		
E. Tier 1 capital (C-D)	**849,152**	**812,307**
F. Additional Tier 1 capital (Additional Tier 1 - AT1) before application of prudential filters		
G. Prudential filters of Tier 2 capital: G.1 Positive prudential filters IAS/IFRS (+) G.1 Negative prudential filters IAS/IFRS (-)	-	-
H. Additional Tier 1 capital (Additional Tier 1 - AT1) gross of elements to be d	**-**	**-**
I. Elements to be deducted from Additional Tier 1 capital		
L. Total Tier 2 (TIER 2) (H-I)	**-**	**-**
M. Elements to be deducted of T1 and T2		
N. Regulatory Capital (E+L-M)	**849,152**	**812,307**

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

Within the Company, the Finance Division carries out constant monitoring of the evolution of the aggregate useful for supervisory purposes with respect to the performance of the various risk profiles for the purpose of achieving an adequate balance in the overall structure, taking into account an effective composition between the components of Own Funds.

4.2.2.2 Quantitative information

The elements indicated above are subject to the following limits:

– Common Equity Tier 1 must be equal, at all times, to at least 4.5% of risk-weighted assets;

– Total Supervisory Capital (or Own Funds), equal to Tier 1 Capital plus Tier 2 Capital must be equal, at all times, to at least 6% of risk-weighted assets.

As at 31 December 2023, the company's capitalisation level was in line with the requirements:

- CET 1 and Tier 1 capital ratios equal 13.85%;
- Total capital ratio came to 13.85%.

(thousands of euro)

Categories/Balances	Unweighted amounts		Weighted amounts / requirements	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
A. RISK ASSETS				
A.1 Credit and counterpart risk	7,521,998	8,534,988	5,826,183	6,316,337
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterpart risk			349,501	378,904
B.2 Payment services requirement			-	-
B.3 Issuance of electronic money requirement			-	-
B.4 Specific prudential requiraments			18,413	15,609
B.5 Total prudential requirements			367,914	394,513
C. RISK ASSETS AND SUPERVISORY RATIOS				
C1 Risk-weighted assets			6,133,126	6,576,532
C2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			13.85%	12.35%
C3 Capital/Risk-weighted assets (Total capital ratio)			13.85%	12.35%

Section 5 – Analytical statement of comprehensive income

(thousands of euro)

	ITEMS	Total 31/12/2023	Total 31/12/2022
10.	**Profit (Loss) for the year**	58,462	36,577
	Other income components without reversal to income statement connected with:		
20.	Equity instruments measured at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to other components of equity		
30.	Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness):	-	-
	a) fair value changes		
	b) transfer to other components of equity		
40.	Hedging of equity instruments designated at fair value through other comprehensive income:	-	-
	a) fair value changes (hedge instrument)		
	b) fair value changes (hedging instrument)		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit plans	(23)	243
80.	Non current assets held for sale		
90.	Share of reserves from valuation of investments carried at equity		
100.	Income taxes relating at other income components without reversal to profit or loss	6	(67)
	Other income components with reversal to income statement connected with:		
110.	Hedging of foreign investments:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
120.	Exchange differences:	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
130.	Cash flows hedges:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
	of which: result of net positions		
140.	Hedging instruments (elements not designated):	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
150.	Financial assets (other then equity securities) at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to income statement	-	-
	- adjustments from impairment		
	- profit/ loss from realisation		
	c) Other changes		
160.	Non-current assets and disposal groups held for sale	-	-
	a) changes in fair value		
	b) reclassification to profit or loss		
	c) other changes		
170.	Portion of valuation reserves of equity-accounted investees	-	-
	a) changes in fair value		
	b) reversal to income statement	-	-
	- impairment adjustments		
	- realised gains/losses		
	c) other changes		
180.	Income taxes relating at other income components withreversal to profit or loss		
190.	**Total other income components**	**(17)**	**176**
200.	**Comprehensive income (Item 10+190)**	**58,445**	**36,753**

Section 6 – Transactions with related parties

The introduction of the international accounting standards involves the application of the provisions relating to disclosure on transactions with related parties established by IAS 24.

6.1 Information on the remuneration of executives with strategic responsibilities

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
Directors	46	46
Auditors	96	94
Total	**142**	**140**

6.2 Loans and guarantees given in favour of directors and statutory auditors

There were no amounts in this section.

6.3 Information on transactions with related parties

Reference should be made to the comments in the corresponding item of the Report on Operations – intercompany transactions and those with "related parties".

Income statement transactions for the period and balance sheet balances as at 31 December 2023 between the Parent Company and other BNPP Group companies, deriving from financial or trade transactions, are presented below.

(thousands of euro)

Counterpart	IFITALIA creditor	IFITALIA debtor	Factoring receivables	Guarantees received (*)	Guarantees given	Derivative liability
A) PARENT COMPANY	**11,407**	**4,694,755**	**6**	**-**	**-**	**-**
BNP PARIBAS SUCC. MILANO	11,407	4,692,626	6	-		
BNP PARIBAS PARIS		2,129				
B) BNPP GROUP COMPANIES	**646**	**1,074,533**	**64,601**	**361,287**	**2,802**	**-**
ARTIGIANCASSA SPA			4			
ARVAL SERVICE LEASE		-				
ARVAL SERVICE LEASE ITALIA SPA		203	56,104			
AXEPTA SPA (EX- BNL POSITIVITY SRL)						
BANCA NAZIONALE DEL LAVORO SPA	596	771,863	6,734	361,287	2,802	-
BANQUE MAROCAINE POUR LE COMMERCE ET L'INDUSTRIE			4			
BNL FINANCE SPA						
BNPP CARDIF VITA COMPAGNIA DI ASSICURAZIONE E RIASSICURAZIONE SPA						
BNPP FACTOR	-	945	19			
BNPP FORTIS	50	3,277	-			
BNPP REAL ESTATE						
BUSINESS PARTNER ITALIA SCPA						
CARDIF ASSURANCES RISQUES DIVERS			278			
CNH INDUSTRIAL CAPITAL EUROPE			9			
FINDOMESTIC BANCA SPA			1,233		-	
TIERRE SECURITISATION SRL		289,683				
TURK EKONOMI BANKASI AS						
BNPP Real Estate Advisory Italy SPA						
Diamante Re SRL	-	8,267	-			
Sviluppo HQ Tiburtina SRL	-	-	1			
SNC Natiocredimurs						
Servizio Italia SPA						
TEB Faktoring AS			1			
BNPP Lease Group Leasing Solutions SPA			136			
BNPP SA Dublin Branch - IE						
BNPP Partners for Innovation Italia SRL		93	35			
Financit SPA			10			
BNPP 3 Step IT	-	184				
BNPP Faktoring Spolka ZOO			33			
International Trade Partner						
BNP Paribas SGR SPA						
BNPP Net Ltd		18				
C) ASSOCIATED COMPANIES	**-**	**-**	**-**	**-**	**-**	**-**
Total	**12,053**	**5,769,288**	**64,607**	**361,287**	**2,802**	**-**

(*) Including guarantees provided to cover the exceeding of risk concentration limits.

(thousands of euro)

Counterpart	Interest and similar income	Interest and similar expense	Commission income	Commission expense	Dividends	Derivatives	Administrative expenses	Other operating income and charges	Gains on disposal of investments
A) PARENT COMPANY		(136,344)		(53)			(3,158)		
B) BNPP GROUP COMPANIES	59	(30,151)	114	(3,037)			(16,802)	(575)	
C) ASSOCIATED COMPANIES							-		
Total	**59**	**(166,495)**	**114**	**(3,090)**	**-**	**-**	**(19,960)**	**(575)**	**-**

Section 7 – Leases (Lessee)

Qualitative disclosure

In applying IFRS 16, Ifitalia considered it applicable only in relation to the lease contract for the space in the building in Assago to which the Company moved its headquarters in April 2022. The contract was signed with Diamante Re, a company belonging to the BNP Paribas Group, and has a duration of 15 years. Based on this contract, the relevant right-of-use and the corresponding financial liability were calculated. Ifitalia has other lease contracts in place with the company BNL Spa for the sales outlets located in the various Italian regions; however, in consideration of the insignificant amounts and ongoing organisational changes that require them to be closed or restructured, these contracts were excluded from IFRS 16.

Quantitative information

1. Annual changes of rights of use for leases

(thousands of euro)

	Total
A. Gross initial existences	13,772
A.1 Total net impairments	(78)
A.2 Net initial existences	13,694
B. Increases	9,187
B.1 Purchases	8,191
B.2 Capitalised improvement expenditure	
B.3 Revivals	
B.4 Variazioni positive di fair value imputate a :	
B.5 Positive exchange rate differences	
B.6 Transfers from real estate held for investment purposes	
B.7 Other variations	996
C. Decreases	14,690
C.1 Sales	
C.2 Depreciation	918
C.3 Imputed losses booked to:	
C.4 Negative changes in fair value attributed to:	
C.5 Negative exchange rate differences	
C.6 Relocation to:	
C.7 Other variation	13,772
D. Net closing balances	8,191
D.1 Net impairment	
D.2 Gross final leftovers	8,191

2. Cash flows by maturity bands of lease payables

(thousands of euro)

	Leasing csh flow maturity bands					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from one year to 2 years	over 2 years	Total
Lease liabilities	162	66	231	477	7,255	**8,191**
Total	**162**	**66**	**231**	**477**	**7,255**	**8,191**

Section 8 – Other disclosure

8.1 Contributions received from the Public Administration

Companies that receive grants, contributions, paid assignments and economic advantages of any kind from public administrations, or in any case from public resources, are required to publish these amounts in the notes to the accounts of the financial statements and consolidated financial statements, if any. This is what the annual law for the market and competition provides in compliance with a series of disclosure and transparency obligations (Article 1, paragraph 125 et seq., Law no. 124/2017).

Following the Assonime Circular of 11 February 2019, in particular, with reference to the type of disbursements covered by the obligation to publish them in the notes to the financial statements and the way in which they are reported, the Company decided to refer to the National Register of State Aid, in the presence of numerous interpretational issues that lead to the conclusion that further action at the regulatory level is desirable.

Here is the web address to access the information:
https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx

As reported by the National Register of State Aid, in 2023 Ifitalia did not request contributions; moreover, it did not receive any reimbursements for financed training.

Ifitalia had contributions in the field of human resources management amounting to EUR 109,331.46, broken down as follows:

- Contributions for new hires/stabilisations, introduced by the 2018 Stability Law (Law no. 205/2017): EUR 21,250.00;
- Contributions for the Ordinary Section of the Solidarity Fund - benefits: Interministerial Decree 83486 of 28/07/2014 - Article 10, paragraph 2 of EUR 24,877.93;
- Article 8 of Italian Law Decree no. 203 of 30 September 2005, converted, with amendments, by Italian Law no. 248 of 2 December 2005. Compensating measures for companies that contribute the employment termination benefits to supplementary pensions of EUR 63,203.53.

Financial Statement Data for the Parent Company BNP Paribas

With reference to the matters envisaged by Article 2497-bis, paragraph 4 of the Italian Civil Code, regarding disclosure on management and co-ordination activities, tables are presented below containing a summary of the highlights taken from the last set of financial statements as at 31 December 2023 approved by BNP Paribas S.A. in its capacity as direct parent company.

IFITALIA
BNP PARIBAS

BNP PARIBAS

The bank for a changing world

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with IFRS as adopted by the European Union

The Board of directors of BNP Paribas approved the Group consolidated financial statements on 6 February 2023.
The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2022 and 31 December 2021. In accordance with Annex I of European Delegated Regulation (EU) 2019/980, the consolidated financial statements for the year ended 31 December 2020 are provided in the Universal registration document filed with the Autorité des Marchés Financiers on 15 March 2022 under number D.22-0098.

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of 100% of its retail and commercial banking activities in the United States operated by the BancWest cash-generating unit. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 7.d *Discontinued activities*) leading to isolate the "Net income from discontinued activities" on a separate line. A similar reclassification is made in the statement of net income and changes in assets and liabilities recognised directly in equity and in the cash flow statement. The effect of this reclassification on the aggregates of the profit and loss statement is presented in note 3 *Segment Information*.
Following the receipt of regulatory approvals, the transaction was finalised on 1 February 2023.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of euros	Notes	Year to 31 Dec. 2022	Year to 31 Dec. 2021
Interest income	2.a	41,082	29,518
Interest expense	2.a	(20,251)	(10,280)
Commission income	2.b	14,622	15,037
Commission expense	2.b	(4,444)	(4,675)
Net gain on financial instruments at fair value through profit or loss	2.c	9,358	7,615
Net gain on financial instruments at fair value through equity	2.d	138	164
Net gain on derecognised financial assets at amortised cost		(41)	(2)
Net income from insurance activities	2.e	4,296	4,332
Income from other activities	2.f	15,701	15,482
Expense on other activities	2.f	(12,830)	(13,429)
REVENUES FROM CONTINUING ACTIVITIES		**47,631**	**43,762**
Salary and employee benefit expense	6.a	(17,605)	(16,417)
Other operating expenses	2.g	(11,696)	(10,705)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.n	(2,394)	(2,344)
GROSS OPERATING INCOME FROM CONTINUING ACTIVITIES		**15,936**	**14,296**
Cost of risk	2.h	(3,004)	(2,971)
OPERATING INCOME FROM CONTINUING ACTIVITIES		**12,932**	**11,325**
Share of earnings of equity-method entities	4.m	699	494
Net gain on non-current assets	2.i	(253)	834
Goodwill	4.o	249	91
PRE-TAX INCOME FROM CONTINUING ACTIVITIES		**13,627**	**12,744**
Corporate income tax from continuing activities	2.j	(3,716)	(3,584)
NET INCOME FROM CONTINUING ACTIVITIES		**9,911**	**9,160**
Net income from discontinued activities	7.d	686	720
NET INCOME		**10,597**	**9,880**
Net income attributable to minority interests		401	392
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**10,196**	**9,488**
Basic earnings per share	7.a	7.80	7.26
Diluted earnings per share	7.a	7.80	7.26

BNP PARIBAS

The bank for a changing world

BALANCE SHEET AT 31 DECEMBER 2022

In millions of euros	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and balances at central banks		318,560	347,883
Financial instruments at fair value through profit or loss			
Securities	4.a	166,077	191,507
Loans and repurchase agreements	4.a	191,125	249,808
Derivative financial instruments	4.a	327,932	240,423
Derivatives used for hedging purposes	4.b	25,401	8,680
Financial assets at fair value through equity			
Debt securities	4.c	35,878	38,906
Equity securities	4.c	2,188	2,558
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	32,616	21,751
Loans and advances to customers	4.e	857,020	814,000
Debt securities	4.e	114,014	108,510
Remeasurement adjustment on interest-rate risk hedged portfolios		(7,477)	3,005
Financial investments and other assets related to insurance activities	4.i	247,403	280,766
Current and deferred tax assets	4.k	5,893	5,866
Accrued income and other assets	4.l	209,092	179,123
Equity-method investments	4.m	6,263	6,528
Property, plant and equipment and investment property	4.n	38,468	35,083
Intangible assets	4.n	3,790	3,659
Goodwill	4.o	5,294	5,121
Assets held for sale	7.d	86,839	91,267
TOTAL ASSETS		**2,666,376**	**2,634,444**
LIABILITIES			
Deposits from central banks		3,054	1,244
Financial instruments at fair value through profit or loss			
Securities	4.a	99,155	112,338
Deposits and repurchase agreements	4.a	234,076	293,456
Issued debt securities	4.a	70,460	70,383
Derivative financial instruments	4.a	300,121	237,397
Derivatives used for hedging purposes	4.b	40,001	10,076
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	124,718	165,699
Deposits from customers	4.g	1,008,054	957,684
Debt securities	4.h	154,143	149,723
Subordinated debt	4.h	24,156	24,720
Remeasurement adjustment on interest-rate risk hedged portfolios		(20,201)	1,367
Current and deferred tax liabilities	4.k	3,054	3,103
Accrued expenses and other liabilities	4.l	185,456	145,399
Technical reserves and other insurance liabilities	4.j	226,532	254,795
Provisions for contingencies and charges	4.p	10,040	10,187
Liabilities associated with assets held for sale	7.d	77,002	74,366
TOTAL LIABILITIES		**2,539,821**	**2,511,937**
EQUITY			
Share capital, additional paid-in capital and retained earnings		*115,149*	*108,176*
Net income for the period attributable to shareholders		*10,196*	*9,488*
Total capital, retained earnings and net income for the period attributable to shareholders		**125,345**	**117,664**
Changes in assets and liabilities recognised directly in equity		(3,553)	222
Shareholders' equity		**121,792**	**117,886**
Minority interests	7.f	**4,763**	**4,621**
TOTAL EQUITY		**126,555**	**122,507**
TOTAL LIABILITIES AND EQUITY		**2,666,376**	**2,634,444**

IFITALIA CONSOLIDATED FINANCIAL STATEMENT

Consolidated financial statements as at 31 December 2023

IFITALIA GRUPPO BNP PARIBAS

MANDATORY FINANCIAL STATEMENTS

Consolidated Balance Sheet

(euro)

	ASSETS	31/12/2023	31/12/2022
10	Cash and cash equivalents	1,479,204	3,550,711
20	Financial assets at fair value through profit or loss:	389,699	405,927
	a) financial assets held for trading	-	-
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	389,699	405,927
30.	Financial assets at fair value through other comprehensive income	-	-
40.	Financial assets measured at amortised cost:	7,217,580,907	8,162,290,983
	a) loans to banks	*16,069,950*	11,623,748
	b) loans to financial company	*303,602,430*	256,983,796
	c) loans to customers	*6,897,908,527*	7,893,683,439
50.	Hedging derivatives	-	-
60.	Change in fair value of portfolio hedged items (+/-)	-	-
70.	Equity investments	-	-
80.	Property, plant and equipment	9,404,410	15,117,784
90.	Intangible assets	7,885,339	9,029,105
	of wich: goodwill	-	-
100.	Tax assets	43,268,647	49,598,081
	a) current	*17,170,893*	12,865,579
	b) deferred	*26,097,754*	36,732,502
110.	Non-current assets and disposal groups held for sale	-	-
120.	Other assets	30,024,774	33,533,887
	Total assets	**7,310,032,980**	**8,273,526,478**

(euro)

	LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2023	31/12/2022
10	Financial liabilities measured at amortised cost:	6,197,114,191	7,233,907,818
	a) Deposits	5,908,564,191	6,945,057,818
	b) Debt securities issued	288,550,000	288,850,000
20	Financial liabilities held for trading	-	-
	Financial liabilities held for trading (former item 30 IAS 39)		
30		-	-
	Financial liabilities designated at fair value		
40	*Financial liabilities measured at fair value (former item 40 IAS 39)*	-	-
50	Hedging derivatives	-	-
60	Change in fair value of portfolio hedged items (+/-)	16,657,153	14,461,226
		16,228,589	14,023,650
	Tax liabilities	428,564	437,576
	a) current		
70	*b) deferred*	-	-
80	Liabilities associated with discontinued operations	164,760,243	145,894,143
90	Other liabilities	2,855,339	3,324,839
100	Post-employment benefits	17,099,871	22,837,708
	a) commitments and guarantees issued	410,730	762,798
	b) post-retirement benefit and similar obligations	-	-
	c) other provisions for risks and charges	16,689,141	22,074,910
110	Equity	55,900,000	55,900,000
120	Treasury shares (-)	-	-
130	Equity instruments	-	-
140	Share premium	61,798,643	61,798,643
150	Reserves	736,345,459	699,768,028
160	Valuation reserves	(969,871)	(953,358)
170	Profit (loss) for the year	58,461,952	36,577,431
180	Other Shareholders' equity	10,000	10,000
	Total Liabilities and Shareholders' equity	**7,310,032,980**	**8,273,526,478**

Consolidated Income Statement

(euro)

	P&L	31/12/2023	31/12/2022
10	Interest and similar income	256,192,882	83,859,564
	of which: interest income calculated using the effective interest rate method	250,853,804	80,045,068
20	Interest and similar expense	(166,383,111)	(24,563,273)
30	**Net interest income**	**89,809,771**	**59,296,291**
40	Fee and commission income	76,700,401	75,665,040
50	Fee and commission expense	(13,875,372)	(13,933,966)
60	**Net fee and commission income**	**62,825,029**	**61,731,074**
70	Dividends and similar income	-	-
80	Net result from trading	(63,249)	(80,667)
90	Net result from hedging	-	-
100	Profit (loss) from disposal or repurchase of:	-	-
	a) financial assets measured at amortised cost	-	-
	b) financial assets at fair value through other comprehensive income	-	-
	c) financial liabilities	-	-
110	Net result of other financial assets/liabilities at fair value through profit or loss:	-	-
	a) financial assets and liabilities designated at fair value	-	-
	b) other financial assets mandatorily measured at fair value	-	
120	**Net banking income**	**152,571,551**	**120,946,698**
130	Net value adjustments/write-backs for credit risk relating to:	(17,807,151)	(10,994,494)
	a) financial assets measured at amortised cost	(17,807,151)	(10,994,494)
	b) financial assets at fair value through other comprehensive income	-	-
140	Gains/losses on contract modifications without eliminations	-	-
150	**Net result of financial management**	**134,764,400**	**109,952,204**
160	Administrative expenses:	(49,773,313)	(49,252,344)
	a) personnel expenses	*(23,066,745)*	*(22,388,058)*
	b) other administrative expenses	*(26,706,567)*	*(26,864,286)*
170	Net provisions for risks and charges	3,763,079	(5,774,665)
	a) commitments and guarantees issued	*351,778*	*(336,779)*
	b) other net provisions	*3,411,301*	*(5,437,886)*
180	Net value adjustments/write-backs on property, plant and equipment	(1,140,891)	(314,188)
190	Net value adjustments/write-backs on intangible assets	(3,570,600)	(3,494,787)
200	Other operating expenses/income	1,389,862	1,612,958
210	**Operating expenses**	**(49,331,863)**	**(57,223,026)**
220	Profit (Loss) from equity investments	-	-
230	Net result of valuation at fair value of property, plant and equipment and intangible assets	-	-
240	Value adjustments to goodwill	-	-
250	Gains (Losses) on sale of investments	-	
260	**Operating profit (loss) before taxes**	**85,432,537**	**52,729,178**
270	Income taxes for the year	(26,970,586)	(16,151,747)
280	**Operating profit (loss) net of taxes**	**58,461,952**	**36,577,431**
290	Profit (Loss) of discontinued operations, net of taxes	-	-
300	**Profit (loss) for the year**	**58,461,952**	**36,577,431**
310.	**Profit (loss) for the year attributable to third parties**	**-**	**-**
320.	**Profit (loss) for the year attributable to the parent company**	**58,461,952**	**36,577,431**

Consolidated Statement of Comprehensive Income

(euro)

	Items	Year 2023	Year 2022
10	**Profit (loss) for the year**	**58,461,952**	**36,577,431**
	Other income components net of taxes without reversal to income statement connected with:		
20	Equity instruments measured at fair value through other comprenshive income		
30	Financial liabilities designated at fair value through profit or loss (change in the creditworthiness)		
40	Hedging of equity instruments measured at fair value through other comprehensive income		
50	Property, plant and equipment		
60	Intangible assets		
70	Defined benefit plans	(16,513)	175,746
80	Non-current assets held for sale		
90	Share of reserves from valuation of investments carried at equity		
	Other income components net of taxes with reversal to income statement connected with:		
100	Hedging of foreign investments		
110	Exchange rate differences		
120	Cash flow hedges		
130	Hedging instruments [not-designated elements]		
140	Financial assets (other than equity instruments) at fair value through other comprehesive income		
150	Non-current assets and disposal groups held for sale		
160	Share of reserves from valuation of investments carried at equity		
170	**Total other income components net of taxes**	**(16,513)**	**175,746**
180	**Comprehensive income (Item 10+170)**	**58,445,439**	**36,753,177**
190.	**Consolidated comprehensive income attributable to third parties**	**-**	**-**
200.	**Consolidated comprehensive income attributable to the parent company**	**58,445,439**	**36,753,177**

Consolidated Statement of Changes in Equity as at 31 December 2023

(euro)

	Balances as at 31.12.2022	Change in opening balances	Balances as at 01.01.2023	Allocation of profit from previous year: Reserves	Allocation of profit from previous year: Dividends and other uses	Changes during the year: Changes in reserves	Changes during the year: Equity transactions: Issue of new shares	Changes during the year: Equity transactions: Purchase of treasury shares	Changes during the year: Equity transactions: Extraordinary distribution of dividends	Changes during the year: Equity transactions: Changes in equity instruments	Changes during the year: Other changes	Comprehensive income as at 2023	Shareholders' Equity 31.12.2023	Shareholders' equity of third parties 31.12.2023
Share capital:	**55,910,000**		**55,910,000**										**55,900,000**	**10,000**
a) ordinary shares	55,910,000		55,910,000										55,900,000	
b) other shares														
Share premium	**61,798,643**		**61,798,643**										**61,798,643**	
Reserves:	**699,768,027**	**-**	**699,768,028**	**36,577,431**							**-**		**736,345,459**	
a) profit-related	700,926,401		700,926,401	36,577,431									737,503,832	
b) other	(1,158,373)		(1,158,373)								-		(1,158,373)	
Valuation reserves	**(953,358)**		**(953,358)**									**(16,513)**	**(969,871)**	
Equity instruments														
Treasury shares														
Profit (loss) for the year	**36,577,431**		**36,577,431**	**(36,577,431)**								**58,461,952**	**58,461,952**	
Shareholders' Equity	**853,090,744**		**853,090,744**								**-**	**58,445,439**	**911,536,183**	**X**
Shareholders' equity of third parti	**10,000**		**10,000**										**X**	**10,000**

Consolidated Statement of Changes in Equity as at 31 December 2022

(euro)

	Balances as at 31.12.2021	Change in opening balances	Balances as at 01.01.2022	Allocation of profit from previous year: Reserves	Allocation of profit from previous year: Dividends and other uses	Changes during the year: Changes in reserves	Changes during the year: Equity transactions: Issue of new shares	Changes during the year: Equity transactions: Purchase of treasury shares	Changes during the year: Equity transactions: Extraordinary distribution of dividends	Changes during the year: Equity transactions: Changes in equity instruments	Changes during the year: Other changes	Comprehensive income as at 2022	Shareholders' Equity 31.12.2022	Shareholders' equity of third parties 31.12.2022
Share capital:	**55,910,000**		**55,910,000**										**55,900,000**	**10,000**
a) ordinary shares	55,910,000		55,910,000										55,900,000	
b) other shares														
Share premium	**61,798,643**		**61,798,643**										**61,798,643**	
Reserves:	**673,440,870**	**-**	**673,440,870**	**26,327,156**							**-**		**699,768,026**	
a) profit-related	674,599,243		674,599,243	26,327,156									700,926,399	
b) other	(1,158,373)		(1,158,373)								-		(1,158,373)	
Valuation reserves	**(1,129,104)**		**(1,129,104)**									**175,746**	**(953,358)**	
Equity instruments	-													
Treasury shares	-													
Profit (loss) for the year	**20,602,568**	**(275,412)**	**26,327,156**	**(26,327,156)**								**36,577,431**	**36,577,431**	
Shareholders' Equity	**817,917,114**	**(1,579,547)**	**816,337,567**								**-**	**36,753,177**	**853,090,744**	**X**
Shareholders' equity of third parti	**10,000**		**10,000**										**X**	**10,000**

Consolidated Statement of Cash Flows classified using the indirect method

			31/12/2023	31/12/2022
A.	**OPERATIONAL ACTIVITIES**			
1.		**Management**	**88.636.102**	**67.151.427**
	-	profit (loss) for the year (+/-)	58.461.952	36.577.431
	-	gains/losses on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-)	-	-1.963
	-	gains/losses on hedging (+/-)	-	-
	-	net value adjustments/write-backs for credit risk (+/-)	12.792.683	6.917.201
	-	net value adjustments/write-backs on property, plant and equipmentand and intangible assets (+/-)	4.711.491	3.808.975
	-	net allowances to provisions for risks and charges and other costs/revenues(+/-)	-3.667.880	5.774.665
	-	taxes not settled (+/-)	16.337.856	14.075.118
	-	net value adjustments/write-backs on discontinued operations, net of taxes (+/-)	-	-
	-	other adjustments (+/)	-	-
2.		**Cash flow generated/absorbed by financial assets**	**940.637.661**	**-1.123.569.064**
	-	financial assets held for trading	-	-
	-	financial assets designated at fair value	-	-
	-	other financial assets mandatorily measured at fair value	16.228	147.605
	-	financial assets at fair value through other comprehensive income	-	-
	-	financial assets measured at amortised cost	931.917.393	-1.240.267.636
	-	other assets	8.704.040	116.550.967
3.		**Cash flow generated/absorbed by financial liabilities**	**-1.033.490.919**	**1.066.864.071**
	-	financial liabilities measured at amortised cost	-1.036.793.627	1.101.638.147
	-	financial liabilities held for trading	-	-
	-	financial liabilities designated at fair value	-	-
	-	other liabilities	3.302.708	-34.774.076
		Cash flow generated/absorbed by operating activities	**-4.217.156**	**10.446.434**
B.	**INVESTING ACTIVITIES**			
1.	**Cash flow generated by:**		**14.842.733**	**1.499.973**
	-	sale of equity investments	-	-
	-	dividends collected on equity investments	-	-
	-	sale of property, plant and equipment	14.842.733	1.499.973
	-	sale of intangible assets	-	-
	-	sale of subsidiaries and businesses	-	-
2.	**Cash flow absorbed by:**		**-12.697.085**	**-17.900.641**
	-	purchase of equity investments	-	-
	-	purchase of property, plant and equipment	-10.270.251	-15.208.461
	-	purchase of intangible assets	-2.426.834	-2.692.180
	-	purchase of subsidiaries and businesses	-	-
		Net cash flow generated/absorbed by investing activities	**2.145.649**	**-16.400.668**
C.	**Activities provvista**			
	-	issue/purchase of treasury shares	-	-
	-	issue/purchase of equity instruments	-	-
	-	distribution of dividends and other uses	-	-
		Net cash flow generated/absorbed by funding activities	**-**	**-**
		NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**-2.071.507**	**-5.954.234**

The approach used generated liquidity equal to item 10. Cash and cash equivalents.

Reconciliation

(euro)

Financial statement items	31/12/2023	31/12/2022
Cash and cash equivalents at the beginning of the year	3,550,711	9,504,945
Total net cash flow generated/absorbed during the year	(2,071,507)	(5,954,234)
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	1,479,204	3,550,711

NOTES TO THE ACCOUNTS

INTRODUCTION

The Notes to the accounts are divided into the following parts:
1) Part A – Accounting Policies;
2) Part B – Information on the Balance Sheet;
3) Part C – Information on the Income Statement;
4) Part D – Other Information.
Each part of the notes is divided into sections, each of which illustrates an individual aspect of the business operations. The sections contain both qualitative and quantitative information.
As a rule, the quantitative information comprises items and tables.

During the preparation of the 2023 Financial Statements, an error was identified in the financial statements of the subsidiary "Tierre securitisation srl" which had effects in the financial years 2022 and 2021. Pursuant to the provisions of IAS 8, this error was therefore corrected by restating the balances as at 31 December 2022 and 31 December 2021.
The report required by IAS 1 paragraph 40A is shown below.
The following tables in the explanatory notes to the consolidated financial statements show the restated balances for both 2022 and 2021.

(euro)

	ASSETS	2022	Delta	New 2022	2021	Delta	New 2021
10.	Cash and cash equivalents	3.550.711	-	3.550.711	9.504.945	-	9.504.945
20.	Financial assets at fair value through profit or loss:	405.927	-	405.927	553.532	-	553.532
	a) financial assets held for trading	-	-	-	-	-	-
	b) financial assets designated at fair value	-	-	-	-	-	-
	c) other financial assets mandatorily measured at fair value	*405.927*	-	*405.927*	*553.532*	-	*553.532*
				-			-
30.	Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
				-			-
40.	Financial assets measured at amortised cost:	8.162.290.983	-	8.162.290.983	6.928.940.548	-	6.928.940.548
	a) loans to banks	*11.623.748*		*11.623.748*	*14.241.230*		*14.241.230*
	b) loans to financial company	*256.983.796*		*256.983.796*	*104.464.324*		*104.464.324*
	c) loans to customers	*7.893.683.439*		*7.893.683.439*	*6.810.234.994*		6.810.234.994
				-			-
50.	Hedging derivatives	-	-	-	-	-	-
				-			-
60.	Change in fair value of portfolio hedged items (+/-)	-	-	-	-	-	-
				-			-
70.	Equity investments	-		-	-		-
			-	-		-	-
80.	Property, plant and equipment	15.117.784		15.117.784	1.723.484		1.723.484
				-			-
90.	Intangible assets	9.029.105	-	9.029.105	9.831.712	-	9.831.712
	of wich: goodwill	-	-	-	-	-	-
				-			-
100.	Tax assets	49.598.081	-	49.598.081	54.321.330	-	54.321.330
	a) current	*12.865.579*	-	*12.865.579*	*15.537.398*	-	*15.537.398*
	b) deferred	*36.732.502*	-	*36.732.502*	*38.783.932*	-	*38.783.932*
				-			-
110.	Non-current assets and disposal groups held for sale	-	-	-	-	-	-
				-			-
120.	Other assets	33.533.887	-	33.533.887	145.572.632	-	145.572.632
				-			-
	Total assets	**8.273.526.478**	-	**8.273.526.478**	**7.150.448.183**	-	**7.150.448.183**

(euro)

	LIABILITIES AND SHAREHOLDERS' EQUITY	2022	Delta	New 2022	2021	Delta	New 2021
10.	Financial liabilities measured at amortised cost:	7.233.907.818	-	7.233.907.818	6.132.269.671	-	6.132.269.671
	a) Deposits	6.945.057.818	-	6.945.057.818	5.896.065.757	-	5.896.065.757
	b) Debt securities issued	288.850.000	-	288.850.000	236.203.914	-	236.203.914
20.	Financial liabilities held for trading	-	-	-	1.963	-	1.963
	Financial liabilities held for trading (former item 30 IAS 39)						
30.		-	-	-	-	-	-
	Financial liabilities designated at fair value						
40.	Financial liabilities measured at fair value (former item 40 IAS 39)	-	-	-	-	-	-
50.	Hedging derivatives	-	-	-	-	-	-
60.	Change in fair value of portfolio hedged items (+/-)	14.461.226	-	14.461.226	7.568.799	-	7.568.799
		14.023.650	-	14.023.650	7.222.005	-	7.222.005
	Tax liabilities	437.576	-	437.576	346.794	-	346.794
	a) current						
70.	b) deferred	-	-	-	-	-	-
80.	Liabilities associated with discontinued operations	143.573.320	2.320.823	145.894.143	170.374.086	1.579.547	171.953.633
90.	Other liabilities	3.324.839	-	3.324.839	4.035.039	-	4.035.039
100.	Post-employment benefits	22.837.708	-	22.837.708	18.271.511	-	18.271.511
	a) commitments and guarantees issued	762.798	-	762.798	424.675	-	424.675
	b) post-retirement benefit and similar obligations	-	-	-	-	-	-
	c) other provisions for risks and charges	22.074.910	-	22.074.910	17.846.836	-	17.846.836
110.	Equity	55.900.000	-	55.900.000	55.900.000	-	55.900.000
120.	Treasury shares (-)	-	-	-	-	-	-
130.	Equity instruments	-	-	-	-	-	-
140.	Share premium	61.798.643	-	61.798.643	61.798.643	-	61.798.643
150.	Reserves	701.347.575	(1.579.547)	699.768.028	674.745.007	(1.304.135)	673.440.872
160.	Valuation reserves	(953.358)		(953.358)	(1.129.104)		(1.129.104)
		-	-				
170.	Profit (loss) for the year	37.318.707	(741.276)	36.577.431	26.602.568	(275.412)	26.327.156
180.	Other Shareholders' equity	10.000	-	10.000	10.000	-	10.000
	Total Liabilities and Shareholders' equity	**8.273.526.478**	**-**	**8.273.526.478**	**7.150.448.183**	**-**	**7.150.448.183**

In the 2022 differences column, the value referring to the change in other liabilities (EUR 2.3 million) and reserves (EUR 1.5 million) also includes the cumulative effect relating to the portion of the 2021 amendment restated in the subsequent columns.

(euro)

	P&L	2022	Delta	New 2022	2021	Delta	New 2021
10	Interest and similar income	83.859.564	-	83.859.564	60.149.464	-	60.149.464
	of which: interest income calculated using the effective interest rate method	*80.045.068*	-	*80.045.068*	*58.980.523*	-	*58.980.523*
20	Interest and similar expense	(23.821.997)	(741.276)	(24.563.273)	(1.980.967)	(275.412)	(2.256.379)
30	**Net interest income**	**60.037.567**	**(741.276)**	**59.296.291**	**58.168.497**	**(275.412)**	**57.893.085**
40	Fee and commission income	75.665.040	-	75.665.040	58.680.872	-	58.680.872
50	Fee and commission expense	(13.933.966)	-	(13.933.966)	(11.544.700)	-	(11.544.700)
60	**Net fee and commission income**	**61.731.074**	**-**	**61.731.074**	**47.136.172**	**-**	**47.136.172**
70	Dividends and similar income	-	-	-	90.360	-	90.360
80	Net result from trading	(80.667)	-	(80.667)	6.692	-	6.692
90	Net result from hedging	-	-	-	-	-	-
100	Profit (loss) from disposal or repurchase of:	-	-	-	-	-	-
	a) financial assets measured at amortised cost	-	-	-	-	-	-
	b) financial assets at fair value through other comprehensive income	-	-	-	-	-	-
	c) financial liabilities	-	-	-	-	-	-
110	Net result of other financial assets/liabilities at fair value through profit or loss:	-	-	-	80.036	-	80.036
	a) financial assets and liabilities designated at fair value	-	-	-	-	-	-
	b) other financial assets mandatorily measured at fair value	-	-	-	80.036	-	80.036
120	**Net banking income**	**121.687.974**	**(741.276)**	**120.946.698**	**105.481.757**	**(275.412)**	**105.206.345**
130	Net value adjustments/write-backs for credit risk relating to:	(10.994.494)	-	(10.994.494)	(12.493.009)	-	(12.493.009)
	a) financial assets measured at amortised cost	(10.994.494)	-	(10.994.494)	(12.493.009)	-	(12.493.009)
	b) financial assets at fair value through other comprehensive income	-	-	-	-	-	0
140	**Gains/losses on contract modifications without eliminations**	-	-	-	-	-	0
150	**Net result of financial management**	**110.693.480**	**(741.276)**	**109.952.204**	**92.988.748**	**(275.412)**	**92.713.336**
160	Administrative expenses:	(49.252.344)	-	(49.252.344)	(44.987.241)	-	(44.987.241)
	a) personnel expenses	*(22.388.058)*	-	*(22.388.058)*	*(21.959.943)*	-	(21.959.943)
	b) other administrative expenses	*(26.864.286)*	-	*(26.864.286)*	*(23.027.298)*	-	(23.027.298)
170	**Net provisions for risks and charges**	***(5.774.665)***	**-**	***(5.774.665)***	***(7.354.296)***	**-**	**(7.354.296)**
	a) commitments and guarantees issued	*(336.779)*	-	*(336.779)*	*1.483.023*	-	1.483.023
	b) other net provisions	*(5.437.886)*	-	*(5.437.886)*	*(8.837.319)*	-	(8.837.319)
180	Net value adjustments/write-backs on property, plant and equipment	(314.188)	-	(314.188)	(999.772)	-	(999.772)
190	Net value adjustments/write-backs on intangible assets	(3.494.787)	-	(3.494.787)	(3.546.010)	-	(3.546.010)
200	Other operating expenses/income	1.612.958	-	1.612.958	1.953.870	-	1.953.870
210	**Operating expenses**	**(57.223.026)**	**-**	**(57.223.026)**	**(54.933.449)**	**-**	**(54.933.449)**
220	Profit (Loss) from equity investments	-	-	-	-	-	-
230	Net result of valuation at fair value of property, plant and equipment and intan	-	-	-	-	-	-
240	Value adjustments to goodwill	-	-	-	-	-	-
250	Gains (Losses) on sale of investments	-	-	-	-	-	-
260	**Operating profit (loss) before taxes**	**53.470.454**	**(741.276)**	**52.729.178**	**38.055.299**	**(275.412)**	**37.779.887**
270	Income taxes for the year	(16.151.747)	-	(16.151.747)	(11.452.731)	-	(11.452.731)
280	**Operating profit (loss) net of taxes**	**37.318.707**	**(741.276)**	**36.577.431**	**26.602.568**	**(275.412)**	**26.327.156**
290	Profit (Loss) of discontinued operations, net of taxes	-	-	-	-	-	-
300	**Profit (loss) for the year**	**37.318.707**	**(741.276)**	**36.577.431**	**26.602.568**	**(275.412)**	**26.327.156**
310.	**Profit (loss) for the year attributable to third parties**	**-**	**-**	**-**	**-**	**-**	-
320.	**Profit (loss) for the year attributable to the parent company**	**37.318.707**	**(741.276)**	**36.577.431**	**26.602.568**	**(275.412)**	**26.327.156**

PART A – ACCOUNTING POLICIES

1 – GENERAL SECTION

Section 1 – Declaration of compliance with international accounting standards

The group's consolidated financial statements as at 31 December 2023 comply with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB, adopted by the European Commission, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005.
With regard to the layouts and the technical forms, the statutory financial statements have been drawn up in accordance with the Circular "Financial statements of IFRS intermediaries other than banking intermediaries", whose updated text was issued by the Bank of Italy on 29 October 2021 for financial statements closed or current on 31 December 2021 and revised with the provisions of the Bank of Italy Communication of 21 December 2021, and in accordance with Article 9 of Italian Legislative Decree no. 38/2005; the latter circular continues to apply to the financial statements for the year ended 31 December 2023, supplemented, where applicable, by the amendments to the recipients of the provisions contained in paragraphs 1 "Recipients and contents of the provisions" and 3 "Financial statement reporting formats" of Chapter 1 "General principles" and Annex C "Financial statement reporting formats and notes to the accounts of SIMs" - Consolidated Financial Statements - Part D "Other information" provided for in the provisions "Financial statements of IFRS intermediaries other than banking intermediaries" of the Bank of Italy Measure of 17 November 2022. In order to guide the application and interpretation of the international accounting standards more clearly, reference was also made to the following sources:

- ✓ Framework for the Preparation and Presentation of Financial Statements issued by the IASB;
- ✓ Implementation Guidance, Basis for Conclusions and other interpretative documents for IAS/IFRS adopted by IASB or IFRSIC (International Financial Reporting Standards Interpretations Committee);
- ✓ documents drawn up by the Italian Chartered Accountants Association (Assirevi);
- ✓ documents drawn up by the Italian Standard Setter (OIC) and the Italian Banking Association (ABI);
- ✓ ESMA (European Securities and Markets Authority) and CONSOB documents that refer to the application of specific provisions in the IFRS.

Section 2 – General basis of presentation

The consolidated financial statements, accompanied by the related Report on Operations, comprise:

- ✓ Consolidated Balance Sheet and Consolidated Income Statement;
- ✓ Consolidated Statement of Comprehensive Income;
- ✓ Consolidated Statement of Changes in Equity;
- ✓ Consolidated Statement of Cash Flows;
- ✓ Notes to the Accounts;

The latter includes the relevant information on the accounting standards adopted. The financial statements were prepared with a view to the business as a going concern, taking into account the current and projected profitability and the ease of access to financial resources. The Directors considered the going concern assumption appropriate because, in their judgement, no uncertainties linked to events or circumstances have emerged that, considered individually or as a whole, may lead to doubts about the viability of the business.
The accounting policies comply with the principles of accruals, relevance and significance of the accounting information and predominance of economic substance over legal form.
The financial statement accounts are consistent with the company's accounting records; furthermore, in compliance with the provisions of Article 5, paragraph 2 of Italian Legislative Decree no. 38 dated 28 February 2005, the financial statements have been drawn up using the Euro as the reporting currency. Specifically, in line with the instructions issued by the Bank of Italy, the statements have been drawn up in units of Euro without decimal figures, the notes to the accounts are drawn up in thousands of Euro, and the Report on Operations is drawn up in millions of Euro.

In preparing the financial statements and related disclosure, reference was also made, where applicable, to documents published in recent months by European regulatory and supervisory bodies and standard setters aimed at clarifying the application of IAS/IFRS in the current context (with particular reference to IFRS 9).

The following are mentioned, among others:
- the EBA Communication of 25 March 2020 “Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures”;
- the ESMA Communication of 25 March 2020 “Public Statement. Accounting implications of the COVID 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9”;
- the IFRS Foundation document of 27 March 2020 “IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic”;
- the ECB's letter of 1 April 2020 “IFRS 9 in the context of the coronavirus (COVID 19) pandemic” addressed to all significant institutions;
- the EBA guidelines of 2 April 2020 “Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID 19 crisis”;
- the ESMA Communication of 20 May 2020 “Implications of the COVID 19 outbreak on the half-yearly financial reports”;
- the EBA guidelines of 2 June 2020 “Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID 19 crisis”;
- the ESMA communication of 28 October 2020 “European common enforcement priorities for 2020 annual financial reports”;
- the EBA guidelines of 2 December 2020 “Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID 19 crisis”;
- the ECB's letter of 4 December 2020 “Identification and measurement of credit risk in the context of the coronavirus (COVID 19) pandemic” addressed to all significant institutions;
-the ESMA communication of 29 October 2021 “European common enforcement priorities for 2021 annual financial reports”.
the ESMA communication of 15 December 2021 “report on the application of the IFRS 7 and IFRS 9 requirements regarding banks’ expected credit losses;
• the Bank of Italy Communication of 21 December 2021 updating the additions to the provisions of the Measure "Financial statements of IFRS intermediaries other than banking intermediaries" are updated in order to provide the market with information on the effects that COVID-19 and the measures to support the economy have had on the risk management strategies, objectives and policies, as well as on the economic and financial situation of intermediaries;
• the changes in the EU regulations on the treatment of moratoria, updates to the reporting and financial statement circulars and changes to IFRS 16 "Leases" related to Covid-19;
• the Public Statements issued by ESMA on 14 March and 13 May 2022 containing specific recommendations related to the Russian-Ukrainian crisis, which were fully referred to in the documents published by Consob on 18 March 2022 and 19 May 2022.

The update to the additions took into account the changes in the EU regulations on the treatment of moratoria, recent updates to the reporting and financial statement circulars and changes to IFRS 16 "Leases" related to Covid-19.

Section 3 – Events after the reporting period

When drawing up the consolidated financial statements as at 31 December 2023, the group considered all the events after the reporting period up until the date of approval of the financial statements by the Board of Directors and no corporate events occurred such as to have a significant impact on the balance sheet and income statement results represented (IAS 10 § 8).

Section 4 – Other aspects

The group's financial statements have been audited by the auditing firm Mazars Italia S.p.A., which was granted the appointment for the period 2015 - 2023 by the Shareholders’ Meeting held on 24 November 2015 in accordance with Italian Legislative Decree no. 39 of 27 January 2010.

Impact of the Russia-Ukraine and Israel-Palestine Conflicts on the Economic and Financial Situation

Following the escalation of the crisis in Eastern Europe, which later resulted in the Russian-Ukrainian conflict, the Company promptly launched an analysis of the potential related risks and monitored them during 2023, reaching the following conclusions:

- direct exposures held by the Company to Russia and Ukraine: there are no direct exposures to these countries and no exposures to the Rouble currency.
- indirect impacts relating to the relationships held by customers with countries at risk: again, no significant impacts were identified.

In general, there are no indications of potential risks that could affect the Company's economic and financial situation.

Risks, uncertainties, impacts of the COVID-19 epidemic

The provisioning system implemented by the BNPP Group to calculate impairment levels on performing loans, which was introduced at the end of 2020 to manage the heterogeneous impacts of the pandemic crisis on the macroeconomic environment, was confirmed in 2023.

National tax consolidation

The group has adhered to the group taxation regime for resident subsidiaries (so-called national tax consolidation) exercising, together with the consolidating company BNP Paribas S.A. Milan Branch, the option to Article 117 of Italian Presidential Decree no. 917 of 22 December 1986 (Consolidated Income Tax Act).

Risks and uncertainties related to the use of estimates

The preparation of the financial statements required the use of estimates and assumptions that can have significant effects on the amounts in the balance sheet and profit/loss account, and on the disclosure of contingent assets and liabilities in the financial statements.

The application of certain accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The calculation of these estimates involves the use of the information available and the adoption of subjective evaluations, based also on historical experience, used to formulate reasonable assumptions in order to record management events.

The assumptions on which the estimates are based take into account all the information available at the date of preparation of the periodic report as at 31 December 2023, as well as assumptions that are considered reasonable in the light of historical experience and the likely development of future reference scenarios. However, it cannot be excluded that these estimates and assumptions, although reasonable, may not prove to be correct in the future scenarios in which the Bank will operate. Therefore, future results may differ from the estimates made in the preparation of the separate financial statements as at 31 December 2023, and adjustments to the book value of assets and liabilities recognised in the balance sheet that cannot currently be foreseen or estimated may be required.

Moreover, the estimates and assumptions used may, by their nature, vary from year to year and, therefore, it cannot be excluded that in subsequent years the current values recognised in the financial statements may differ, even significantly, as a result of changes in the subjective evaluations used.

The estimation processes considered to be the most critical for the purposes of true and fair representation of the Bank's financial position, the results of the operations and of the cash flows are listed below, both because of the materiality of the book values affected by the above-mentioned processes, and because of the high degree of discretion involved in the evaluations, which requires Management to make estimates and assumptions:

• determining the losses due to impairment of receivables and, generally, of financial assets;
• determining the Level 3 fair value of financial assets and liabilities;
• estimating the recoverability of deferred tax assets;
• estimating the provisions for risks and charges;
• estimating employee benefit obligations;
• estimates used in defining right of use and lease liability for the purposes of applying IFRS 16.

Estimates and assumptions are reviewed on a regular basis. Any resulting changes are recognised in the period in which the revision is made if it affects only that period. If the revision affects both current and future periods, the change is

recognised in the period in which the revision is made and in the relevant future periods.
The description of the accounting policies applied to the main aggregates of the financial statements provides the information required to identify the main assumptions and subjective evaluations used in the preparation of the financial statements. For more detailed information on the composition and relative book values of the items affected by the estimates in question, reference is made to the specific sections of the notes to the accounts.

Impairment tests

As regards the tests provided for by IAS 36, no impairment indicators were found in the valuations made, in consideration of the book values and the specific nature of the assets in the accounts.

Impacts of climate changes
Climate change is an urgent and potentially irreversible threat to humanity and the planet, playing a central role in global economic development.
The BNP Paribas Group is aware of the risks and business opportunities related to the fight against climate change. At the same time, the fight against climate change becomes an opportunity for product and service innovation and a concrete response to real needs. In BNL and in the BNP Paribas Group, the risks linked to climate change, in particular physical risks and transition risk, are identified and assessed at Bank level (RISK ID exercise). The framework for monitoring these risks also provides for their assessment both at individual customer level (ESG assessment at counterparty level) and at portfolio level.

Important opinions formulated for the application of IFRS 15

Performance obligations (explicit or implicit promises to transfer distinct goods or services to the customer) are identified at the time of inception of the contract based on the contractual terms and usual business practices.
For determining the consideration that the Company expects to receive for the supply of goods or services to the counterparty ("transaction price"), the following are considered:
- the effect of any reductions and discounts;
- the time value of money if significant terms of deferment are agreed;
- the variable price components.
The transaction price of each contract is allocated to each performance obligation on the basis of the relative stand-alone selling prices of the performance obligations.
Therefore, revenues are recorded in the income statement when the performance obligations are met through the transfer of the goods or services to the counterparty, which obtains control. In particular, revenue was recognised over time when the services are provided by the Company throughout the term of the contract and at a point in time when the performance obligation is met at a given time.
The following costs incurred to obtain the contracts and to provide the expected services are capitalised and amortised over the life of the reference contract if recovery is expected:
- incremental costs that the Company would not have incurred if the contract had not been signed
- costs that refer to a specific contract that generate resources that will be used to meet the performance obligation.
The residual amount of these costs recognised in the financial statements is periodically tested for impairment.

Legislative changes

The following accounting standards, interpretations or amendments to existing accounting standards that did not have a significant impact on the Bank became effective in 2023:

- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (EU Regulation 2022/357);*

In particular, these are limited amendments (so-called “narrow scope amendments”) to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2 “Making Materiality Judgements”, which provide some indications to help companies identify which information on accounting standards (the so-called “accounting policies”) must be disclosed by applying materiality judgements. Information on accounting policies is relevant if, considered together with other information contained in the financial statements, it is reasonable to expect that it may influence the decisions of the financial statements' users. Relevant information must be clearly stated; it is not necessary to illustrate irrelevant information and, in any case, the latter must not obscure the relevant information.

- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Estimates (EU Regulation 2022/357);*

The amendments to IAS 8 are intended to provide clarifications to distinguish changes in accounting standards from changes in accounting estimates. In this regard, the definition of accounting estimate, previously not envisaged ("accounting estimates are monetary amounts in the financial statements subject to valuation uncertainty") was added and other amendments were introduced in order to provide more clarifications. It should be noted that the entity may have to change an accounting estimate if there are changes in the circumstances on which the estimate was based or as a result of new information, new developments or greater experience. Corrections of errors are distinguished from changes in accounting estimates, which by their nature are approximations that need to be modified if additional information becomes known. For example, the profit or loss recognised as a result of the resolution of an uncertain event does not represent the correction of an error.

- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392);*

With Regulation no. 1392/2022 of 11 August 2022, the European Commission adopted the amendments to IAS 12 Income taxes "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", published by the IASB on 7 May 2021. The amendments clarify how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce the diversity in the recognition in the financial statements of deferred tax assets and liabilities on these transactions.

- *IFRS17: Insurance contracts; including the amendments to IFRS 17 (EU Regulation 2021/2036) and amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information (EU Regulation 2022/1491)*

The IFRS 17 accounting standard published by the IASB in May 2017 and subject to subsequent amendments published on 25 June 2020 and on 9 December 2021, was endorsed with Regulation no. 2036/2021 of 19 November 2021 and mandatorily entered into force from 1 January 2023. The European endorsement regulation makes it possible to exempt contracts characterised by intergenerational mutualisation and fairness of cash flows from the application of the obligation of grouping into annual cohorts envisaged by IFRS 17 (on an optional basis). Furthermore, with Regulation no. 1491/2022 of 8 September 2022, some changes of limited scope were introduced for the preparation of comparative information at the time of first-time adoption of IFRS 17 and IFRS 9. This amendment modifies the rules of transition to IFRS 17 for entities that apply the transition to IFRS 9 at the same time, taking into account the different requirements of the aforementioned accounting standards for restating comparative balances; in fact, IFRS 17 requires comparative disclosures to be restated, which is permitted but not required by IFRS 9. Under the amendment under review, an entity is permitted to present comparative information on financial assets as if the classification and measurement requirements of IFRS 9 had been applied; this option is applicable to the individual financial instrument and does not require it to adopt the impairment criteria set out in IFRS 9. The amendments are applicable from 1 January 2023.

As at 31 December 2023, the IASB had issued the following accounting standards, interpretations or amendments to existing accounting standards, which will become effective after the approval process is completed by the competent bodies of the European Union:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively); and Non-current liabilities with covenants (issued on 31 October 2022);
- Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback (issued on 22 September 2022).
- Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules (issued on 23 May 2023);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Finance Arrangements (issued on 25 May 2023).

On 29 November, the IASB published for consultation the Exposure draft "Financial Instruments with Characteristics of Equity - Proposed amendments to IAS 32, IFRS 7 and IAS 1" concerning some proposals for amendments to IAS 32, IFRS 7 and IAS 1 in order to resolve some long-standing issues regarding the classification, presentation and report of financial instruments.

As at 31 December 2023, no accounting standard applicable to financial statements starting from 1 January 2024 has been endorsed by the European Commission.

Section 5 - Scope and methods of consolidation

The scope of line-by-line consolidation includes a vehicle Company for which Ifitalia is exposed to the majority of risks and obtains the majority of benefits (SPE/SPV).
The financial statements used as the basis for the line-by-line consolidation process are those as at 31 December 2023, as approved by the competent bodies of the consolidated Company.

1. Equity investments in subsidiaries

The scope of line-by-line consolidation includes the vehicle Company Tierre Securitisation s.r.l. (SPV), with registered office in via V. Alfieri 1 Conegliano (TV).
Ifitalia holds no share in the capital of the SPV but, based on the reference accounting standards (IFRS 10), it can be deemed that it controls the vehicle as it is the main party that determines its flows and, furthermore, is exposed to the variable returns of the SPV (both as a result of data protection on credit risk and through the notes subscribed).

2. Significant valuations and assumptions for determining the scope of consolidation

The entities in which Ifitalia has direct or indirect control are subsidiaries. Control over an entity is shown by its ability to exercise power in order to influence the variable returns to which Ifitalia is exposed as a result of its relationship with it.
"Structured entities" (SPVs), for which voting rights are not significant for control assessment, are considered subsidiaries where:

- Ifitalia has power through contractual rights that allow it to control the relevant activities;
- Ifitalia is exposed to the variable returns resulting from these activities.

Assets and liabilities, off-balance sheet transactions, income and expenses, as well as profits and losses between entities included in the scope of consolidation are eliminated on a line-by-line basis.
The costs and revenues of a subsidiary are included in the consolidated financial statements as from the date of acquisition of control.
The portion of minority interests is shown in the Balance sheet under item 180. "Minority interests", separately from liabilities and shareholders' equity attributable to the Group. In the Income statement, the portion attributable to minority interests is shown separately under item 310. “Profit (loss) for the year attributable to minority interests”.
For companies included in the scope of consolidation for the first time, the fair value of the cost incurred to obtain control of this investment, including incidental expenses, is measured at the acquisition date.
The difference between the consideration for the sale of a stake held in a subsidiary and the related book value of the net assets is recorded as a matching balance in Shareholders' Equity, if the sale does not entail loss of control.
In this case, Ifitalia did not incur any cost to obtain control in that the production of the consolidated financial statements is determined by the fact that the requirements for exemption set out in the regulations no longer apply (Italian Legislative Decree no. 136 of 2015, Article 40).

3. Equity investments in subsidiaries with significant minority interests

The consolidated financial statements do not include Subsidiaries with significant minority interests.

4. Significant restrictions

During 2023, the company was not significantly restricted in its capacity to access or use assets and extinguish Group liabilities.

5. Other information

The Group does not include Consolidated companies the separate financial statements of which refer to a date or period other than that of the consolidated financial statements.

A.2 – SECTION REGARDING THE MAIN FINANCIAL STATEMENT AGGREGATES

The accounting standards adopted for the 2023 consolidated financial statements are the same as those used for the 2022 financial statements.

Therefore, please find below:

a) the standards used for the preparation of the 2023 financial statements.

STANDARDS USED FOR THE PREPARATION OF THE 2023 FINANCIAL STATEMENTS

1. Financial assets at fair value through profit or loss

This item includes all financial assets not classified in the portfolio of financial assets at fair value through other comprehensive income and in the portfolio of financial assets measured at amortised cost.
More specifically, this item includes:
a) financial assets held for trading (debt securities, equities, loans, UCI units and derivatives);
b) assets mandatorily measured at fair value (debt securities and loans) with the valuation results recognised in the income statement on the basis of the option granted to companies (fair value option) by IFRS 9;
c) other financial assets mandatorily measured at fair value (debt securities, equities, UCI units and loans), i.e. financial assets, other than those designated 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 that are not held for trading.
The initial recognition takes place on the trading date for all financial assets. The initial recognition value is the fair value.
Subsequent to initial recognition, the portfolio is measured at fair value, with the exception of equity instruments not listed on an active market and whose fair value cannot be reliably determined.
If the fair value of a financial asset becomes negative, this asset is recorded as a financial trading liability.
Financial assets at fair value through profit or loss conventionally include the balance arising from the offsetting of derivative contracts allocated to the trading portfolio and hedging derivatives in accordance with IAS 32, paragraph 42, if the absolute value of the fair value of the derivatives allocated to the trading portfolio is greater than the absolute value of the fair value of the hedging derivatives and is positive. This offset is recognised if the Group:
(a) currently has an exercisable right to offset the recognised amounts; and
(b) intends to pay the net amounts or to realise the asset and settle the liability at the same time.
Accrued interest is recorded in item 10 Interest income or 20 Interest expense, with the exception of differentials on non-hedging derivatives, which are recorded in net result from trading.
Realised gains and losses on sales or reimbursements and unrealised gains and losses deriving from fair value changes in the portfolio at issue are recorded in item “80. Net result from trading” with regard to financial assets held for trading and in item “110. Net result of other financial assets and liabilities at fair value through profit or loss” for assets designated at fair value and other financial assets mandatorily measured at fair value.
The determination of the fair value of trading assets is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.
In relation to the provisions of the joint Bank of Italy/Consob/IVASS document of 8 March 2013 on the accounting treatment of "long-term structured repos", it should be noted that the Group does not carry out such transactions.

2. Financial assets at fair value through other comprehensive income

All financial assets that passed the SPPI test and may be sold for any reason, such as liquidity requirements or changes in interest rates, exchange rates or share prices, are classified as "Financial assets at fair value through other comprehensive income"; as well as equities that are held for strategic reasons or that are not contestable on the market.
Initial recognition takes place, for financial assets whose delivery is regulated on the basis of agreements envisaged by the reference market (regular way contracts), as of the settlement date, while the trading date is applied for the others.
The initial recognition value for all the assets is the fair value, inclusive of the transaction costs or income directly attributable to said instrument.
The Company measures these financial instruments at fair value, with the exception of investments in equity instruments not listed on active markets for which it is not possible to measure fair value reliably.

The determination of the fair value of securities measured at fair value through other comprehensive income is based on the prices struck on active markets, on prices provided by the operators or on internal appraisal models used in financial practice.
The expected loss recognised in the income statement under item "130. Net value adjustments for credit risk relating to: b) financial assets at fair value through other comprehensive income" is calculated on the non-equity instruments that have passed the SPPI test. Any value write-backs are recorded with a matching balance in the income statement.
The value of unlisted share investments is determined by applying recognised measurement techniques, including the method based on multiple market observations of similar companies. The value of listed share investments is determined based on the market price.
For investments in equity instruments, all positive and negative changes in fair value, even if the latter are significant or prolonged below cost, are recorded with a matching balance under equity.
Financial assets are cancelled when the asset is sold, transferring the essential nature of the associated risks and benefits, or when the contractual rights on the financial flows deriving from said assets cease.
Following the derecognition of an investment in bonds, the related cumulative and unrealised change in value recognised in equity is transferred to item "100. Profit/loss from disposal or repurchase of: b) financial assets at fair value through other comprehensive income" in the income statement.
In case of derecognition of an equity instrument, the related cumulative and unrealised change in value is reclassified to an available reserve within shareholders' equity.
Profits and losses from disposals are determined using the average cost method.

3. Financial assets measured at amortised cost

This item includes debt securities and loans allocated to the portfolio measured at amortised cost. Due from banks, including also due from central banks other than demand deposits included in "Cash and cash equivalents" and due from customers, including due from Post Offices and Cassa Depositi e Prestiti, as well as operating loans related to the provision of financial assets and services as defined by the consolidation act of banking and lending laws (TUB) and the Consolidated Finance Act (TUF) (e.g. servicing activities) are recognised.
Loans/receivables are recognised in the financial statements when the Company becomes a party to the contract and acquires unconditionally a right to payment of the agreed amounts and are initially recognised at their fair value, corresponding to the amount disbursed, including transaction costs and initial revenues directly attributable. Where the net amount disbursed does not refer to its fair value, due to the lower interest rate applied compared to that of the reference market or to that normally applied to loans with similar characteristics, the initial recognition is made for an amount equal to the discounting of future cash flows at an appropriate rate.
After initial recognition, financial assets classified in the loans portfolio are recognised at amortised cost, using the effective interest method. The effective interest method is used to calculate the amortised cost and interest income of the loan over its entire duration. The effective interest rate is the rate that discounts the flow of estimated future payments over the expected life of the loan so as to obtain the net book value at initial recognition. Interest on loans/receivables is classified under interest and similar income deriving from amounts due from banks and loans to customers, and is recorded on an accrual basis.
In particular, with regard to factoring transactions, the transferee company can recognise a financial asset in its financial statements if and only if:
a) the financial asset is transferred along with essentially all the risks and contractual rights to the correlated cash flows (the transferor may maintain the rights to receive the cash flows of the asset but must have the obligation to pay the same to the transferee, and cannot sell or commit the financial asset);
b) the benefits associated with its ownership cease with regard to the transferor when transferred to the transferee.
The forms of transfer for loans/receivables subject to factoring can be broken down as follows:

- ✓ without recourse: a transaction that, irrespective of the contractual form, provides the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IFRS 9;
- ✓ with recourse: a transaction that, irrespective of the contractual form, does not provide the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IFRS 9.
- ✓ The group recorded the following in the financial statements, under item 40 of the balance sheet assets, “financial assets measured at amortised cost”, and in line with the afore-mentioned criteria:

- ✓ loans/receivables acquired without recourse. Classification envisages the recording of the loans/receivables due from the debtors for the portion of the amount paid (cash risk) and for the portion still to be paid (endorsement risk) net of impairment. In this case, the amount due to the transferor, for the portion of the amounts still to be paid, is recorded under Balance Sheet liability item 10. “Payables”;
- ✓ advances paid to the transferors for loans/receivables acquired with recourse, inclusive of the interest and other amounts accrued, and net of impairment;
- ✓ advances paid to the transferors for loans/receivables acquired without recourse with contractual clauses (as defined below) that limit the essential transfer of all the risks and benefits (formal without recourse);
- ✓ advances paid to the transferors for future loan/receivable factoring transactions, inclusive of the interest and other amounts accrued;
- ✓ advances paid to the transferors exceeding the total loans/receivables inclusive of the interest and other amounts accrued;
- ✓ exposure to the factored debtors in just guarantee-related without recourse transactions when on occurrence of default the payment is made under guarantee of said loan/receivable;
- ✓ amounts due for late payments;
- ✓ exposures to the factored debtors for payment extensions granted.
- ✓ The group recorded the following amounts under guarantees and commitments, in line with the above criteria:
- ✓ both the value of the loans/receivables acquired without recourse (just guarantee) and the guarantees given accessory to the factoring transactions;
- ✓ the value of the endorsement risk for the loans/receivables acquired without formal recourse and the value of the exposure for the unused amount of the committed credit facilities.

In order to assess whether transfer of the essential nature of the risks and benefits has taken place in acquiring the loans/receivables factored without recourse, it is necessary to identify and analyse, using qualitative and quantitative criteria, the contractual
clauses capable of affecting the expected variability of the cash flows of the factored loans/receivables. For such purposes, the most common contractual clauses in Ifitalia transactions have been stated below, analysed with a view to application of the recognition/derecognition rules.

a) Maximum payable

This category of clauses is key for the purposes of the recognition/derecognition since it limits the undertaking of the credit risk by the Factor. In essence, while the “initial loss” remains the Factor’s, the losses exceeding the ceiling are the transferor’s.

In the presence of this clause, it is necessary to quantify and compare the amount of the ceiling with the risk exposure. If the maximum payable essentially covers the credit risk, then it means that the afore-mentioned risk has been
transferred by the Transferor to the Factor.

With regard to the outstanding contracts, the latter point has been confirmed, therefore the clauses have not been considered as an impediment to recognition of the individual loans/receivables in the financial statements.

b) Malus clause

The commission linked to the portfolio’s performance, with retroactive application (losses deriving from default of the factored debtors, with regard to principal and/or interest), can be critical for the purpose of recognition/derecognition since it can indicate a limitation or an exclusion of the transfer of the risks by the transferor to the factor.

In the context of quantitative and qualitative analyses carried out, the loans/receivables assisted by this clause in certain specific cases led to the retention of the credit risk by the transferor to an extent considered to be significant on the basis of materiality
thresholds. In such cases, the clause was considered an impediment to recognition of the individual loans/receivables in the financial statements.

For the purpose of calculating the return within the sphere of factoring transactions, it is possible to identify, with regard to the nature, three categories of remuneration:

- ✓ Management commission

This commission takes the form of a fee for the provision of a plurality of services (for example, the dunning of the debtor, debt collection, etc.) provided by means of an unspecified number of activities within a specific time span. With regard to this type of commission, recognised irrespective of the duration of the loan/receivable, IAS 18 was applied, re-discounting the portion of commission relating to loans/receivables not expired to be credited as a matching balance to the item “other liabilities”.

✓ Guarantee commission (costs/revenues directly attributable to the transaction)

This commission takes the form of a fee for the undertaking by the Factor of all or part of the risk element inherent in the financial asset forming the subject matter of the transaction. With regard to this type of commission, steps were taken to apply IFRS 9, spreading the revenue equally over the duration of the loan/receivable and for loans/receivables due beyond 12 months deducting the unaccrued amount (deferred income) from said loan/receivable.

✓ Other types of commission

This category includes those cost/revenue items not falling within the above two categories and includes on-going, one-off commission recorded at the time when the one-off service is completed (very often coinciding with collection of the commission).

Loans/receivables are in turn classified as performing and impaired (non-performing). According to the Bank of Italy instructions, impaired assets are as follows:

✓ Non-performing loans: positions vis-à-vis parties in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. Therefore, the existence of any guarantees (secured or unsecured) to cover the receivables is left aside.

✓ Unlikely to pay: the classification in this category takes place on the basis of the improbability that, without recourse to action such as enforcement of the guarantees, the debtor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid.

Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of debtor default risk (for example, a crisis in the industrial sector in which the debtor operates).

✓ Impaired past due positions: starting from 1 January 2021, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of “transferor” customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the thresholds of relevance established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.
- in the case of “debtor” customers, the days past due are calculated from the 90th day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the relevance thresholds established by the regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The relevance thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for Companies, Bodies or other Institutions.

The adoption of the new default criteria was communicated with an information letter to the contractualised customers.
Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

The classification of exposures subject to concession (forborne exposures) includes exposures that have been subject to concession vis-à-vis a debtor who is dealing with difficulties or is close to dealing with difficulties in terms of meeting its financial commitments. These exposures can be classified either as impaired assets ("non-performing exposures") or as performing loans ("performing exposures"). As regards the measurement and provisions for exposures subject to concessions, accounting policies follow the general criterion, in line with the provisions of IFRS 9.

<u>Staging rules</u>

Performing Perimeter

The "significant increase in credit risk" is assessed at the individual facility level by comparing the rating determined at the reporting date with the rating in effect at the origination date (recognition date).

The rating, monitored and updated periodically according to Ifitalia's policies, represents the main parameter for expressing creditworthiness.
For the assessment of "significant impairment", Ifitalia uses the absolute and relative criteria defined at Group level.

✓ Absolute criteria:

The absolute criteria (or backstop) used to classify performing facilities in Stages 1 and 2 are based on the information available at the reporting date (e.g., rating, days past due). The thresholds used reflect absolute levels of high or low credit quality in order to classify:

- stage 1: includes facilities for which there was no significant increase in risk
- stage 2: includes facilities for which there has been a significant increase in risk compared to the facility's origination
- stage 3: “DEFAULT”, i.e. all facilities that have a rating of 11 and 12 and are therefore *Non-Performing*

. The absolute criteria (or Backstops) defined are based on the assessment of the rating at the reporting date.
Furthermore, as required by the accounting standard and Group policy, Ifitalia adopts the "Rebuttable Presumption", according to which all facilities with contractual payments past due for more than 30 days are classified in Stage 2.

✓ Relative criteria:

For all performing facilities, which do not fall within the scope of the absolute criteria, relative criteria are applied, expressed in terms of the difference between ratings (known as the "delta notch”).

Impairment rules

Following the classification in Stages, provision is calculated (Expected Credit Loss) at the individual facility level, consistent with regulatory principles and Group guidelines.
The provision amount corresponds to the expected loss differentiated by Stage in order to take into account the different levels of risks:

✓ For facilities classified in Stage 1, an expected loss in relation to the maturity is calculated with a maximum value of one year;

✓ For facilities classified in Stage 2, a lifetime expected loss (EL Lifetime) is calculated, that is, until the facility’s maturity date;

✓ For facilities classified in Stage 3, specific provisions are calculated, corresponding to an expected lifetime loss.

Performing Perimeter

The ECL value is determined by Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and the maturity for all the facilities for which this information is arranged. Otherwise, in line with Group guidelines, the ECL is determined with a simplified methodology based on historical loss data (EL ratio).
The impairment calculation is based on risk parameters (PD, LGD and EAD) consistent with the duration of the transaction.
The expected loss in Stage 1 represents the expected loss deriving from the possible occurrence of a facility entering default within one year of the reporting date.
The expected loss in Stage 2 is the present value of expected losses due to a facility entering default in the period between the reporting date and the facility’s maturity.
To calculate the expected lifetime loss, cumulative PDs are therefore used.
For the portion of the portfolio for which the rating models are not available at the BNP Group level, Ifitalia, in line with Group guidelines, calculates the expected loss, at one year or over the lifetime, using a simplified method based on historical loss data (EL ratio).
In accordance with IFRS 9, the PD, LGD and EAD parameters used to calculate impairment are consistent with regulatory values (those used to calculate the IRBA capital requirements), in particular for the LGD parameter, the value is net of conservative margins, regulatory penalties, and downturn margins.
In addition, IFRS 9 provides for the adoption of a forward-looking, multi-scenario approach to risk parameters in order to incorporate current conditions as well as expectations for possible future events and conditions in the impairment calculation.

Non-Performing Perimeter

For facilities classified in Stage 3, Ifitalia calculates the expected lifetime loss through a forward-looking approach that incorporates future expectations of possible collections and losses, including possible sales scenarios.

For non-performing exposures, the group has adopted a unique, precise analytical valuation model for individual positions; thus, for these positions it adopts a "Judgemental Approach";
The Judgemental Approach incorporates both the collection strategy and the expected value deriving from a possible sale of the portfolio.
The determination of the recoverable value of receivables takes into account the time value of money and any guarantees supporting the positions; for the purpose of calculating the current value of the flows, the fundamental elements are represented by the identification of estimated recoveries, the related timescales and the discount rate to be applied. For an estimate of the amount and the recovery timescale of the afore-mentioned problem loans/receivables, reference is made to specific calculations and, in the absence thereof, to estimated and forfeit values. These estimates are made taking into account both the specific solvency situation of debtors with payment difficulties and any difficulties in servicing debt by individual segments.
The write-down of problem loans/receivables is subsequently written back only when the quality of the amount due has improved to such an extent that reasonable certainty exists of a greater recovery of the principal and the interest and/or amounts have been collected to an extent greater than the value of the receivables recorded in the previous financial statements.
Recoveries of part or entire loans/receivables previously written down are booked to reduce the value of item “130. Net value adjustments/write-backs for credit risk relating to: a) financial assets measured at amortised cost”.
A derecognition occurs when there is no longer a reasonable likelihood of recovery. The amount of the losses is recorded in the income statement net of the write-down allowances previously provided.
The Company writes off both partial and total credit. The timing of the write off takes account of the legal and judicial system, the different types of receivables and the average recovery times as well as the timing required for the full allocation of the receivables.

4. Property, plant and equipment

Property, plant and equipment are initially stated at cost, inclusive of all the charges directly associated with bringing the asset onto stream.
Item (80) “Property, plant and equipment” includes land and buildings used for business purposes, land and buildings for investment purposes, furniture, electronic systems and other tangible assets.
Assets used for business purposes are those held for the supply of services or for administrative purposes, while investment properties are those held for the purpose of collecting lease payments and/or held for appreciating the invested capital or in any event not occupied by the company or when they become as such.
Subsequent to initial recognition, property, plant and equipment are recorded at cost net of accumulated depreciation and impairment losses.
With reference to properties held for investment, the valuation at cost was opted for, providing the disclosure envisaged by IAS 40.
The depreciable value, equating to cost less the residual value (or rather the amount that is expected to be obtained from the asset at the end of its useful life, usually zero, after having deducted the sale costs), is divided up systematically over the useful life of the tangible asset, adopting a straight-line depreciation approach.
The residual value and the useful life of property, plant and equipment is reviewed at least once a year for financial statement purposes and, if the expectations differ from the previous estimates, the depreciation charge for the current and subsequent years is adjusted.
The useful life, subject to periodic review for the purpose of recording any estimates significantly different from the previous ones, is defined as:
– the period of time during which it is expected that an asset can be used by the company, or,
– the quantity of products or similar units that the company expects to obtain from the use of said asset.
In the property category, land and buildings are considered to be separable assets and treated independently for accounting purposes, even when acquired together, but only if the entire building is owned (detached property). As a rule, land has an unlimited life and therefore is not depreciated. Buildings have a limited life and, therefore, are depreciated. An increase in the value of the land on which a building stands does not influence the determination of the building’s useful life.
If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset with its recoverable value, equating to the greater between the fair value, less sales costs, and the related

value in use, understood to be the current value of the future cash flows that are expected to derive from the asset. Any value adjustments are recorded under item 180. "Net value adjustments/write-backs on property, plant and equipment" in the income statement.
If the value of an asset previously written down is reinstated, the new book value cannot exceed the net book value that would have been determined if no impairment loss on the asset had been recorded in previous years.

Depreciation is recorded in the income statement in item 180. "Net value adjustments/write-backs on property, plant and equipment".
The costs incurred subsequent to purchase are added to the book value of the assets or recorded as a separate asset if it is probable that future economic benefits exceeding those initially estimated will be achieved and the cost can be reliably determined. All the other costs incurred subsequently (e.g. ordinary maintenance measures) are recorded in the income statement, in the year they are incurred, under item: 160.b) "Other administrative expenses", if they refer to assets for business use, or item 200. "Other operating income/expenses", if referring to properties held for investment.
Property, plant and equipment are cancelled from the balance sheet when disposed of or when the asset is permanently withdrawn from use and future profits are not expected from its disposal and future economic benefits are not expected from its use. Any difference between the disposal value and the book value is recorded in the income statement under the item 250. Gains/losses on sale of investments.

In case of leases, the lease liability is recognised under the balance sheet liabilities, which consists of the present value of the payments that, at the valuation date, still have to be made to the lessor, while the Right of Use Asset (also known as "RoU Asset"), obtained as the sum of the following components, is recognised under the balance sheet assets:

- lease liability;
- initial direct costs;
- payments made at or before the commencement date of the lease (less any lease incentives received);
- dismantling and restoring costs.

The term of the lease, the basis for calculating the Right of Use, is determined by taking into account the economic duration and not the legal duration, and also includes any renewal or early termination options if the exercise of such options is reasonably certain.
The asset recognised is subject to straight-line depreciation and the new liability is discounted using a discount rate defined at the effective date of the lease contract and reduced to the payment of the lease instalments. Interest expense accrued on the lease liability is recorded under "Interest and similar expense" and the depreciation charges of the right of use are recognised under "Net value adjustments/write-backs on property, plant and equipment/intangible assets".
For contracts involving low-value assets (less than EUR 5,000) and for short-term leases with a duration of equal to or less than 12 months, the introduction of IFRS 16 does not require the recognition of the financial liability and the related right of use, but lease payments continue to be recognised in the income statement on a straight-line basis for the term of the respective contracts.

5. Intangible assets

The Group made use of the option envisaged by the standard not to apply IFRS 16 to intangible assets.
An intangible asset is a non-monetary asset, identifiable even if lacking physical appearance, from which it is probable that future economic benefits will originate. The asset is identifiable if:

- it can be separated or spun-off and sold, transferred, granted under licence, leased or exchanged;
- it derives from contractual rights or other legal rights irrespective of the fact that these rights are transferable or separable from other rights or obligations.

The asset is controlled by the company if the company has the power to avail itself of the economic future benefits deriving from the resource in question and can, also, limit access by third parties to said benefits. They are therefore recorded among the balance sheet assets only if:

a) future economic benefits attributable to the asset in question are likely to emerge;
b) the cost of the assets can be reliably measured.

If the conditions described above should occur, intangible assets are included among the balance sheet assets and recorded at cost, adjusted for any accessory charges. Otherwise, the cost of intangible assets is recorded in the income

statement related to the year in which the cost was borne.
Intangible assets recorded in the financial statements are essentially represented by software. Furthermore, in compliance with IAS/IFRS, the Group adopted the policy of capitalising the IT costs attributable to software development projects.
After initial recognition, software is recorded in the financial statements at cost net of total amortisation and accumulated losses in value.
The cost includes:

- the purchase price less trade discounts and allowances;
- any direct cost for preparing the asset for use.

Any expenses, determined and attributable to the asset reliably, subsequent to initial recognition, are capitalised only if they are able to generate future economic benefits.
Intangible assets with a definite useful life are amortised on the basis of the estimate made of their residual useful life and recorded at cost net of total amortisation (using the straight-line method) and any impairment losses applicable. At the end of each accounting period, this residual useful life is subject to appraisal so as to ascertain the adequacy of the estimate. If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset and its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows that are expected to derive from the asset. In the event that the book value is greater than the recoverable value, a loss equating to the difference between the two values is recorded under item 190. “Net value adjustments/write-backs on intangible assets”.
If the value of a previously written down intangible asset, other than goodwill, is reinstated, the new amounts cannot exceed the net book value that would have been determined if no loss had been recorded for the impairment of the asset in previous years.
Amortisation is recorded in the income statement in item 190. “Net value adjustments/write-backs on intangible assets”.
Intangible assets are eliminated from the balance sheet at the time of disposal or when future economic benefits from their use or disposal are no longer expected, and any difference between the disposal value and the book value is recorded in income statement item 250. Gains/losses on sale of investments.

6. Tax assets and liabilities

Income taxes are calculated in observance of current tax legislation. The tax liability (return) is the total amount of the current and deferred taxes included in the calculation of the net profit or loss for the year. Current taxes represent the amount of the income taxes payable (recoverable) referring to the taxable income (tax loss) for a year. Deferred taxes represent the amounts of the income taxes payable (recoverable) in future years, referable to taxable (deductible) timing differences.
Current tax assets include the advance payments and other tax credits for withholdings made or for tax credits for which a rebate has been requested from the competent tax authorities. By contrast, tax liabilities reflect the provisions necessary for covering the tax charges for taxation on the basis of current legislation. Deferred taxation is calculated by applying the “balance sheet liability method”, taking into account the tax effects associated with the timing differences between the book value of the assets and the liabilities and their value for tax purposes, which determine taxable or deductible amounts in future periods.
Timing differences can be:

✓ taxable, i.e. timing differences which, when determining the taxable income (tax loss) for future years, will translate into taxable amounts when the book value of the asset or the liability will be realised or discharged; a deferred tax liability is recorded for these differences.

✓ deductible, in other words timing differences that, when determining the taxable income (tax loss) for future years, will translate into deductible amounts when the book value of the asset or the liability will be realised or discharged.

A deferred tax asset is recorded for all the deductible timing differences if it will be probable that taxable income will be generated against which the deductible timing difference can be used.
Deferred tax assets and liabilities are calculated using the tax rate envisaged in the periods when the assets will be realised or the liability will be discharged and will be offset when they are due to the same tax authority and when the right to offsetting is recognised by law.
Current and deferred taxes are recorded in the income statement with the exception of those relating to items whose value adjustment is recorded as a matching balance to the equity and for which the tax effects are also recorded among the equity reserves. Deferred tax assets and deferred tax liabilities are not discounted back or offset.

7. Financial liabilities measured at amortised cost

Initial recognition takes place at the fair value of the liabilities, equating to the face value increased by any additional costs/income directly attributable to the individual transaction and not reimbursed by the creditor. Internal administrative costs are excluded.
Financial liabilities measured at amortised cost (item 10) include all the forms of funding vis-à-vis the system as well as amounts due to transferors. Payables include all the debt liabilities, other than trading liabilities.
The item mainly comprises payables due to banks for loans received, current account overdrafts and payables to transferors for loans/receivables acquired without recourse, in relation to the portion for which the price has not been paid to the transferor or all the risks and benefits have not been transferred.
After initial recognition, subsequent measurement follows the amortised cost approach, using the effective interest rate method.
The related interest is recorded in the income statement under item 20. “Interest and similar expense”.
Payables are cancelled from the financial statements when the related contractual obligations expire or are discharged.

8. Employee termination benefits

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker’s rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in the financial statements on the basis of the amount to be paid to each employee and is valued using the actuarial method as a “defined benefit obligation”, taking into account future due dates when the financial disbursement will actually occur.
In particular, following Italian Law no. 296/2006 (2007 Budget Act), the amount recorded under the item “Employee termination benefits” refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007, which may be different for every employee, valued by an independent actuary without applying the “pro-rata” of the service supplied. As a result, costs relating to work performed after said date are not considered for valuation purposes.
The actuarial method for calculating the employee termination benefits starts from the detailed situation, at the moment of recording, of each worker and envisages year after year, for each individual worker up until his/her departure, the development of this situation due to:

- the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
- for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9. Provision for risks and charges

A provision is recorded under “Provisions for risks and charges” (item 100) only when:

- a current obligation (legal or implicit) exists as the result of a past event;
- it is probable that the use of resources will be necessary for meeting the obligation;
- a reliable estimate can be made of the amount of the obligation.

The provision is represented by the liabilities that are expected to be incurred in order to discharge the obligation.
The provisions for risks and charges include:

- provisions for revocation disputes and third party disputes (including therein those made by staff and former employees);
- any other provision with a specific purpose;
- provision for a redundancy incentive for employees.

No provision is made against potential and improbable liabilities.
The amount set aside to the provision for risks and charges is recorded in the income statement under item 170 “Net provisions for risks and charges”.
The afore-mentioned item includes the balance, positive or negative, between the provisions and any re-allocations to the income statement of the provisions deemed in excess.

If the provisions concern charges for employees, the income statement item concerned is item 160.a) “Administrative expenses: personnel expenses”.
The provisions made are reviewed at the end of each reporting period and adjusted to reflect the best current estimate. If it is no longer likely that the use of resources for producing economic benefits will be necessary to meet the obligation, the provision is reversed.

A.3 – DISCLOSURE ON THE TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

The Group has not carried out any portfolio transfers during 2023.

A.4 – FAIR VALUE DISCLOSURE

Qualitative information

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

The fair value is the price that would be perceived for the sale of an asset, or that would be paid for the transfer of a liability in a regular transaction between market operators as of the measurements date (IFRS 13; § 9).
In the event of financial instruments listed on active markets (fair value level 1), the fair value is determined as from the official prices of the most advantageous market to which the Group has access (Mark to Market). A financial instrument is considered as listed on an active market if the listed prices are readily and duly available in a price list and these prices represent effective market transactions that regularly take place in normal transactions.
For the purpose of classification in fair value level 2, if the official listing on an active market does not exist for a financial instrument in its entirety, but active markets exist for the parts it is comprised of, the fair value is determined on the basis of the pertinent market prices for the parts it is comprised of. If the market listings are not available, the Group resorts to measurement models (Mark to Model) in line with the methods generally accepted and used by the market. The measurement models include techniques based on the discounting of the future cash flows and on the estimate of the volatility and are subject to review both during their development and periodically, for the purpose of ensuring their full coherence with the objectives of the measurement.
These methods use inputs based on prices formed in recent transactions in the instrument subject to measurement and/or prices/listings of instruments with similar features in terms of risk profile. These prices/listings are, in fact, important for the purpose of determining the significant parameters, in terms of credit risk, liquidity risk, price risk and any other significant risk, relating to the instrument being measured.
The reference to these “market” parameters makes it possible to limit the discretion used in the measurement, at the same time ensuring the verifiability of the resulting fair value.
If, due to one or more risk factors, it is not possible to refer to market data, and therefore the financial instruments are classified in fair value level 3, the measurement models employed use estimates based on historical data as inputs.
The parameters that cannot be observed on the markets used for the measurement of the equity instruments that give rise to FV adjustments in the determination of the estimates, refer to the Net Asset Value (with the exclusion of any intangible fixed assets) whose calculation is based on data communicated directly by the Company (financial statements, reports, etc.).
Specifically, as at 31 December 2023, the Group recorded unlisted equity investments that are carried at cost under “Financial assets mandatorily measured at fair value”,
since these are capital instruments whose fair value cannot be measured reliably.
During 2023, no changes took place in the measurement techniques used for estimating the fair value of Levels 2 and 3 of the financial assets and liabilities measured at fair value.
With regard to the financial instruments recognised at amortised cost, with regard to the estimate of the fair value indicated in the Notes to the accounts, the following methods and assumptions have been applied:
- for cash and cash equivalents, the fair value is represented by the nominal or face value;
- for properties, the fair value was determined on the basis of the analysis of the market values of similar properties;
- with regard to the impaired financial assets, the fair value was adopted as equal to the estimated realisable value used for financial statement purposes;

- with regard to financial assets, as well as for other asset and liability items without a specific maturity, the book value essentially approximates the fair value.

A.4.2 Processes and sensitivity of the measurements

The unobservable parameters capable of influencing the measurement of the instruments classified as level 3 are represented by the estimates and the assumptions underlying the models used for measuring the investments in equities. With regard to these investments, no quantitative sensitivity analysis of the fair value with respect to the change in the non-observable inputs has been drawn up, since either the fair value has been obtained from third party sources without making any adjustment or it is the result of a model whose inputs are specific to the entity subject to measurements (e.g., equity values of the company) and in relation to which it is not reasonably possible to hypothesise alternative values.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in relation to the degree of observability of the inputs of the valuation techniques adopted. In detail, the following levels are identified:
Level 1: valuations (without adjustments) taken from the active markets of the listings;
Level 2: inputs other than the listed prices as per the previous point, but in any event referring to parameters or prices that can be observed directly or indirectly on the market;
Level 3: inputs that are not based on market observations.
The classification of financial instruments measured at fair value and assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis is carried out with reference to the aforementioned indications. These parameters are also used for the transfer between the various levels that might become necessary during the year.
There were no transfers between the fair value levels during 2023.

A.4.4 Other information

The Group has not availed itself of the possibility envisaged by IFRS 13, § 48 that makes it possible to "measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market conditions."

Quantitative information

A.4.5 Fair value hierarchy

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

(Thousands of euro)

	Total 31/12/2023			Total 31/12/2022		
Financial assets/liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	-	-	-	47	-	359
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair v	63	-	327	47	-	359
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**63**	**-**	**327**	**47**	**-**	**359**
1. Financial liabilities held for trading	-		-	-		-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**		**-**

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

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

(Thousand of euro)

		Financial assets at fair value through profit or loss				Financial assets at fair value through comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
		Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1.	**Opening balance**	**359**	**-**	**-**	**359**		**-**	**-**	**-**
2.	**Increases**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Purchases	-	-	-		-	-	-	-
2.2.	Profits charged to:	-	-	-	-	-	-	-	-
	2.2.1 Income statement	-	-	-	-	-	-	-	-
	- of which gains	-	-	-		-	-	-	-
	2.2.2. Shareholders' equity	-	X	X	X	-	-	-	-
2.3	Transfers to other levels	-	-	-	-	-	-	-	-
2.4.	Other increases	-	-	-	-	-	-	-	-
3.	**Decreases**	**32**	**-**	**-**	**32**	**-**	**-**	**-**	**-**
3.1	Sales	-	-	-		-	-	-	-
3.2	Reimbursements		-	-		-	-	-	-
3.3	Losses charged to:	-	-	-	-	-	-	-	-
	3.3.1 Income statement	-	-	-	-	-	-	-	-
	- of which losses	-	-	-		-	-	-	-
	3.3.2 Shareholders' Equity	-	X	X	X	-	-	-	-
3.4	Transfers to other levels	-	-	-	-	-	-	-	-
3.5	Other decreases	32	-	-	32		-	-	-
4.	**Closing balance**	**327**	**-**	**-**	**327**	**-**	**-**	**-**	**-**

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

There were no amounts in this section.

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

(Thousands of euro)

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 31/12/2023				Total 31/12/2022			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortised cost	7,217,581	-	-	7,217,581	8,162,291	-	-	8,162,291
2. Property, plant and equipment held for investment purposes	1,069		1,069	-	1,159		1,159	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
Total	**7,218,650**	**-**	**1,069**	**7,217,581**	**8,163,450**	**-**	**1,159**	**8,162,291**
1. Financial liabilities measured at amortised cost	6,197,114	-	-	6,197,114	7,233,908	-	-	7,233,908
2. Liabilities associated with discontinued operations	-	-	-	-	-	-	-	-
Total	**6,197,114**	**-**	**-**	**6,197,114**	**7,233,908**	**-**	**-**	**7,233,908**

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

A.5 DISCLOSURE ON "DAY ONE PROFIT/LOSS"

The Group did not carry out any transactions that generated the "day one profit/loss".

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents

(thousands of euro)

	Tota 31/12/2023	Tota 31/12/2022
a) Cash	2	2
b) Current accounts and demand deposits to banks	1,477	3,549
c) Demand deposits with Central Banks	-	-
Total	**1,479**	**3,551**

The item comprises cash and cash equivalents and revenue stamps at company headquarters. It implements the reclassification of on-demand receivables due from banks and Central banks, which are now included under "Cash and cash equivalents".

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

2.1 Financial assets held for trading: breakdown by product

There were no amounts in this section.

2.2 Derivative financial instruments

There were no amounts in this section.

2.3 Financial assets held for trading: breakdown by debtor/issuer/counterparties
There were no amounts in this section.

2.4 Financial assets designated at fair value: breakdown by product
There were no amounts in this section.

2.5 Financial assets designated at fair value: breakdown by debtor/issuer
There were no amounts in this section.

2.6 Other financial assets mandatorily measured at fair value: breakdown by product

(thousands of euro)

Items	Total 31/12/2023			Total 31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Others debt securities	-	-	-	-	-	-
2. Equity securities	**63**	**-**	**201**	**47**	**-**	**201**
3. Units of CIUs	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**126**	**-**	**-**	**158**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	126	-	-	158
Total	**63**	**-**	**327**	**47**	**-**	**359**

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

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

(thousands of euros)

	Total 31/12/2023	Total 31/12/2022
1. Equity instruments	**264**	**248**
of which: banks	-	-
of which: other financial companies	-	
of which: non-financial companies	264	248
2. Debt securities	**-**	**-**
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	-	-
3. UCI units	**-**	**-**
4. Loans	**126**	**158**
a) Public administration	-	-
b) Banks	-	-
c) Other financial companies	-	-
of which: insurance companies	-	-
d) Non-financial companies	126	158
e) Household	-	-
Total	**390**	**406**

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

There were no amounts in this section.

Section 4 – Financial assets measured at amortised cost – Item 40

4.1 Financial assets measured at amortised cost: breakdown by product of due from banks

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets	L1	L2	L3	First and second level	Third level	of which: impaired financial assets	L1	L2	L3
1. Deposits						-						
2. Current accounts												
3. Loans	16,070	-	-	-	-	16,070	11,624	-	-	-	-	11,624
2.1 Repurchase agreements												
2.2 Financial leasing												
2.3 Factoring	16,070	-	-	-	-	16,070	11,624	-	-	-	-	11,624
- with recourse	144					144	110					110
- without recourse	15,926					15,926	11,514					11,514
2.4 Other loans												
3. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities												
- other debt securities												
4. Other assets												
Total	**16,070**	**-**	**-**	**-**	**-**	**16,070**	**11,624**	**-**	**-**	**-**	**-**	**11,624**

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

4.2 Financial assets measured at amortised cost: breakdown by product of due from financial companies

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair Value			Book value			Fair Value		
	First and second level	Third level	of which: impaired financial assets	L 1	L 2	L 3	First and second level	Third level	of which: impaired financial assets	L 1	L 2	L 3
1. Loans	**303,602**	**-**	**-**	**-**	**-**	**303,602**	**256,984**	**-**	**-**	**-**	**-**	**256,984**
1.1 Repurchase agreement												
1.2 Financial Leasing												
1.3 Factoring	303,602	-	-	-	-	303,602	256,984	-	-	-	-	256,984
- with recourse	278,280					278,280	225,477					225,477
- without recourse	25,322					25,322	31,507					31,507
1.4 Other loans												
2. Debt securities							-	-	-	-	-	-
2.1 Structured securities												
2.2 other debt securities												
3. Other assets												
Total	**303,602**	**-**	**-**	**-**	**-**	**303,602**	**256,984**	**-**	**-**	**-**	**-**	**256,984**

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

4.3 Financial assets measured at amortised cost: breakdown by product of due from customers

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3	First and second level	Third level	of which: impaired financial assets purchased or originated	L1	L2	L3
1. Loans	6,838,979	58,930	-	-	-	6,897,909	7,827,068	66,615	-	-	-	7,893,683
1.1 Financial leasing												
of which: without final purchase option												
1.2 Factoring	6,657,832	50,759	-	-	-	6,708,591	7,466,268	58,440	-	-	-	7,524,708
- with recourse	298,484	23,172				321,656	470,073	27,231				497,304
- without recourse	6,359,348	27,587				6,386,935	6,996,195	31,209				7,027,404
1.3 Consumer credit												
1.4 Credit cards												
1.5 Loans on pledge												
1.6. Loans granted in relation to the payment services performed												
1.7 Other loans	181,147	8,171				189,318	360,800	8,175				368,975
of which: from enforcement of guarantees and commitments												
2. Debt securities	-	-	-	-	-	-		-	-	-	-	-
2.1 structured securities												
2.2 other debt securities												
3. Other assets												
Total	**6,838,979**	**58,930**	**-**	**-**	**-**	**6,897,909**	**7,827,068**	**66,615**	**-**	**-**	**-**	**7,893,683**

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

The item "Financial assets measured at amortised cost" includes deferred income relating to the spreading of revenue, falling within the scope of IFRS 9, in line with the duration of the credit to which they refer.

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of due from customers

(thousands of euro)

Breakdown	Total 31/12/2023			Total 31/12/2022		
	First and second level	Third level	of which: impaired financial assets purchased or originated	First and second level	Third level	of which: impaired financial assets purchased or originated
1. Debt securities	-	-	-	-	-	-
a) Public Administration						
b) Other financial companies						
2. Loans to:	6,838,979	58,930		7,827,068	66,615	
a) Public Administration	559,672	21,416		725,495	19,386	
b) Other financial companies	6,224,822	37,154		7,020,714	46,226	
c) Households	54,485	360		80,859	1,003	
3. Other assets						
Total	**6,838,979**	**58,930**	-	**7,827,068**	**66,615**	-

4.5 Financial assets measured at amortised cost: gross value and total value adjustments

(thousands of euros)

	Gross value					Value adjustments				
	First level	*of which: instruments with low credit risk*	Second stage	Third stage	impaired purchased or originated	First level	Second level	Third level	impaired purchased or originated	**Overall partial write-off ***
Debt securities										
Loans	6,227,127		940,449	306,031		2,983	5,942	247,101		
Other assets										
Total 2023	**6,227,127**	**-**	**940,449**	**306,031**		**2,983**	**5,942**	**247,101**		-
Total 2022	**7,349,853**	**-**	**754,960**	**319,814**		**5,683**	**3,454**	**253,199**		-
of which: impaired financial assets purchased or originated	X	X				X				

* Value to be shown for information purposes

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

4.5a Loans measured at amortised cost subject to COVID-19 support measures: gross value and total value adjustments

There were no amounts in this section.

4.6 Financial assets measured at amortised cost: guaranteed assets

(thousands of euro)

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Due from banks		Due from financial companies		Due from customers		Due from banks		Due from financial companies		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	412	412	281,073	281,073	1,823,637	1,821,575	143	143	221,259	221,231	2,321,793	2,314,924
- Leased assets												
- Factoring receivables	13	13	279,573	279,573	313,293	312,279	98	98	221,159	221,131	466,639	464,458
- Mortgages												
- Pledges												
- Unsecured guarantees	399	399	1,500	1,500	1,510,344	1,509,296	45	45	100	100	1,855,154	1,850,466
- Derivatives on receivables												
2. Impaired assets guaranteed by:					133,238	30,709	-	-	-	-	139,078	29,995
- Leased assets												
- Factoring receivables					124,923	27,660					129,840	26,987
- Mortgages												
- Pledges												
- Unsecured guarantees					8,315	3,049					9,238	3,008
- Derivatives on receivables												
Total	**412**	**412**	**281,073**	**281,073**	**1,956,875**	**1,852,284**	**143**	**143**	**221,259**	**221,231**	**2,460,871**	**2,344,919**

VE = book value of exposures
VG = fair value of the guarantees

Section 5 – Hedging derivatives – Item 50

There were no amounts in this section.

Section 6 – Change in fair value of portfolio hedged assets – Item 60

There were no amounts in this section.

Section 7 – Equity investments – Item 70

There were no amounts in this section.

Section 8 – Property, plant and equipment – Item 80

8.1 Property, plant and equipment for business use: breakdown of assets measured at cost

(thousands of euro)

Activities/Values	Total 31/12/2023	Total 31/12/2022
1. Owned assets	**144**	**265**
a) land		
b) buildings		
c) furniture	3	4
d) electronic equipment	141	261
e) other		
2. Rights of use acquired through leasing	**8,191**	**13,694**
a) land	-	-
b) buildings	8,191	13,694
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**8,335**	**13,959**
of which: obtained through enforcement of guarantees recei	-	-

The decrease in buildings is due to the recognition of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises. The change is due to the new stipulated contract, which provides for the reduction of leased spaces compared to the previous contract.

8.2 Property, plant and equipment held for investment: breakdown of assets measured at cost

(thousands of euro)

Activities/Values	Total 31/12/2023				Total 31/12/2022			
	Balance sheet value	Fair Value			Balance sheet value	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Property assets	**1,069**	**-**	**1,069**	**-**	**1,159**	**-**	**1,159**	**-**
a) land		-		-				-
b) buildings	1,069		1,069		1,159		1,159	-
2. Rights of use acquired through leasing	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**1,069**	**-**	**1,069**	**-**	**1,159**	**-**	**1,159**	**-**
of which: obtained through enforcement of guarantees received	-	-	-	-	-	-	-	-

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

"Assets held for investment" are represented by the property located in Rome, via Vittorio Veneto 7, entirely leased to third parties.

8.3 Property, plant and equipment for business use: breakdown of revalued assets

There were no amounts in this section.

8.4 Property, plant and equipment held for investment: breakdown of assets measured at fair value

There were no amounts in this section.

8.5 Inventories of property, plant and equipment regulated by IAS 2: breakdown

There were no amounts in this section.

8.6 Property, plant and equipment for business use: changes during the year

(thousands of euro)

	Land	Buildings	Furniture	Electronic systems	Others	Total
A. Gross opening balances		**13,772**	**1,670**	**2,459**	**-**	**17,901**
A.1 Total net impairments	-	(78)	(1,666)	(2,198)		**(3,942)**
A.2 **Net opening balances**	**-**	**13,694**	**4**	**261**	**-**	**13,959**
B. Increases	**-**	**9,187**	**-**	**1,084**		**10,271**
B.1 Purchases		8,191	-	13		**8,204**
B.2 Capitalised improvement expenditure						**-**
B.3 Write-backs						**-**
B.4 Positive changes in fair value charged to :	-					**-**
a) equity						**-**
b) income statement						**-**
B.5 Exchange gains						**-**
B.6 Transfers from property held for investment purposes			X	X	X	**-**
B.7 Other changes		996		1,071		**2,067**
C. Decreases	**-**	**14,690**	**1**	**1,204**	**-**	**15,894**
C.1 Sales				1,072		**1,072**
C.2 Depreciation		918	1	132		**1,051**
C.3 Impairment losses charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.4 Negative changes in fair value charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.5 Negative exchange differences						**-**
C.6 Transfers to:	**-**	**-**	**-**	**-**	**-**	**-**
a) tangible assets held for investment purposes			X	X	X	**-**
b) non-current assets and disposal groups held for sale						**-**
C.7 Other changes		13,772				**13,772**
D. Net closing balance	**-**	**8,191**	**3**	**141**	**-**	**8,335**
D.1 Total net impairments	-	-	(1,667)	(1,259)	-	(2,926)
D.2 **Gross closing balance**	**-**	**8,191**	**1,670**	**1,400**	**-**	**11,261**
E. Valuation at cost	**-**	**8,191**	**3**	**141**	**-**	**8,335**

The property, plant and equipment for business use of the company are all measured at cost. The purchase of the period in the buildings category is due to the recognition of the right of use acquired in respect of the lease of the property located in Assago, which is used by the Company as work premises.

A table showing the rights of use acquired in the lease of property, plant and equipment is shown below.

(thousands of euro)

	Land	Buildings	Furniture	Electronic systems	Others	**Total**
A. Gross opening balances		**13,772**				**13,772**
A.1 Total net impairments		(78)				**(78)**
A.2 **Net opening balances**		**13,694**				**13,694**
B. Increases	**-**	**9,187**				**9,187**
B.1 Purchases		8,191				**8,191**
B.2 Capitalised improvement expenditure						**-**
B.3 Write-backs						**-**
B.4 Positive changes in fair value charged to :	-					**-**
a) equity						**-**
b) income statement						**-**
B.5 Exchange gains						**-**
B.6 Transfers from property held for investment purposes			X	X	X	**-**
B.7 Other changes		996				**996**
C. Decreases	**-**	**14,690**			**-**	**14,690**
C.1 Sales						**-**
C.2 Depreciation		918				**918**
C.3 Impairment losses charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.4 Negative changes in fair value charged to:	**-**	**-**	**-**	**-**	**-**	**-**
a) equity						**-**
b) income statement						**-**
C.5 Negative exchange differences						**-**
C.6 Transfers to:	**-**	**-**	**-**	**-**	**-**	**-**
a) tangible assets held for investment purposes			X	X	X	**-**
b) non-current assets and disposal groups held for sale						**-**
C.7 Other changes		13,772				**13,772**
D. Net closing balance	**-**	**8,191**	**-**	**-**	**-**	**8,191**
D.1 Total net impairments	-	(918)	0	0	-	**(918)**
D.2 **Gross closing balance**	**-**	**8,191**	**-**	**-**	**-**	**8,191**
E. Valuation at cost	**-**	**8,191**	**-**	**-**	**-**	**8,191**

The rights of use acquired in a finance lease refer to the lease contracts of the property located in Assago, which is used by the Company as work premises. The contract is concluded with the Company of the Diamante RE Group.

8.7 Property, plant and equipment held for investment: changes during the year

(thousands of euro)

	Total	
	Land	Buildings
A. Opening balances		**1,159**
B. Increases	**-**	**-**
B.1 Purchases		
B.2 Capitalised improvement expenses		
B.3 Net positive fair value changes		
B.4 Reversals of impairment losses		
B.5 Positive exchange rate differences		
B.6 Transfers from operating properties		
B.7 Other changes		
C. Decreases	**-**	**90**
C.1 Sales		
C.2 Depreciation		90
C.3 Negative changes in fair value		
C.4 Impairment losses		
C.5 Exchange rate losses		
C.6 Transfers to:		
(a) operating properties		
b) non-current assets and disposal groups held for sale		
C.7 Other changes		
D Closing balance	**-**	**1,069**
E. Measurement at fair value		**1,069**

The property, plant and equipment held for investment are all measured at cost.

The value of the land for the property located in Rome (Via V. Veneto) has not been spun-off, since the company does not own the entire building.

8.7.1 Property, plant and equipment held for investment for rights of use acquired: changes during the year
There were no amounts in this section.

8.8 Inventories of property, plant and equipment regulated by IAS 2: changes during the year
There were no amounts in this section.
8.9 Commitments to purchase property, plant and equipment
There were no amounts in this section.

Property, plant and equipment: depreciation

Category	Depreciation percentage
Land	no depreciation
Buildings	from 1,25% a 10%
Furniture	20%
IT equipment	from 11,11% to 33,33%
Other	from 14,29% to 25%
Other : works of art	no depreciation

Section 9 – Intangible assets – Item 90
9.1 Intangible assets: breakdown

(thousands of euro)

Items/Valuation	Total 31/12/2023		Total 31/12/2022	
	Assets carried at cost	Assets carried at fair value	Assets carried at cost	Assets carried at fair value
1. Start				
2. Other intangible assets				
of which: software	**7,885**		**9,029**	
2.1 owned	**7,885**	**-**	**9,029**	**-**
-internally generated	1,851		1,936	
- other	6,034		7,093	
2.2 rights of use acquired under leases				
Total 2	**7,885**	-	**9,029**	-
3. Assets related to financial leasing:				
3.1 unexercised assets				
3.2 assets withdrawn as a result of termination				
3.3 other assets				
Total 3	**-**	-	**-**	-
Total (1+2+3)	**7,885**	**-**	**9,029**	**-**
Total (T-1)	**9,029**	**-**	**9,832**	**-**

The IT costs attributable to internal software development projects amount to EUR 1,851 thousand.

The intangible fixed assets-other also include “software licenses” for EUR 869 thousand (EUR 1,114 thousand in 2022) and “software development” for EUR 5,165 thousand (EUR 5,978 thousand in 2023). From 2022, a provision was set aside for the risks and charges to cover the related write-off of certain software (intangible fixed assets) to be carried out at the end of 2025 following the hypothetical introduction of the new IT platform "One Factoring".

9.2 Intangible assets: changes during the year

(thousands of euro)

		Total
A.	**Opening balances**	**9,029**
B.	**Increases**	**2,427**
	B.1 Purchases	2,427
	B.2 Reversals of impairment losses	
	B.3 Positive changes in fair value	-
	- to equity	
	- in income statement	
	B.4 Other changes	
C.	**Decreases**	**3,571**
	C.1 Sales	
	C.2 Depreciation	3,571
	C.3 Value adjustments	-
	- to equity	
	- in income statement	
	C.4 Negative changes in fair value	-
	- in equity	
	- in income statement	
	C.5 Other changes	
D.	**Net closing balance**	**7,885**

The purchases during the year, amounting to EUR 2,427 thousand, refer to capitalisations of IT costs, of which EUR 740 thousand (717 thousand in 2022) referring to capitalisation of internal effort.

9.3 Intangible assets: other information

There were no amounts in this section.

Value adjustments to intangible assets: amortisation

Category	depreciation percentage
Software	from 12,5% to 33,3%
Costs of conversion	12.5%
Cost of implementation	33.3%
Costs for regulatory constraints	directly charged to the income statement

Section 10 – Tax assets and tax liabilities - Asset item 100 and liability item 60

10.1 Tax assets: current and deferred: breakdown

(thousands of euro)

	31/12/2023				31/12/2022			
	IRES	IRAP	OTHER	TOTALE	IRES	IRAP	OTHER	TOTAL
Current tax assets:								
- Tax advances	13,069	3,132	11	16,212	9,400	2,618	- 46	11,972
- Amounts withheld	39			39	17			17
- Tax credits pending rebate by the tax authorities	7	649	263	919	7	649	221	877
	13,115	**3,781**	**274**	**17,170**	**9,424**	**3,267**	**175**	**12,866**
Prepaid tax assets:								
- Writedowns of credits exceeding the deductible portion for the year	17,629	2,335		19,964	24,954	3,214		28,168
- Provisions for risks and charges	5,751	15		5,766	8,150	53		8,203
- Other	368			368	362			362
	23,748	**2,350**	**-**	**26,098**	**33,466**	**3,267**	**-**	**36,733**
Total	**36,863**	**6,131**	**274**	**43,268**	**42,890**	**6,534**	**175**	**49,599**

10.2 Tax liabilities: current and deferred: breakdown

(thousands of euro)

	31/12/2023			31/12/2022		
	IRES	IRAP	TOTAL	IRES	IRAP	TOTAL
Current tax liabilities:						
- Taxes for the year	12,373	3,855	16,228	11,141	2,882	14,023
	12,373	**3,855**	**16,228**	**11,141**	**2,882**	**14,023**
Deferred tax liabilities:						
- Amortisation/depreciation of tangible fixed			-			-
- Capital Gain on participations			-			-
- Others	429		429	438		438
	429	**-**	**429**	**438**	**-**	**438**
Total	**12,802**	**3,855**	**16,657**	**11,579**	**2,882**	**14,461**

10.3 Change in deferred tax assets (matching balance in income statement)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**36,371**	**38,356**
2. Increases	**1,903**	**3,064**
2.1 Deferred tax assets recognized during the year	1,903	3,064
a) related to previous years		
b) due to change in accounting policies		
c) write-backs		
d) other	1,903	3,064
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**12,544**	**5,049**
3.1 Deferred tax assets eliminated during the year	12,544	5,049
a) reversals	12,271	5,049
b) written down as now considered irrecoverable		
c) change in accounting policies		
d) other	273	
3.2 Reductions in tax rates		
3.3 Other decreases	-	-
a) transformation into tax credits pursuant to Law 214/2011		
b) other	-	-
4. Closing balance	**25,730**	**36,371**

The increase of EUR 1,903 thousand refers to the allocation to provisions for risks and charges for the year; the reduction of EUR 12,271 thousand relating to deferred tax assets cancelled during the year concerns the deductible portion of receivables (EUR 8,204 thousand) and the use of provisions for risk and charges (EUR 4,067 thousand).

10.3.1 Change in deferred tax assets pursuant to Law 214/2011 (matching balance in income statement)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**21,677**	**24,966**
2. Increases		
3. Decreases	**7,133**	**3,289**
3.1 Amounts reversed	7,133	3,289
3.2 Transformation into tax credits	-	-
a) from losses for the year		
b) from tax losses		
3.3 Other decreases	-	-
4. Closing balance	**14,544**	**21,677**

10.4 Changes in deferred tax liabilities (matching balance in income statement)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balances	**438**	**347**
2. Increases	**-**	**91**
2.1 Deferred taxes recognized during the year	-	91
a) related to previous years		
b) due to change in accounting policies		
c) other	-	91
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**9**	**-**
3.1 Deferred tax liabilities eliminated during the year	9	-
a) reversals	9	-
b) due to change in accounting policies		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
4. Closing balance	**429**	**438**

10.5 Changes in deferred tax assets (matching balance under equity)

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**362**	**428**
2. Increases	**6**	**-**
2.1 Deferred tax assets recognized during the year	6	-
a) related to previous years		
b) due to changes in accounting policies		
c) other	6	
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**-**	**66**
3.1 Deferred tax assets eliminated during the year	-	
a) reversals	-	66
b) written down as now considered irrecoverable		
c) due to changes in accounting policies		
d) other		
3.2 Reductions in tax rates		
3.3 Other decreases		
4. Closing balance	**368**	**362**

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10.6 Changes in deferred tax liabilities (matching balance under equity)

There were no amounts in this section.

Section 11 – Non-current assets and disposal groups held for sale and associated liabilities – Asset item 110 and liability item 70

There were no amounts in this section.

Section 12 – Other assets – Item 120

12.1 Other assets: breakdown

(thousand of euro)

	31/12/2023	31/12/2022
Guarantee deposits	3	3
Amounts receivable for supply of services/advance payments	7	5
Items in transit	630	584
Securities credited to customers subject to collection services awaiting collection from the bank	3,354	6,548
Ecobonus credits	14,822	11,338
Other amounts receivable	11,209	15,056
Total	**30,025**	**33,534**

Ecobonus credits represent tax credits acquired by the company and waiting to be sold again to other Group companies. The sale then took place by February 2024.

LIABILITIES

Section 1 – Financial liabilities measured at amortised cost – Item 10

1.1 Financial liabilities measured at amortised cost: breakdown by product of payables

(thousands of euro)

Items	Total 31/12/2023			Total 31/12/2022		
	due to banks	due to financial	due to customers	due to banks	due to financial	due to customers
1. Loans	4,994,946	-	-	6,073,129	-	-
1.1. Reverse repurchase agreements						
1.2 other	4,994,946	-	-	6,073,129	-	-
2. Leasing payables	8,191		-	13,699	-	-
3. Other payables	467,099	12,838	425,490	453,103	1,214	403,913
Total	**5,470,236**	**12,838**	**425,490**	**6,539,931**	**1,214**	**403,913**
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	5,470,236	12,838	425,490	6,539,931	1,214	403,913
Total fair value	5,470,236	12,838	425,490	6,539,931	1,214	403,913

1.2 Financial liabilities measured at amortised cost: breakdown by product of securities issued

(thousands of euro)

Tipologia titoli/Valori	Total 31/12/2023				Total 31/12/2022			
	VB	Fair Value			VB	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Titoli								
1. obbligazioni	-	-	-	-	-	-	-	-
1.1 strutturate								
1.2 altre								
2. altri titoli	**288,550**	-	-	**288,550**	**288,850**	-	-	**288,850**
2.1 strutturati								
2.2 altri								
Totale	**288,550**	-	-	**288,550**	**288,850**	-	-	**288,850**

The table shows the securities issued as part of the securitisation transactions, limited to the part not financed by Ifitalia (see part D section 2).

1.3 Subordinated payables and securities
There were no amounts in this section.

1.4 Structured securities
There were no amounts in this section.

1.5 Lease payables
Cash outflows for leases are shown in the table below.

(thousands of euro)

	Maturity bands for leasing cash flows					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from 1 yer to 2 years	over 2 years	**Total**
Leasing debts	162	66	231	477	7,255	**8,191**
Total	**162**	**66**	**231**	**477**	**7,255**	**8,191**

The duration of the payables derives from the term of the lease contract for the property located in Assago, which is 15 years.

Section 2 – Financial liabilities held for trading – Item 20
There were no amounts in this section.

2.1 Financial liabilities held for trading: breakdown by product

2.2 Breakdown of financial liabilities held for trading: subordinated liabilities
There were no amounts in this section.

2.3 Breakdown of financial liabilities held for trading: structured securities
There were no amounts in this section.

2.4 Breakdown of financial liabilities held for trading: derivative financial instruments
The Section has no amounts

Section 3 – Financial liabilities designated at fair value – Item 30
There were no amounts in this section.

Section 4 – Hedging derivatives – Item 40
There were no amounts in this section.

Section 5 – Change in fair value of portfolio hedged items – Item 50
There were no amounts in this section.

Section 6 – Tax liabilities – Item 60
See section 10 under assets

Section 7 – Liabilities associated with discontinued operations – Item 70
See section 11 under assets.

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

(thousands of euro)

DESCRIPTION	Total 31/12/2022	Total 31/12/2021
Collections being registered	76,348	74,529
Amounts due to employees	1,386	1,296
Amounts due to the tax authorities	953	853
Amounts due to social security and welfare institutions	1,616	1,492
Payables and invoices to be received from suppliers and professionals	22,376	17,037
Liabilities due to transferors	5,803	7,401
Other payables	24,029	12,017
Advances from customers	31,724	30,815
Residual holiday entitlement fund	526	456
Total	**164,760**	**145,894**

The increase in the item "Other payables" from EUR 12,017 thousand in 2022 to EUR 24,029 thousand in 2023, is mainly due to the increase in 2023 in collections relating to ongoing legal proceedings pending resolution.

Section 9 − Employee termination benefits − Item 90

9.1 "Employee termination benefits": changes during the year

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
A. Opening balance	**3,325**	**4,035**
B. Increases	**117**	**41**
B.1 Provision for the year	95	11
B.2 Other changes	22	30
C. Decreases	**587**	**751**
C.1 Liquidations	437	509
C.2 Other changes	150	242
D. Closing balance	**2,855**	**3,325**

As indicated in the accounting principles, the provision for employee termination benefits is calculated using the actuarial method. The provision for employee termination benefits calculated in compliance with Article 2120 of the Italian Civil Code equals EUR 2,981,356 and represents the effective obligation towards employees. The allocation for the year is EUR 62,430.

9.2 Other information

9.2.1 Description of the provision and related risks

Employee termination benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker's rights regulated by Article 2120 of the Italian Civil Code and by Italian Laws no. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in financial statements based on the amount to be paid to each employee and is valued using the actuarial method as a "defined benefit obligation", taking into account future due dates when the financial disbursement will actually occur.

More specifically, Italian Law no. 296/2006 (2007 Budget Act) essentially states that the portion of employee termination benefits:

- accrued through the beginning of 2007 will remain in-house and must be disbursed to employees in accordance with statutory regulations, creating a liability to be recorded in the financial statements;
- accruing from the beginning of 2007 must, according to the employee's choice: a) be transferred to supplementary welfare funds; or b) be transferred to the INPS Treasury Fund.

Therefore, the amount recorded under the item "Employee termination benefits" refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007 that is different for every employee, valued by an independent actuary without applying the "pro-rata" of the service supplied. As a result, costs relating to future work provided are not considered for valuation purposes.

The current method for calculating employee termination benefits starts from the detailed situation, at the moment of entry, of each worker and envisages each year, for each individual worker up until his/her departure, the development of the provision due to:

1. the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);
2. for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9.2.2 Changes during the year of net defined benefit liabilities (assets) and reimbursement rights

The change in the provision for employee termination benefits is shown in Section 9 "Employee termination benefits – Item 90 – table 9.1 "Employee termination benefits: changes during the year".

The social security cost related to employment benefits, as illustrated above, is not set aside, but recorded directly in the income statement following the supplementary welfare reform, which provides for the allocation of accrued employee termination benefits to supplementary funds or the INPS Treasury Fund (Legislative Decree no. 252/2005 and Law no. 296/2006). The allocation for the year is recorded in the income statement under personnel costs.

9.2.3 Information on the fair value of assets serving the plan

Employee termination benefits are fully paid by the Company and there are no assets serving the plan.

9.2.4 Description of the principal actuarial assumptions

The liability recognised in the balance sheet is equal to the present value of the defined benefit obligations accrued as at 31 December 2023 estimated by an independent actuary.

The benefits owed by the Company were estimated based on developmental assumptions for the population of relevant personnel (forecast of length of employment with company, probability of early disbursements), in addition to the use of appropriate demographic and economic financial bases (mortality tables, monetary inflation). For 2023, the following parameters were used: discount rate of 3.5%; inflation rate of 2.2%; 3% salary increase; estimated employment duration of 12 years.

Section 10 – Provisions for risks and charges − Item 100

10.1 Provisions for risks and charges: breakdown

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
1. Provisions for credit risk relating to commitments and guarantees issued	411	763
2. Provisions on other commitments and other guarantees issued		
3. Post retirement benefit obligations		
4. Other provisions for risks and charges	16,689	22,075
4.1 legal and tax disputes	14,419	18,706
4.2 personnel expenses	1,168	1,843
4.3 other	1,102	1,526
Total	**17,100**	**22,838**

The other provisions for risks and charges - "other" refers to the write-off of certain software (intangible fixed assets) to be carried out at the end of 2025 following the introduction of the new "One Factoring" IT platform.

10.2 Provisions for risks and charges: changes during the year

(thousands of euro)

		Provisions on other commitments and	Post retirement benefit obligations	Other provisions for risks and charges	Total
A.	**Opening balance**	**-**	**-**	**22,075**	**22,075**
B.	**Increases**	**-**	**-**	**7,623**	**7,623**
B.1	Provision for the year			7,623	7,623
B.2	Changes due to the passing of time				-
B.3	Changes due to the changes in the discount rate				-
B.4	Other changes				-
C.	**Decreases**	**-**	**-**	**13,009**	**13,009**
C.1	Utilisations for the year			3,413	3,413
C.2	Changes due to the changes in the discount rate				-
C.3	Other changes			9,596	9,596
D.	**Closing balance**	**-**	**-**	**16,689**	**16,689**

Significant provisions for operational risk were mainly made considering transaction assumptions with transferor customers to settle ongoing disputes.

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

(thousands of euro)

	Provisions for credit risk relating to commitments and guarantees issued				
	First level	Second level	Third Level	impaired acquired or originated	Total
1. Commitments to disburse funds					-
2. Financial guarantees issued	314	55	42	-	**411**
Total	**314**	**55**	**42**	-	**411**

10.4 Provisions on other commitments and other guarantees given

There were no amounts in this section.

10.5 Defined benefit in-house pension funds

There were no amounts in this section.

10.6 Provisions for risks and charges - other provisions

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
Personnel provisions:		
- redundancy incentive		
- performance bonus		
- untaken holiday entitlement		
- other employee benefits	1,169	1,843
Total	**1,169**	**1,843**

Provisions for employee benefits, referred to as "other employee benefits", represent the provisions that the Company has recorded in the financial statements in relation to employee incentive plans.
These plans are related to the achievement of results at both company and individual employee level.

Section 11 – Equity – Items 110, 120, 130, 140, 150, 160 and 170

Summary

(thousands of euro)

SHAREHOLDERS' EQUITY		Total 31/12/2023	Total 31/12/2022
110.	Share capital	55,900	55,900
140.	Valuation reserves	61,799	61,799
150.	Reserves	736,345	699,768
	a) income reserves	737,504	700,926
	b) other reserves	(1,158)	(1,158)
160.	Valuation reserves	(970)	(953)
180	*Profit (loss) for the year*	58,462	36,577
	Total shareholders' equity	**911,536**	**853,091**

11.1 Share Capital: breakdown

(thousands of euro)

Type	Amount
1. Share capital	
1.1 Ordinary shares	55,900
1.2 Other shares	-

The share capital amounts to EUR 55,900 thousand and is made up of 55,900,000 shares with a par value of EUR 1 each. The ordinary shares totalling 55,900,000 have been fully subscribed and paid up.

11.2 Treasury shares: breakdown

There were no amounts in this section.

11.3 Equity instruments: breakdown

There were no amounts in this section.

11.4 Share premium: breakdown

(thousands of euro)

Type	Amount
Share premium	
Share premium from ordinary shares	61,799

The share premium has not changed compared to 31 December 2022.

11.5 Other information

Breakdown and changes in Reserves

(thousands of euro)

		Legal reserve	Statutory reserve	Other	Total
	Opening balance	**11,180**	**689,746**	**(1,158)**	**699,768**
B.	**Increases**	**-**	**36,577**	**-**	**36,577**
	B.1 Allocations of profits		36,577		36,577
	B.2 Other changes				-
C.	**Decreases**	**-**	**-**	**-**	**-**
	C.1 Utilisations	-	-	-	-
	hedging of losses				-
	distribution				-
	transfer to capital				-
	C.1 Other changes				-
D.	**Closing balance**	**11,180**	**726,323**	**(1,158)**	**736,345**

The increase in the Statutory Reserve of EUR 36,577 thousand is due to the allocation of the 2022 profit.

Breakdown and changes in Valuation Reserves

(thousands of euro)

		Financial assets at fair value through other comprehensive income	Tangible assets	Intangible assets	Hedging of financial flows	Special revaluation laws	Financial liabilities at fair value with an impact on income statement (changes of creditworthiness)	Other	Total
	Opening balances	**-**	**-**	**-**	**-**		**-**	**(953)**	**(1,129)**
B.	**Increases**	**-**	**-**	**-**	**-**	**-**	**-**	**(17)**	**(17)**
	B.1 Positive fair value changes								-
	B.2 Other increases							(17)	(17)
C.	**Decreases**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	C.1 Negative fair value changes								-
	C.1 Other decreases								
D.	**Closing balances**	**-**	**-**	**-**	**-**	**-**	**-**	**(970)**	**(970)**

With regards to the provisions of Article 2427 no. 7-bis of the Italian Civil Code, the following table provides an analytical breakdown of equity items by origin, potential use and distribution.

No use was made in the last three years.

(thousands of euro)

Ifitalia S.p.A. - Financial Statements as at 31 December 2023				
	Amount	**Potential use**		**Amount available**
Share capital	55,900		-	-
Capital reserve:				
Share premium reserve	61,799	A-B-C		61,799
Profit reserve:				
Legal reserve	11,180	B		
Statutory reserve	726,324	A-B-C		726,324
Other reserve:				
Stock options/Dspp/Freeshares reserve	102	A-B-C		102
FTA Reserve and Goodwill	(8,159)	A-B-C		(8,159)
Merger surplus	1,029	A-B-C		1,029
Reserve for previous "property revaluation"	5,870	A-B-C		5,870
Valuation reserve	(970)	-	(1)	-
Profit for the year	58,462	A-B-C		58,462
Total	**911,536**		**-**	**845,427**
Non-distributable share	**66,099**			
Third party equity	**10**			
Residual distributable share	**845,437**			**845,427**

Key:

A: share capital increase

B: coverage of losses

C: distributable to shareholders

(1) As provided for by art. 6 of Legislative Decree no. 38 of 28 February 2005, the valuation reserves formed in accordance with IAS cannot be distributed and are unavailable for allocation to capital, coverage of losses and the uses provided for by articles 2350 third section, 2357 first section, 2358 third section, 2359-bis first section, 2342,2478-bis fourth section of the Italian Civil Code

Section 12 – Minority interests

12.1 Breakdown of item 180 "Minority interests"

(Thousands of euro)

Item	2023	2022
1. Capital	10	10
2. Own shares		
3. Equity instruments		
4. Addtional paid-in capital		
5. Reserves		
6. Valutation reserves		
7. Profit (loss) of the year		
Total	10	10

Other information

1. Commitments and financial guarantees given (other than those designated at fair value)

(thousands of euro)

	Notional value on commitments and financial guarantees issued				Total 31/12/2023	Total 31/12/2022
	First stage	Second stage	Third stage	Impaired acquired or originated		
1. Commitments to disburse funds	**93,865**	**8,975**	**145**	**-**	**102,985**	**385,574**
a) Public Administrations	30,477	3,421	145		34,043	298,928
b) Banks	-	-	-		-	-
c) Other financial institutions					-	-
d) Non-financial institutions	63,388	5,554	-		68,942	86,646
e) Families	-	-	-	-	-	-
2. Financial guarantees issued	**102,358**	**10,703**	**53**	**-**	**113,114**	**108,147**
a) Public Administrations	1,344	37	-	-	1,381	1,125
b) Banks	2,802	-	-	-	2,802	2,802
c) Other financial institutions			-	-	-	-
d) Non-financial institutions	96,123	10,514	53	-	106,690	102,062
e) Families	2,089	152	-	-	2,241	2,158

2. Other commitments and other guarantees given
There were no amounts in this section.

3. Financial assets subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements
There were no amounts in this section.

4. Financial liabilities subject to offsetting in financial statements, or subject to framework offsetting agreements or similar agreements
There were no amounts in this section.

5. Securities lending
There were no amounts in this section.

6. Information on joint control assets
There were no amounts in this section.

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest and similar income: breakdown

(thousands of euro)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2023	Total 31/12/2022
1. Financial assets at fair value through profit or loss:	-	-	-	-	-
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				-	-
2. Financial assets at fair value through other comprehensive income:			X	-	-
3. Financial assets measured at amortised cost:	-	**256,032**	-	**256,032**	**77,012**
3.1 Loans to banks		93	X	93	155
3.2 Loans to financial companies		24,834	X	24,834	2,786
3.2 Loans to customers		231,105	X	231,105	74,071
4. Hedging derivatives	X	X		-	-
5. Other assets	X	X		-	-
6. Financial liabilities	X	X	X		**6,848**
Total	**-**	**256,032**	**-**	**256,032**	**83,860**
of which: interest income on impaired financial assets		2,396			2,491
of wich: interest income on leasing					

1.2 Interest and similar income: other information

The interest in item "Financial assets measured at amortised cost" essentially refers to interest accrued for factoring activities on payments, advances to transferors and on extensions granted to factored debtors. As at 31 December 2022, interest income also included any interest contractually charged to Ifitalia that, due to the application of negative funding rates, showed an accounting sign of revenue; for an amount of EUR 6,848 as at 31 December 2022. Due to the increase in market interest rates, this case did not occur in 2023.

1.2.1 Interest income on foreign currency financial assets

Interest income on foreign currency financial assets totalled EUR 9,382 thousand and refers to loans to customers.

1.3 Interest and similar expense: breakdown

(thousands of euro)

Items/Technical forms	Deposits	Securities	Other transactions	Total 31/12/2023	Total 31/12/2022
1. Financial liabilities measured at amortised cost:	166,383	-	-	166,383	24,563
1.1 Deposits from banks	153,946	X	X	153,946	21,207
1.2 Deposits from financial companies	12,437	X	X	12,437	3,356
1.3 Deposits from customers		X	X	-	-
1.4 Securities issued	X		X	-	-
2. Financial liabilities held for trading				-	-
3. Financial liabilities designated at fair value				-	-
4. Other liabilities	X	X		-	-
5. Hedging derivatives	X	X		-	-
6. Financial assets	X	X	X	-	-
Total	**166,383**	**-**	**-**	**166,383**	**24,563**
of which: interest expense related to leasing debts	*91*				*8*

1.4 Interest and similar expense: other information

Interest paid to banks consists of interest paid on funding received.
Interest paid to financial businesses is related to securitisation activities.

1.4.1 Interest expense on foreign currency financial assets

Interest expense on foreign currency liabilities amounted to EUR 8,642 thousand and refers mainly to foreign currency funding transactions.

Section 2 – Fees and commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

(thousands of euro)

Types of service/Amounts		Total 31/12/2023	Total 31/12/2022
a)	financial lease transactions	-	-
b)	factoring transactions	61,874	59,850
c)	consumer credit	-	-
d)	guarantees given	-	-
e)	services:	-	-
	- fund management for third parties	-	-
	- exchange brokerage	-	-
	- distribution of products	-	-
	- other	-	-
f)	collection and payment services	-	-
g)	servicing in securitisation transactions	-	-
h)	other commission	14,826	15,815
	Total	**76,700**	**75,665**

2.2 Fee and commission expense: breakdown

(thousands of euro)

Detail/Sectors		Total 31/12/2023	Total 31/12/2022
a)	guarantees received	741	626
b)	distribution of services to third parties		
c)	collection and payment services	730	838
d)	other commissions of brokerage	12,405	12,470
	Total	**13,876**	**13,934**

Section 3 – Dividends and similar income – Item 70

There were no amounts in this section.

Section 4 – Net result from trading – Item 80

4.1 Net result from trading: breakdown

(thousands of euro)

Transactions/Income components	Capital gains (A)	Profit on trade (B)	Capital losses (C)	Loss on trade (D)	**Net result [(A+B) - (C+D)]**
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities					-
1.2 Equity instruments					-
1.3 UCI units					-
1.4 Loans					-
1.5 Other					-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities					-
2.2 Deposits					-
2.3 Other					-
3. Financial assets and liabilities: exchange differences	X	X	X	X	(63)
4. Derivative instruments	**-**	**-**	**-**	**-**	**-**
4.1 Financial derivatives					-
4.2 Credit derivatives					-
of which: natural hedging related to the fair value	X	X	X	X	
Total	**-**	**-**	**-**	**-**	**(63)**

Section 5 – Net result from hedging – Item 90

There were no amounts in this section.

Section 6 – Profit (loss) from disposal or repurchase – Item 100

There were no amounts in this section.

Section 7 – Net result of other financial assets and liabilities at fair value through profit or loss – Item 110

7.1 Net change in value of other financial assets and liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

There were no amounts in this section.

7.2 Net change in value of other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

There were no amounts in this section.

Section 8 – Net value adjustments/write-backs for credit risk – Item 130

8.1 Net value adjustments/write-backs for credit risk relating to financial assets measured at amortised cost: breakdown

(thousands of euro)

Transactions/Income components	Value adjustments						Writebacks				Total	Total
	First level	Second level	Third level		Impaired acquired or originated		First level	Second level	Third level	Impaired acquired or originated	31/12/2023	31/12/2022
			Write-off	Other	Write-off	Other						
1. Loans to banks			-	-			-		-			33
impaired loans acquired or originated		-	-	-			-		-		-	
- for leasing												
- for factoring												
- other loans												
Other loans			-	-			-		-			33
- for leasing												
- for factoring			-	-	-			-	-			33
- other loans		-		-	-			-		-		
2. C Loans to financial istitutions	(36)	(1)									(37)	(19)
impaired loans acquired or originated		-	-	-			-		-		-	
- for leasing											-	
- for factoring											-	
- other loans												
Other loans	(36)	(1)									(37)	(19)
- for leasing											-	
- for factoring	(36)	(1)									(37)	(19)
- other loans		-	-	-			-		-		-	
3. Loans to consumers		(3,257)	(2,802)	- 22,513			3,503	-	7,299		(17,770)	(11,008)
impaired loans acquired or originated		-	-	-			-		-		-	-
- for leasing											-	-
- for factoring											-	-
- for consumer credit											-	-
- other loans											-	-
Other loans		(3,257)	(2,802)	(22,513)			3,503	-	7,299		(17,770)	(11,008)
- for leasing											-	-
- for factoring		(3,257)	(2,802)	(22,513)			3,503		7,299		(17,770)	(11,008)
- for consumer credit											-	-
- loans on pledge											-	-
- other loans		-	-	-			-		-		-	-
Totale	(36)	(3,258)	(2,802)	(22,513)			3,503	-	7,299		(17,807)	(10,994)

8.1a Net value adjustments for credit risk relating to loans measured at amortised cost subject to COVID-19 support measures: breakdown

There were no amounts in this section.

8.1a Net value adjustments for credit risk relating to loans measured at amortised cost subject to COVID-19 support measures: breakdown

There were no amounts in this section.

8.2 Net value adjustments/write-backs for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

There were no amounts in this section.

8.2.a Net value adjustments for credit risk relating to loans measured at fair value through other comprehensive income subject to COVID-19 support measures: breakdown

There were no amounts in this section.

Section 9 – Gains/losses on contract modifications without eliminations – Item 140

There were no amounts in this section.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

(thousands of euro)

Type of expense/Amounts	Total 31/12/2023	Total 31/12/2022
1) Employees	18,280	17,392
a) salaries and wages	12,145	11,938
b) social security contributions	3,776	3,609
c) leaving indemnity		
d) social security and welfare costs		
e) provision for termination benefits	95	11
f) provisions for post-retirement benefits and similar obligations:	-	
- defined contribution		
- defined benefit		
g) payments to external supplementary pension funds:	1,445	1,257
- defined contribution	1,445	1,257
- defined benefit		
h) other expenses (net)	819	577
2) Other active employees	610	637
3) Directors and Statutory Auditors	150	148
4) Staff retirement		
5) Recovery of expenses for employees seconded to other companies	(349)	(376)
6) Expense reimbursements for employees of third parties seconded to the company	4,376	4,587
Total	23,067	22,388

10.2 Average number of employees by category

	Total 31/12/2023	Total 31/12/2022
a) Employees	**239**	**236**
1) Managers	6	6
2) Middle managers	111	117
3) Remaining employees	122	113
b) Other personnel	**33**	**39**
Total	272	274

10.3 Other administrative expenses: breakdown

(thousands of euro)

Type of expense/Balances	Total 31/12/2023	Total 31/12/2022
Indirect duties and taxes	881	885
Sundry services rendered by third parties	11,706	10,528
Sundry services rendered by third parties (IT)	11,474	10,335
Sundry services rendered by third parties (Internal Auditing)	232	193
Fees for professionals	3,313	3,343
Fees for consultancy	606	828
Fees for legal and notarial costs	2,334	2,056
Fees for debt collection	273	410
Compensation to independent Auditors	100	49
Costs relating to properties/furniture	1,367	1,608
Postal, printed matter, surveillance of premises and stock values	1,091	1,002
Management expenses GFCC	753	776
Advertising and entertainment	280	240
Searches and information	1,534	1,649
Other expenses	5,782	6,833
TOTAL	26,707	26,864

The compensation for services rendered by the Independent Auditors for audit activities in 2023, net of VAT, is EUR 75 thousand (EUR 70 thousand in 2022).

Section 11 – Net provisions for risks and charges – Item 170

11.1 Net provisions for credit risk relating to commitments to grant funds and financial guarantees given: breakdown

(thousands of euro)

Operations/Income components		Value adjustments		Writebacks		Total 31/12/2023	Total 31/12/2022
		Specific	Portfolio	Specific	Portfolio		
A.	Guarantees issued		394	(42)		**352**	**(337)**
B.	Derivatives on receivables					**-**	**-**
C.	Commitments to grant loans					**-**	**-**
D.	Other transactions					**-**	**-**
E.	**Total**	**-**	**394**	**(42)**	**-**	**352**	**(337)**

11.2 Net provisions relating to other commitments and other guarantees given: breakdown

There were no amounts in this section.

11.3 Other net provisions for risks and charges: breakdown

(thousands of euro)

Analysis	Total 31/12/2023	Total 31/12/2022
PROVISIONS	**(6,323)**	**(5,438)**
Legal disputes	**(5,710)**	**(4,585)**
Revocation actions	-	
Pending disputes	(5,710)	(4,585)
Personnel charges	-	-
Other provisions	**(613)**	**(853)**
USES	**9,734**	**-**
Legal disputes	**8,697**	**-**
Revocation actions	-	
Pending disputes	8,697	
Personnel charges	-	-
Other uses	**1,037**	**-**
INTEREST FROM DISCOUNTING BACK	**-**	**-**
Legal disputes	**-**	**-**
Revocation actions	-	
Pending disputes	-	
Total	**3,411**	**(5,438)**

Section 12 – Net value adjustments/write-backs on property, plant and equipment – Item 180

12.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

(thousands of euro)

Assets/Income component	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	**Net result (A+B)-C**
A. Property, plant and equipment				
A.1 Owned	**1,051**	-	-	**1,051**
- for business use	133			133
-granted under operating lease	918			918
				-
A.2 For investment	**90**	-	-	90
- for business use	90			90
-granted under operating lease				-
A.3 Inventories	X			
				-
Total	**1,141**	-	-	**1,141**

Section 13 – Net value adjustments/write-backs on intangible assets – Item 190

13.1 Net value adjustments/write-backs on intangible assets: breakdown

(thousands of euro)

Assets/Income components	Depreciation (A)	Value adjustments for impairment (B)	Write-backs (C)	**Net result (A)+(B)-(C)**
1. **Intangible assets different from goodwill:**	3,571			**3,571**
of which: software	3,571			**3,571**
1.1 owned	3,571			**3,571**
1.2 acquired under financial lease				**-**
2. Assets pertaining to financial lease				**-**
3. Assets granted under operating lease				**-**
Total	**3,571**	-	-	**3,571**

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

(thousands of euro)

Analysys	**Total 31/12/2023**	**Total 31/12/2022**
Other charges		
Losses for sundry causes		
Other charges	(951)	(750)
Total	**(951)**	**(750)**

14.2 Other operating income: breakdown

(thousands of euro)

Analysys	Total 31/12/2023	Total 31/12/2022
Other income		
Rental income	429	375
Other income	1,912	1,988
Total	**2,341**	**2,363**

Section 15 – Profit (Loss) from equity investments – Item 220

There were no amounts in this section.

Section 16 – Net result of valuation at fair value of property, plant and equipment and intangible assets – Item 230

There were no amounts in this section.

Section 17 – Goodwill impairment – Item 240

There were no amounts in this section.

Section 18 – Gains/losses on sale of investments – Item 250

There were no amounts in this section.

Section 19 – Income taxes for the year on current operations – Item 270

19.1 Income taxes for the year on current operations: breakdown

(thousands of euro)

		Total 31/12/2023	Total 31/12/2022
1.	Current taxes (-)	(16,230)	(14,024)
2.	Changes in current taxes of previous years (+/-)	(109)	(52)
3.	Reduction in current taxes for the year (+)		
3.bis	Reduction in current taxes for the year for tax credits of which under Law no. 214/2011 (+)		
4.	Change in deferred taxes (+/-)	(10,641)	(1,985)
5.	Change in deferred taxes (+/-)	9	(91)
6.	Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(26,971)**	**(16,152)**

19.2 Reconciliation between the theoretical tax liability and the effective tax liability in the financial statements

(thousands of euro)

Analysis	Ires	Irap
Economic result useful for calculating taxation	85,432	85,432
Permanent, undeductible differences	880	848
Permanent, untaxable differences	(6,984)	(302)
Total taxable income	79,328	85,978
Theoretical tax rate	27.50%	5.55%
Theoretical tax liability/recovery	(21,815)	(4,772)
Other differences	(310)	(74)
Effective tax liability as per financial statements	**(22,125)**	**(4,846)**

Section 20 – Profit (loss) from discontinued operations, net of taxes – Item 290

There were no amounts in this section.

Section 21 – Income statement: other information

21.1 - Detailed breakdown of interest income and fee and commission income

(thousands of euro)

Transactions/Income components	Interest income			Commission income			Total	Total
	Banks	Financial institutions	Customers	Banks	Financial institutions	Customers	31/12/2023	31/12/2022
1. Financial leasing	-	-	-	-	-	-	-	-
- property assets							-	-
- movable assets							-	-
- operating assets							-	-
- intangible assets							-	-
2. Factoring	**93**	**22,376**	**233,724**	**24**	**416**	**76,260**	**332,894**	**152,677**
- on current receivables	*92*	*22,376*	*231,917*	*24*	*416*	*61,433*	316,259	136,752
- on future receivables			*176*				176	71
- on receivables acquired definitely							-	-
- on receivables acquired under nominal value							-	-
- for other loans	*1*		*1,631*			*14,827*	16,459	15,854
3. Consumer credit	-	-	-	-	-	-	-	-
- personal loans							-	-
- targeted finance							-	-
- loans on salaries							-	-
4. Loans on pledge							-	-
5. Guarantees and commitments	-	-	-	-	-	-	-	-
- commercial							-	-
- financial							-	-
Total	**93**	**22,376**	**233,724**	**24**	**416**	**76,260**	**332,894**	**152,677**

21.2 - Other information

There were no amounts in this section.

Section 22 - Profit/(loss) for the year attributable to minority interests - Item 310

There were no amounts in this section.

PART D – OTHER INFORMATION

Section 1 – Specific references to transactions carried out

A. LEASES (LESSOR)
There were no amounts in this section.

B. FACTORING AND TRANSFER OF LOANS/RECEIVABLES

B.1 Gross and book values

B.1.1 Factoring transactions

(thousands of euro)

Items/Amount	Total 31/12/2023			Total 31/12/2022		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets	**6,986,414**	**8,910**	**6,977,504**	**7,743,979**	**9,103**	**7,734,876**
- exposures to transferors (with recourse):	581,463	4,555	576,908	698,615	2,955	695,660
- factoring of future receivables	2,855	14	2,841	3,616	7	3,609
- other	578,608	4,541	574,067	694,999	2,948	692,051
- exposures to transferred debtors transferors (without recourse	6,404,951	4,355	6,400,596	7,045,364	6,148	7,039,216
2. Impaired assets	**293,739**	**242,980**	**50,759**	**306,274**	**247,834**	**58,440**
2.1 Non-performing	**232,040**	**207,982**	**24,058**	**247,403**	**216,227**	**31,176**
- exposures to transferors (with recourse)	158,129	140,978	17,151	162,480	141,169	21,311
- factoring of future receivables	2,331	-	2,331	2,332	1,943	389
- other	155,798	140,978	14,820	160,148	139,226	20,922
- exposures to transferred debtors (without recourse)	73,911	67,004	6,907	84,923	75,058	9,865
- purchases below nominal value			-			
- other	73,911	67,004	6,907	84,923	75,058	9,865
2.2 Unlikely to pay	**58,983**	**34,474**	**24,509**	**53,129**	**30,955**	**22,174**
- exposures to transferors (with recourse)	17,973	11,983	5,990	18,875	12,955	5,920
- factoring of future receivables			-	-	-	-
- other	17,973	11,983	5,990	18,875	12,955	5,920
- exposures to transferred debtors (without recourse)	41,010	22,491	18,519	34,254	18,000	16,254
- purchases below nominal value			-			-
- other	41,010	22,491	18,519	34,254	18,000	16,254
2.3 Past due positions	**2,716**	**524**	**2,192**	**5,742**	**652**	**5,090**
- exposures to transferors (with recourse)	39	8	31	-	-	-
- factoring of future receivables	-	-	-	-	-	-
- other	39	8	31			-
- exposures to transferred debtors (without recourse)	2,677	516	2,161	5,742	652	5,090
- purchases below nominal value			-			-
- other	2,677	516	2,161	5,742	652	5,090
Total	**7,280,153**	**251,890**	**7,028,263**	**8,050,253**	**256,937**	**7,793,316**

B.1.2 Purchase transactions for impaired receivables other than factoring
There were no amounts in this section.

B.2 – Breakdown by residual life
B.2.1 – With recourse factoring transactions: advances and "total loans/receivables"

(thousands of euro)

Maturity	Advances		Total loans/receivables	
	2023	2022	2023	2022
- on demand	151,146	185,779	320,301	347,283
- up to 3 months	293,624	362,375	686,719	822,298
- 3 to 6 months	85,585	97,076	175,343	208,702
- 6 months to 1 year	32,125	31,929	41,499	48,114
- beyond 1 year	37,600	45,732	59,045	62,666
- unspecified duration	0	0		
Total	600,080	722,891	1,282,907	1,489,063

B.2.2 – Without recourse factoring transactions: exposures

(thousands of euro)

Time bands	Exhibitions	
	2023	2022
- at sight	526,853	490,457
- up to 3 months	4,209,602	4,668,250
- over 3 months	906,528	1,133,005
- 6 months to 1	215,681	204,794
- over 1 year	249,863	243,786
- indefinite	319,656	330,133
Total	**6,428,183**	**7,070,425**

B.2.3 – Purchase transactions for impaired receivables other than factoring

There were no amounts in this section.

B.3 – Other information

B.3.1 – Turnover of factored loans/receivables

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
1. Without-recourse transactions	28,386,038	29,523,099
of which: purchases below the nominal value		
2. With-recourse transactions	3,170,366	2,926,122
Total	**31,556,404**	**32,449,221**

The table was drawn up in accordance with the standards illustrated in section A.2.3. “Loans/receivables – Classification”.

B.3.2 – Collection services

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
Loans and receivables collected in the year	679,003	698,233
Amount of loans and receivables at year end	136,978	162,772

B.3.3 – Nominal value of factoring contracts for future loans/receivables

(thousands of euro)

Items	Total 31/12/2023	Total 31/12/2022
Flow of factoring contracts for future in the year	71,286	34,697
Amount of the contracts at year end	131,370	121,729

The unused margin intended as the difference between the maximum amount of loans/receivables that can be purchased and the amount of loans/receivables purchased, as at 31 December 2023, amounted to EUR 595 thousand (EUR 2,452 thousand at the end of 2022).

C. CONSUMER CREDIT

There were no amounts in this section.

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D. GUARANTEES GIVEN AND COMMITMENTS

D.1 Value of guarantees (secured or unsecured) given and commitments

(thousands of euro)

	Transactions	Amount 31/12/2023	Amount 31/12/2022
1)	Financial guarantees given upon first request	**113,114**	**108,147**
	a) Banks	2,802	2,802
	b) Financial Companies	-	-
	c) Costumers	110,312	105,345
2)	Other financial guarantees given	**-**	**-**
	a) Banks		
	b) Financial Companies		
	c) Costumers		
3)	Commercial guarantees issued	**-**	**-**
	a) Banks		
	b) Financial Companies		
	c) Costumers		
4)	Irrevocable commitments to remburse funds	**102,985**	**385,574**
	a) Banks		
	i) certain to be called on		
	ii) uncertain to be called on		
	b) Financial Companies		
	i) certain to be called on		
	ii) uncertain to be called on		
	c) Costumers	102,985	385,574
	i) certain to be called on		240,576
	ii) uncertain to be called on	102,985	144,998
5)	Commitments underlying credit derivatives: protection sales		
6)	Assets made to guarantee third party obligations		
7)	Other irrevocable commitments		
	a) to give guarantees		
	b) others		
	Total	**216,099**	**493,721**

D.2 Loans recorded in the financial statements due to enforcement

(thousands of euro)

Exposures	31/12/2023			31/12/2022		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets						
- from guarantees	-	-	-	-	-	-
- commercial						
-financial						
2. Impaired assets						
- from guarantees	**108,989**	**(82,209)**	**26,780**	**122,465**	**(86,855)**	**35,610**
- commercial						
-financial	108,989	(82,209)	26,780	122,465	(86,855)	35,610
Total	**108,989**	**(82,209)**	**26,780**	**122,465**	**(86,855)**	**35,610**

D.3 Guarantees given (secured or unsecured): status of risk undertaken and quality

(thousands of euro)

Type of assumed risk	Not impaired guarantees issued				Impaired guarantees issued: non-performing				Other impaired guarantees			
	Counterguaranteed		Other		Counterguaranteed		Other		Counterguaranteed		Other	
	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions	Gross value	Total Provisions
Guarantees issued with assumption of risk of initial loss	-	-	-	-	-	-	-	-	-	-	-	-
- financial guarantees upon first request												
- other financial guarantees												
- commercial guarantees												
Guarantees issued with assumption of mezzanine type risk	-	-	-	-	-	-	-	-	-	-	-	-
- financial guarantees upon first request												
- other financial guarantees												
- commercial guarantees												
Pro rata guarantees issued	-	-	**113,061**	**(258)**	-	-	-	-	-	-	**53**	**(42)**
- financial guarantees upon first request			113,061	(258)							53	(42)
- other financial guarantees												
- commercial guarantees												
Total	-	-	**113,061**	**(258)**	-	-	-	-	-	-	**53**	**(42)**

D.4 Guarantees given (secured or unsecured): amount of counter-guarantees
There were no amounts in this section.

D.5 Number of guarantees given (secured or unsecured): status of risk undertaken
There were no amounts in this section.

D.6 Guarantees given (secured or unsecured): with risk-taking on the first losses and mezzanine type: amount of underlying assets
There were no amounts in this section.

D.7 Guarantees given (secured or unsecured) in the process of being enforced: stock data
There were no amounts in this section.

D.8 Guarantees given (secured or unsecured) in the process of being enforced: flow data
There were no amounts in this section.

D.9 Changes in impaired guarantees given (secured or unsecured): non-performing
There were no amounts in this section.

D.10 Changes in impaired guarantees given (secured or unsecured): other

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	-	-	-	-	-
(B) Increases:	-	53	-	-	-	-
- (b1) transfers from performing guarantees	-	53	-	-	-	-
- (b2) transfers from other impaired guarantees	-	-	-	-	-	-
- (b3) other increases	-	-	-	-	-	-
(C) Decreases:	-	-	-	-	-	-
- (c1) outgoings to performing guarantees	-	-	-	-	-	-
- (c2) outgoings from other impaired guarantees	-	-	-	-	-	-
- (c3) enforcement	-	-	-	-	-	-
- (c4) other decreases	-		-	-	-	-
(D) Gross final value	-	53	-	-	-	-

D.11 Changes in unimpaired guarantees given (secured or unsecured)

(thousands of euro)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
(A) Initial gross value	-	108,147	-	-	-	-
(B) Increases:	-	49,493	-	-	-	-
- (b1) Guarantees given	-	11,498				
- (b2) other increases	-	37,995				
(C) Decreases:	-	(44,579)	-	-	-	-
- (c1) Guarantees not enforced		-				
- (c2) transfers to impaired guarantees		(53)				
- (c3) other decreases		(44,526)				
(D) Gross final value	-	113,061	-	-	-	-

D.12 Changes in value adjustments / total provisions
There were no amounts in this section.

D.13 Assets pledged as guarantee for own liabilities and commitments
There were no amounts in this section.

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D.14 Fee and commission income and expense on guarantees given (secured or unsecured) during the year: total value

There were no amounts in this section.

D.15 Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed	Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantess pro-quota
	Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- Subgroup 1: SAE 430 - Non financial institutions - Production companies					91,537
- Subgroup 2: SAE 245 - Banking system					2,802
- Subgroup 3: SAE 492 - Other non financial istitutions					2,605
- Subgroup : Others					16,170
Total	-	-	-	-	**113,114**

D.16 Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (amount guaranteed and underlying asset)

(thousands of euro)

Type of risk assumed		Given guarantees with first loss risk-taking		Given guarantees with mezzanine risk-taking		Given guarantess pro-quota
		Amount guaranteed	Underlying asset	Amount guaranteed	Underlying asset	Amount guaranteed
- 'Region 1	North-West Italy					33,575
- 'Region 2	Centre Italy					28,225
- 'Region 3	North-East Italy					26,842
- 'Region 4	South Italy and islands					17,567
- 'Region 5	Others					6,905
Total		-	-	-	-	**113,114**

D.17 Distribution of guarantees (secured or unsecured) given by sector of economic activities of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.18 Geographic distribution of guarantees (secured or unsecured) given by region of residence of the guaranteed debtors (number of guaranteed entities)

There were no amounts in this section.

D.19 Stock and trend of the number of associates

There were no amounts in this section.

E. PAYMENT SERVICES AND ISSUING OF ELECTRONIC MONEY

There were no amounts in this section.

F. OPERATIONS WITH THIRD-PARTY FUNDS

There were no amounts in this section.

G. LOAN TRANSACTIONS SECURED BY PLEDGE

There were no amounts in this section.

H. COVERED BONDS

There were no amounts in this section.

I. OTHER ASSETS

There were no amounts in this section.

Section 2 – Securitisation transactions, disclosure on the structured entities not consolidated in the accounts (other than vehicle companies not for securitisations) and sales of assets.

A. Securitisation transactions
There were no amounts in this section.

B. Disclosure on the structured entities not consolidated in the accounts (other than vehicle companies for securitisations)
There were no amounts in this section.

C. Sale transactions
There were no amounts in this section.

Section 3 – Information on risks and related hedging policies

Credit Risk

QUALITATIVE INFORMATION

1. General aspects

Factoring activities involve numerous services that can be structured in various ways by means of the with- and without-recourse factoring of commercial loans and receivables.
A peculiar feature of factoring transactions is the correlated involvement for various reasons of three parties, which can be classified, in brief, as:

- The Factor (transferee);
- The Client (transferor);
- The Debtor (transferred party).

If observed from the standpoint of the underlying services, it is therefore a composite product, where the credit management, the guarantee of the debtor's solvency and the disbursement of advances on loans/receivables accepted under factoring can be combined in various ways.
Therefore, the risk assessment of factoring transactions must be carried out by means of preliminary analysis of numerous factors such as: the solvency of the transferred debtors, the degree of fragmentation of the risk, the characteristics of the underlying commercial relationship, the transferor's ability to repay – in the event of disbursement of advances – also in light of the figures of the Bank of Italy's Credit Reference Bureau and the financial statements, ratings – on the party and/or associated companies, connections or simple dependence on Groups, supply difficulties, technological innovation that could place a product out of the market, etc.
Clearly, these are appraisals that can only partly overlap with lending activities carried out by banks, indispensable for permitting an adequate control of the credit risk that partly expresses itself in aspects[1] not present in banking activities.

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[1] Measurement of the asset risk: a wider concept of the measurement of creditworthiness of the individual debtors factored, since it refers to the interaction of the individual names within the factored portfolio, whose risk profile is determined by the concentration of the debtors and their domestic-export nature, the ageing, DSO and payments terms, payment methods, statistics on bad debt, etc.;
Measurements of the "factorability" risk, associated with the nature and the characteristics of the supply relationship being factored, which influences the tendency of the transferred receivables to self-liquidate, especially with reference to a hypothetical terminal phase of said relationship. This risk is appreciable from the analysis of the subject matter of the supply and the type of debtors involved, the invoicing process and the statistics relating to the invoices (number, amounts...), the contracts, etc.
Measurement of the concentration risk of the relationship, falls between the asset risk and the factorability risk, since in the factoring transaction one of the most significant risk mitigation factors is represented by the large number of commercial relationships with the party granted credit that can be placed under observation and on which it is possible to intervene. In fact, adequate diversification not only permits the portfolio factored to "survive" the default of one or more debtors, but also contributes towards isolating and containing any problematic issues linked to the commercial transactions underlying the factored receivables and limits the impact of potential fraud.

With regard to the provision of the above services, the factor may undertake the credit risks in different ways, which can be, in turn, broken down into certain elementary types:

- credit risk, represented by the risk of loss due to default of the transferor or debtor[2];
- dilution risk is the risk that the amount of a receivable decreases through the granting of receivables, in cash or another form, in favour of the debtor;
- commingling risk, which emerges in loan/receivable acquisition transactions each time the funds due to the factor may be confused with those of the transferor.

The internal control system set up by the company proposes to mitigate the manifestation of the above risks, which could lead to losses should they arise. The credit risk control model applied by the Company implements the regulatory updates defined by both the Regulator and the Group.

2. Credit risk management policies

2.1 Organisational aspects

The Head of the Risk Division holds the position of Head of the Risk Control Function and, in this capacity, reports hierarchically to the Board of Directors; the Risk Division is integrated into the RISK organisational model of the BNP Paribas Group, with the consequent close link and reporting of the Head to the Factoring Global CRO of BNPP, with which it acts in close coordination.
The Risk Regulatory and Transversal Project point of contact, who follows project management activities concerning internal and external regulatory adjustments/changes and management activities in the field of IT planning and cost control, reports to the Risk Manager. The remaining units of the Division are at line level.

Risk Division

- oversees the processes relating to the assumption of credit risk and ensures the maintenance of the customer portfolio quality over time in keeping with the corporate and BNP Paribas Group objectives and strategies
- expresses a credit opinion on credit proposals, change of status to impaired risk, adequacy of provisions where envisaged by the delegations of authority and procedures in force.
- ensures constant monitoring of credit risks and those envisaged as part of the ICAAP process for the relevant areas of responsibility.
- ensures, in coordination with the competent BNP Paribas Group Functions, the definition and maintenance of the methods and instruments aimed at identifying, measuring, assessing and handling the credit risks.
- ensures, in coordination with the competent BNP Paribas Group Functions, the monitoring of the Company's operational risks in its role as second line of defence and the coordination of the activities carried out by the first line of defence.
- monitors outsourced risk activities.

Measurement of the facility risk, associated with the contractual and operating features of the factoring transaction that contribute to determining the related risk profile. It requires the assessment of the reason for the technical form proposed and the opinion on the ongoing operations (e.g., global transfer vs. spot transfer, confidential vs. disclosed, QN vs. recognition, invoice forwarding method, accompanying documents, dunning).
Where several products are offered and/or several transactions for which the customer undertakes the dual role of transferor and transferred debtor, these situations may give rise - from a conceptual standpoint - to a correlation risk between the transactions, understood as the possibility of unexpected changes in the overall risk of the transaction due to correlation between the risks deriving from the characteristics of the various transactions offered to the customer (the latter being particularly complex to identify and quantify).

The structures of the Risk Division are shown below.

RISK ORM – Operational Risk Management

The function was established as an internal structure in the last quarter of 2018.

The Risk Division is responsible for defining and supervising the overall operational risk management framework in its role as "second line of defence" together with Compliance, Legal, Tax and Finance to the extent of their direct concern. Risk ORM is the structure in charge of this role that is carried out, in summary, in the following activities:

- ensure the dissemination and monitoring of compliance with the regulations, directives and methods of the Group in the field of Operational Risks, the assessment of the consequent choices regarding the methods and tools used and the assistance/consultancy on the matter to all company structures;
- supervise the qualification/quantification of historical operational risk incidents (HI Quality Review) by proposing any mitigation actions;
- ensure the definition of the mapping of the Company's operational risks (RCSA Risk & Control Self-Assessment), by supervising the activities carried out by OPC (Operational Permanent Controllers) and by Divisions/Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the definition of the Company's control plan, by supervising the activities carried out by the Risk Owner Company Structures for the relevant areas of responsibility and guaranteeing methodological support;
- ensure the supervision of the finding monitoring activities and recommendations issued by the periodic inspections (Inspection Générale), by the Regulator, by the Control Bodies and of the relevant corrective actions;
- ensure the effective implementation of strategies, frameworks and risk mitigation actions with the 1st line of defence, through the follow-up of action plans and the independent control of the activities carried out, either through tests of the controls carried out by the first line of defence or, if deemed relevant, any other type of controls;
- contribute to the dissemination of the culture and awareness of operational risk and to the formation of the risk mitigation framework;
- express an independent and alert view of the level of risk and the status of the operational risk mitigation framework;
- ensure internal management reporting to the Company's Control Bodies, to BNL SpA and to the Parent Company for matters falling within its competence;
- ensure the implementation of the outsourcing system by taking care of the implementation of the first line of defence on it;
- organise and coordinate the implementation of Data Protection & Privacy management systems (jointly with the DPO of the Italian territory);
- With reference to the internal and external fraud protection system:
    - ensure, in accordance with the Group guidelines, the coordination of initiatives for the management of fraud reports as well as assistance/consultancy on the matter;
    - ensure the implementation of the systems required for the prevention, identification, control and monitoring of the internal and external fraud protection system, as well as the coordination or direct management of investigations;
    - contribute to the training of personnel on the culture of prevention and defence against the risk of fraud.

Risk Monitoring Department

The purpose of the structure is to see to the definition, planning and implementation of controls aimed at monitoring credit risk. Specifically:

1) it defines, plans and implements credit control activities. In this area, the Department:

- carries out checks regarding the lending process and the management of the relationship and collections based on internal regulations;
- monitors the process and the merits of the assignment and revisions of ratings and reports periodic worsening in statistical ratings for the purpose of suitable management/review of the positions;
- makes sure that the facilities granted are regularly used with respect to the resolution reached at the time and the progression of the risk elements expressed by the development of the relationship;

- checks the process of allocating for impaired accounts; monitors the achievement of lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- monitors the achievement of the lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Functions concerned;
- controls the consistency of the risk status classifications of the positions according to the guidelines of BNP Paribas Group and the Banking System, reporting any misalignment to the competent Functions;

2) it ensures, working with the Business Lines, the effectiveness of the process of watchlist/doubtful management to define and implement the corrective actions on positions subject to systematic supervision;

3) it contributes, in line with the rules of the BNP Paribas Group and together with the competent Functions, to the planning, application and maintenance of the procedures aimed at overseeing the credit risks;

4) it ensures that specific reports regarding the results of the control activities carried out and the corrective actions for the identified anomalies are prepared for the Senior Management and/or the boards;

5) it reports any operational risk found as part of its permanent control activities.

The structure carries out these activities on a monthly, quarterly, half-yearly and yearly basis, based on the type of control to be carried out.

The activities are carried out based on the Plan of activities, which includes both controls on performance and on merits and correctness of form, broken down by type of process:

- Assumption and Review of credit risk;
- Credit risk management;
- Collection of impaired loans.

Risk Management Department
The Structure carries out two main activities, model development and performance analysis and reporting:

- Model development: for the models developed by Ifitalia, it takes care of the estimation, maintenance and development of the methods aimed at measuring credit risk, ensuring the correct local implementation and acknowledgement, where applicable, of the guidelines of the Parent Company BNP Paribas. For Models developed by BNL and adopted by Ifitalia, it performs analyses on the performance of the models on the specific Ifitalia portfolios, both during first-time adoption and in case of changes or updates by the BNL tasked functions, checking whether any adaptations are required to ensure correct implementation at entity level.

- Performance analysis and reporting:
  - It ensures the monitoring of the performance and estimates produced by the local models used for management purposes within the credit process as well as the policy engines (systematic supervision and scoring). It sees to the rationale of the quality control system for the relevant areas of responsibility (internal risk models); on the basis of the results of the checks carried out, it directs and manages the follow-up of the anomalies found. It prepares periodic reports for the Company's Governance and Control Bodies on the control activities carried out (performance and data quality).
  - It provides quarterly reporting on the Risk Appetite Framework, which defines the risk profile considered acceptable by the Company in the medium to long term. In particular, for each type of risk to be assumed, risk objectives, early warnings and operating limits are established under both normal and stress conditions.
  - Asset Quality Monitoring: it analyses the quality of assets through a system of reports at various levels of detail to allow Senior Management and Top Management to see changes in the main risk variables under their control or affected by their actions.

As part of the ICAAP controls, it collaborates with the Finance Division for the part under the responsibility of the Risk Division in carrying out the stress tests required by the regulations as well as ensuring control during the year of the second pillar risks falling within the Risk Division perimeter considered significant for the company.

It provides information support to management to enable: the tasked functions to implement the process of controlling the size of the impairment and flat-rate provisions (known as Action Plan); an aid to the latter's formulation of budget forecasts for the cost of credit risk; to define/set credit policies decided at local level.
The structure collaborates with the IT Division, as far as they are responsible, in relation to the development and maintenance of the databases necessary for the implementation of their analysis objectives.

Credit Risk Analysis

The Credit Risk Analysis structure, through its Transferor Risk Assessment and Debtor Risk Assessment structures, has the following responsibilities:

- seeing to the independent and autonomous assessment of the credit proposal, through the formulation of Risk Opinions, in accordance with the policies, procedures and processes of the company and of the BNP Paribas Group, taking into account the risk profile of the loan portfolio concerned;
- seeing to the independent assessment of the ESG (Environmental, Social and Governance) risk profile, in accordance with the relevant sector policies, BNP Paribas Group procedures and dedicated exclusion and monitoring lists;
- ensuring the consistency and quality of risk measures for both the counterparties and the relevant credit lines with recourse (review of ratings assigned through statistical models, known as override, or judgemental assignment of ratings to risk counterparties falling within the scope of application of this method according to the processes and policies in force at the time);
- assessing proposals for status changes to impaired risk, as well as intervention plans (requests for extensions, repayment plans, settlements, etc.) formulated by the Business Lines and BNL Workout, issuing the related Risk Opinion;
- assessing the adequacy of the proposed provisions on impaired risks and the departure proposals put forward compared to the Company Allocation Standards;
- ensuring the compliance of operations and the correct application of internal rules in the decision-making process (delegated powers, classification of exposures and guarantees, consistency of assessment tools, company relationships, etc.);
- participating in the systematic supervision process and in the identification of risk deterioration situations (WL) as well as in the WL, Doubtful and Workout committees;
- collaborating in the periodic assessment of the quality of Ifitalia's credit portfolio;
- collaborating in the definition of credit policies and portfolio strategies useful for controlling the cost of risk;
- collaborating in the improvement of credit procedures and processes and in the validation of new relevant products and/or activities;
- ensuring the dissemination as part of the Business Lines and the Risk Division of the tools and notions developed by the corresponding structure of BNL, GFCC or BNP Paribas;
- collaborating in the management of relations with Credit Insurance Companies and seeing to the activities of requesting insurance limits, the relevant replies and the management of reports of revocation or reduction of insurance coverage received.

The following outsourcings are currently contractually formalised:

- to the independent structure "RISK ORM ICT" of BNL S.p.A., the second level control activities falling within the ICT operational risk perimeter;
- to the independent structure "RISK IRC Italy" of BNL S.p.A., the second level control activities related to "model risk - credit risk" for Non-IRBA methods.

2.2 Management, Measurement and Control Systems

Internal Rating System (IRS)
The Company calculates the capital requirement under the Standardised Approach, using the Internal Rating System within the credit process and risk management framework, as per the decision formalised to the Bank of Italy in 2021.
The basic and highest level regulations governing the governance methods for the adoption, extension and management of the internal rating system defined as "Governance of the internal rating system" were approved by the Board of Directors and has been progressively enforced in company processes.
Ifitalia has had an internal rating system since 2005 and, over the years, this system has undergone a gradual evolution as well as maintenance.
The rating models expressed by the aforementioned engines express a value that classifies the counterparties according to the BNPP master scale. The ordinal scale has 10 values in the performing perimeter (in addition to 2 notches for each value except 10, which has 3) and 2 in the non-performing perimeter.
The principle of the uniqueness of the rating value is always safeguarded through a process of integration of these values with those expressed by the BNP Paribas banking network, which are used, whenever present, as drivers in the credit process.
The internal rating system as a whole is subject to a framework of controls described in the application rules that support correct application in company processes.

2.3 Credit risk management policies

Reporting
The reporting process drawn up by the Risk Management Dept. takes the form of periodic disclosure to the first levels of responsibility of business management, to the Strategic Supervision and Control Bodies and to the BNP Paribas Group's RISK function and contains, among other things, qualitative-quantitative information on portfolio risk and the level of sector concentration. In compliance with the credit policies expressed by the Group, periodic disclosure has also been prepared for the process Owners, with the aim of facilitating observance of the indicated limits and permitting periodic reporting. Additional reports are drawn up by the Risk Monitoring Dept. and intended for Senior Management – subject to discussion if necessary with the process Owners – with the aim of informing Senior Management on observance of certain aspects of the credit process deemed to be particularly critical, also in relation to the indications received from the Parent Company.

Delegation system
The system of lending powers systematically supplements the use of the rating in the credit authorisation process with depth in the structure for exercising the authorisation in relation to the expected loss levels.
The decision-making process, taking into account Ifitalia's merger within the BNP Paribas Group, has adopted the Group model.
This model entails the involvement of two organisation chains in the credit granting process: a "commercial chain[3]" and a "risk chain[4]". According to this process, all lending resolutions relating to the transferor and debtor risk are made by the commercial chain, which avails itself of the support of a team of specialised credit risk analysts, who express credit opinions (known as risk opinions) on the credit proposals developed.
By means of this constant and joint assessment of the transferor proposal, by the commercial chain and the risk chain, the credit process has been defined as "4 Eyes".
The 4 Eyes organisational process applies at every decision-making level, from the lowest (Local areas) up to the General Management and, in the event of disagreement between the commercial opinion and the risk opinion, the concept of resolution escalation applies at all levels, on the basis of which the decision is referred to the higher decision-making body.
In the presence of specific characteristics of the operation accurately detailed in the relevant internal procedures (type of product, risk profile of the transferor and counterparty, presence of specific "supports", etc.), the Risk Division defined ex ante the pre-requisites applicable to the simplified procedures for assessing the transferor/debtor.
Resolution escalation applies each time the risk opinions express a more restrictive (or negative) lending opinion with respect to the proposed transaction and the decision-making body identified by the lending powers does not intend to comply with the risk opinion expressed.

[3] "Commercial chain" means the business units of the Sales Division tasked with initial approval/decision-making activities.
[4] "Risk chain" means the business units of the Risk Division tasked with credit risk assessment activities in the initial approval process.

Both with regard to the without recourse debtor and transferor role, the power delegations take into account not only the absolute amounts but also the internal rating values and the characteristics of the transaction (risk category).
In any event, the collective Decision-Making Bodies (Credit Committee and Board of Directors) are entrusted all the risks involving greater amounts, which are also subject to review by the Parent Company for the largest amounts or that, due to lender type, are reserved for the exclusive competence of the Board of Directors.

Lending policies

A set of "Specific Credit Policies", approved by the Board of Directors, supplements the strategic guidelines formulated by the Parent Company's Risk Policy Committee (RPC) as regards specific local aspects, aimed at supporting and guiding the factoring activities at Group level.
The "Specific Credit Policies" concern aspects such as:

- coordination at Group level of the risk assumption methods, taking account of sector performance, default risk of the counterparty, and the aspects inherent in managing the relationship;
- methods of assumption and review of without-recourse debtor risk for specific brackets of amounts and segments;
- methods of assumption of transferor risk with regard to specific types of products and/or credit underlyings.

The implementation of strategies as well as the implementation of the "Specific Credit Policies" are subject to verification and reporting to the company governance bodies, according to specifically defined processes.

Supervision of performing and past due loans/receivables

"Systematic Supervision" is the set of management rules and processes for the individual risk positions of transferor and debtor counterparties, hereinafter referred to as "Customers", aimed at ensuring constant reporting and assessment of risk, the consequent classification and the timely and effective application of management strategies designed to minimise the impact from risk increase, with a view to preserving the quality of these credit assets.

The Systematic Supervision process - whose general principles have been approved by the Board of Directors in a specific Policy - entails:

- on-going classification of Customers, by virtue of which the Customer base must be permanently classified in relation to the current and forecast risk, making a distinction between low risk customers and high risk ones;
- focus on customers subject to increasing risk, whose main objective is the early management of the deterioration of loan quality as well as its permanent and on-going monitoring;
- action plans, focused on the reduction/reclassification of the risk vis-à-vis high risk Customers.

The party enters the Systematic Supervision process when:

- it is possible to apply a risk assessment and consequent management action to the same,
- a limit is granted or resolved or when an exposure emerges,
- it is reclassified as performing or Restructured Unlikely to Pay (IPR), Forborne Unlikely to Pay (IPA), or Management Unlikely to Pay (IPG) from a status of Arrears Unlikely to Pay (IPM), Non-Performing or Agreed Unlikely to Pay (IPC).

Conversely, it leaves the process when:

- he/she no longer has dealings with Ifitalia;
- the position is classified as Arrears Unlikely to Pay (IPM), Non-Performing or Agreed Unlikely to Pay (IPC).

Depending on the relevance of the level of risk and/or the performance or management anomalies identified, the positions are subject to specific action plans and placed on watch lists. The most significant positions are regularly reviewed by the Risk Monitoring Committee.

Organisation of the Committees

For the purpose of ensuring an integrated management of the processes, the Company has established an organisational structure that envisages the meeting of Committees where the relevant company functions are occasionally called to provide their contribution through an integrated approach.
In particular:

Credit Committee

It decides on the granting of loans and authorises their disbursements, within the limits of the powers granted.
It expresses opinions on proposals pertaining to the higher decision-making bodies.

The Credit Committee meets in "ordinary" and "integrated" sessions. In the "integrated" session, the Credit Committee resolves solely on granting loans that exceed the powers of the "ordinary" session, without prejudice to the powers reserved exclusively to the Board of Directors.

Debtor Committee

It is a body that analyses and resolves with competence over all matters relating to problem loans/receivables with the exclusion of active operations.

In this context, within the limits of the powers granted by the Board of Directors, the Committee resolves, at the suggestion of the structure managing the relation, on:

- status changes with regard to transferor customers and debtors without recourse,
- risk provisions made on a judgemental basis,
- operations referring to positions classified as "Restructured Unlikely to Pay", "Arrears Unlikely to Pay", "Agreed Unlikely to Pay" or "Non-performing" as better defined in the Delegation System
- deviation from global allocations compared to the standard on those classified as Past Due (PD) Forborne Unlikely to Pay (IPA).

The Committee also expresses opinions on proposals pertaining to the higher decision-making bodies.

Product, Activities, Exceptional Transactions Committee

This is an analysis and decision-making body that operates with the aim of assessing, validating and authorising new products, including services and agreements, and the implementation of exceptional activities and transactions, including operations that, although based on "Standard Products", due to the extraordinary size of the volumes involved (whether receivables, total number of invoices and/or per debtor, number of debtors, etc.) cannot be managed according to current practice and require organisational, operational or system adjustments/implementations.

The Committee also assesses and expresses an opinion on outsourcing projects concerning Essential Services Provision (ESP) with critical level 4 (Critical Arrangements according to the Group classification) as well as on outsourcing projects with even lower critical level if at least one of the members of the Pre-Validation Workshop (Pre-NAC) deems it appropriate. However, the Board of Directors must pass the outsourcing project before it is launched.

Risk Monitoring Committee

It is an analysis and decision-making body that ensures the integrated supervision of significant risks, also with a view to valuation of the level of adequacy of the available capital.

This Committee is the venue in which business management discusses the valuation of risks carried out by the competent Functions and assesses the mitigation action proposed by the responsible Functions, individually or jointly.

Furthermore, the company control Functions share the results of the respective activities within said Committee.

The Committee therefore represents one of the main venues in which - for its areas of responsibility - control is exercised by the Risk Control Functions and represents a point of business synthesis that ensures a single view of risks.

The Committee is structured into internal Sessions with different areas of responsibility and composition. For each session, the attendees are identified in relation to the topics covered and their respective expertise. As part of each Session, the members of the Committee invite representatives of the relevant structures in relation to the topics discussed.

Each structure can identify the names of persons who have the right to replace the attendees in the Sessions.

Specifically, the Committee is responsible for:

- examining the trends in the quality of assets in the portfolio and assessing the action/initiatives for the mitigation of the risks and for the amendment of the developmental trends of the activities for the containment of the risks and the RWAs;
- as part of the internal rating system, it ensures the examination of the changes in the risk measures applied in the company, as well as a periodic integrated view of the outcome of the data quality and data integrity controls related to the use of the system;
- assessing the corrective action plans proposed by the competent functions for the positions included on the watchlists on a consistent basis with the processes defined at BNP Paribas Group level;
- providing a global and systematic vision of the situation within the sphere of the permanent control system and operational risk, including “RISK ICT and Cyber”;
- validating the Operational Plans for Control of the risks, prepared by the responsible functions, to be submitted for the approval of the Board of Directors;
- ensuring, through a dedicated session, the coordination and monitoring of the system of defence against the risk of fraud;
- ensuring, through a dedicated session, the coordination and monitoring of the outsourcing risk management system;

- supporting the Business Continuity manager in the recognition, sharing and validation of the information and the initiatives aimed at the maintenance of the Business Continuity solutions;
- supervising, in an integrated manner, the current and forecast trend of the risk profile by monitoring the metrics of the Risk Appetite Framework;
- ensuring an integrated communication flow on significant risks: collecting and reviewing reports on trends in the adequacy of the available capital (ICAAP) and of the significant risks drawn up by the competent company Functions; communicating the outcome of the discussions to the BoD, formalised in specific reports.

ESG Committee

- In 2023, the ESG Committee was established, a cross-functional body that meets quarterly and is responsible for translating the Board's policies on ESG issues into action and for steering and monitoring their progress.

Techniques for mitigating the credit risk

The mitigation of credit risk in the factoring transactions is essentially entrusted to an efficient and effective process for checking the ability of the debtor to pay the trade receivable acquired on maturity, which, since 2016 has been increasingly accompanied by insurance on without-recourse debtor risk, previously contracted essentially on foreign transactions and for transactions with specific customers. This choice is consistent with the strategies implemented within the factoring hub of BNP Paribas Group, where normally the assumption of without-recourse debtor risk is accompanied by an insurance guarantee or a guarantee from a foreign correspondent.

The compliance of correspondents and insurers is subject to periodic assessment.

Nevertheless, as regards unsecured and secured guarantees, the Company has already organised itself, defining tasks and responsibilities inherent to the definition of:

- standard forms for the types of guarantees normally assumed;
- processes for gathering the subscription of guarantees;
- processes for the control, custody and registration of the guarantees.

The organisational and technological processes take into due account the necessary functional distinction that must be assigned among the party that defines the standard texts, the party that collects the guarantees, and the party that checks/holds/validates them.

The credit protection usually undertaken is unsecured (unfunded). The use of secured (funded) credit protection instruments is typically associated with protection of already impaired loans/receivables and, therefore – contrary to banking activities - is more of an exception than a usual risk mitigation instrument.

2.4 2023 Projects

The main projects for 2023 are:

- Transformation: aims to bring all Group entities - Factoring Sector - onto a common IT platform (GTS Group Strategic Plan).
- ESG: the governance and control framework in the ESG area has been strengthened
- CRR3: implementations are underway to incorporate the new guidelines

3. Impaired credit exposures

Classification of impaired assets

The definition of impaired credit exposures is described by the company in a procedure that identifies the detection methods/criteria of the status of the counterparty.

This identification may be automatic (subjects in impaired past due status) or evaluated (arrears unlikely to pay and non-performing loans).

Subjects defined in past due/impaired status

Starting from 1 January 2021 and in line with the Group's operational guidelines, Ifitalia adopted the new European default criteria outlined in the EBA GL 2016/07 guidelines. The adoption of these criteria led to a revision of the overdue detection rules for both "transferor" and "debtor" customers and in particular:

- in the case of “transferor” customers, the days past due are calculated from the day on which there is an overrun, i.e. the exposure to the customer is greater than the amount of receivables transferred with recourse and the amount of this overrun exceeds the thresholds of relevance established by the regulator. If this condition persists for 90 days, the customer is automatically reclassified to Past Due.

- in the case of "debtor" customers, the days past due are calculated from the 90th day on which the amounts due for principal, interest and commissions have not been paid and their amount has exceeded the relevance thresholds established by the regulator. In the payments defined in the credit agreement have been suspended and the due dates have been changed subject to a specific agreement formalised with the Company, the counting of the days past due follows the new repayment plan.

The relevance thresholds defined by the Regulator distinguish the exceeding of two different limits:

- relative threshold: equal to 1% of the past due exposure of the total risk exposure of the counterparty;
- absolute threshold: equal to EUR 100 for SMEs and EUR 500 for Companies, Bodies or other Institutions.

The adoption of the new default criteria was communicated with an information letter to the contractualised customers. Therefore, for factoring transactions, the exposures recognised on parties pursuant to IAS/IFRS are "past due assets" when both conditions of persistence and materiality are met at the same time.

Subjects defined as arrears unlikely to pay and non-performing loans

- Unlikely to pay: the classification of counterparties in this category is the result of the company's opinion as to the unlikelihood that, without recourse to actions such as enforcement of the guarantees, the debtor/transferor fully meets his/her credit obligations (in terms of principal and/or interest). This assessment is made independently from the presence of any amounts (or instalments) past due and not paid. Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist that imply a situation of counterparty default risk (for example, a crisis in the industrial sector in which it operates). All cash and off-balance-sheet exposures to a counterparty in this situation are referred to as "unlikely to pay", unless the conditions for classification as non-performing are met.
- Non-performing loans: this category includes all cash and off-balance-sheet exposures vis-à-vis a party in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. The exposures whose anomalous situation is attributable to profiles pertaining to country risk are excluded.

Return to performing

The counterparty can leave the non-performing status:

- when the exposures are fully discharged, including interest on arrears;
- if, once the conditions for maintaining the position as Non-performing no longer exist, it is returned to performing/Unlikely to pay by means of a specific resolution passed by the Positions delegated for this purpose;
- in case of full loss transfer of the position not recovered in whole or in part.

The counterparty can leave the unlikely to pay status:

- when the entire exposure classified as Unlikely to pay has been discharged;
- by resolution of the decision-making body granted the right to do so.

The counterparty can leave the impaired past due status:

- the automatic positions do not require a resolution for the return to performing (BON/Bonis), in that the exit from this status is managed directly by the information system that checks on a monthly basis the absence of the conditions of materiality and persistence of the past due positions that determined the placement or the end of the "cure period".

Procedures for defining, managing and controlling anomalous items at Group level

The status coordination activity is transversal to all the entities of the BNPP group in order to achieve a homogeneous reclassification of the status of the customer. Alignment is a process that needs to be coordinated from the moment the state changeover is prepared for all the statuses being assessed. The status alignment process is not automatic but always subject to coordinated evaluation by the Group entities.

Management and recovery process for impaired loans not yet due

The supervision of the recovery process for impaired loans within the workout area (status other than past due and unlikely to pay that does not require the activation of legal and/or judicial recovery actions) is entrusted to the external structures BNL - Workout and MB Credit Solutions SpA/Mediobanca Group.

These structures operate for different perimeters of impaired loans, identified on the basis of the size of the counterparty risk (GBV), which is defined ranging from EUR 0 to 150K inclusive (known as Small Ticket) and in a range of higher amounts

(known as Big Ticket). As this activity is outsourced, its internal point of contact is the Workout Control Unit within the Special Loans Structure.
As part of this process, these Structures implement collection strategies that consider:

- the status of the position and counterparties resulting from the data in its possession at the time the documentation is received and subsequently acquired;
- the effective amount to be recovered;
- the presence of external sources of reimbursement that may be considered.

In relation to the above, it periodically takes steps to formulate collection forecasts and to quantify the amount of provisions deemed adequate in light of the status of the position when the forecasts are formulated and each time there are new elements that allow to change it.
The activity of the above-mentioned external Structures is mainly focused on relations requiring legal/judicial actions, although some positions are also managed out of court when the amounts and the cost/benefit assessments suggest it.

4. Financial assets subject to commercial renegotiations and exposures subject to concession

Exposures falling under the categories of "Non-performing exposures with forbearance measures" and "Forborne performing exposures" as defined in the ITS are credit exposures subject to concessions (forbearance).
Forbearance measures are represented by concessions/rescheduling with counterparties that are, or are expected to be, in difficulty in meeting the originally agreed deadlines (financial difficulties).
Exposures must not be treated as forborne when the debtor is not in financial difficulty (no subjective requirement).
The valuation component from which the opinion of state of difficulty at the time of the request for concession/rescheduling arises is necessary to determine whether the measures put in place are to be understood as forbearance measures.
A concession measure is referable to any of the following actions:
a) a change in the previous contractual terms and conditions that the counterparty had to comply with and that counterparty is considered unable to comply with in the absence of the previous contractual terms and conditions due to financial difficulties (debt management problems) and that would not have been granted had the counterparty not been in such difficulties;
b) a total or partial refinancing/rescheduling of debt that would not have been granted had the counterparty not been in financial difficulty.
A concession measure can result in a loss for the bank/intermediary but this is not an absolute precondition. Therefore, a forbearance measure does not necessarily involve a loss.
In the business application, the focus is placed on the subjective assessment of the state of difficulty of the counterparty requesting the concession measure (forbearance measures) from which the requirement of placing the counterparty among the Non-performing or Performing forbearance measures can derive - together with the existence of certain objective assumptions.
In particular, to ensure the above, the following guidelines are defined:
1 The concession measures must be due to two distinct and alternative circumstances:

1.1 commercial reasons (trade concessions), i.e. problems related to the underlying supply and/or commercial policies of the purchaser and/or sector specificity in the absence of a state of difficulty and therefore of the counterparty;
1.2 change in deadlines resulting from a lack of funds in the presence of a state of difficulty of the counterparty (non-commercial concessions).

2 Some reasons constitute rebuttable presumption or absolute presumption of the case under 1.2.
3 The treatment must be differentiated between the debtor role (without recourse) and the transferor role (with recourse), meaning that:

3.1 the debtor role without recourse is a debtor counterparty where there are receivables without recourse;
3.2 the transferor role with recourse is a transferor counterparty where there are exposures with recourse.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio and loan quality (book values)

(thousands of euro)

	Portfolios/quality	Non-performing	Unlikely to pay	Past due positions	Performing Past due positions	Other Assets	Total
1.	Financial assets measured at amortised cost	31.737	25.000	2.193	576.612	6.582.039	**7.217.581**
2.	Financial assets at fair value through other comprehensive income						**-**
3.	Financial assets designated at fair value						**-**
4.	Other financial assets mandatorily measured at fair value		126			264	**390**
5.	Discontinues operations						**-**
	Total 31/12/	31.737	25.126	2.193	576.612	6.582.303	7.217.971
	B.2 Financing covered by **Total 31/12/**	38.889	22.794	5.090	606.334	7.489.590	8.162.697

2. Distribution of financial assets by portfolio and loan quality (gross and net values)

(thousands of euro)

Portfolios/quality	Impaired				Performing			Total (net exposure)
	Gross Exposure	Total value adjustment	Net exposure	Overall partial write-off *	Gross Exposure	Total value adjustment	Net exposure	
1. Financial assets measured at amortised cost	306,031	(247,101)	58,930		7,167,576	(8,925)	7,158,651	7,217,581
2. Financial assets at fair value through other comprehensive income			-				-	-
3. Financial assets designated at fair value			-		X	X	-	-
4. Other financial assets mandatorily measured at fair value	126		126		X	X	264	390
5. Discontinued operations			-				-	-
Total 31/12/2023	**306,157**	**(247,101)**	**59,056**	**-**	**7,167,576**	**(8,925)**	**7,158,915**	**7,217,971**
Total 31/12/2022	**319,972**	**(253,199)**	**66,773**	**-**	**8,104,813**	**(9,137)**	**8,095,924**	**8,162,697**

3. Distribution of financial assets by overdue bands (book values)

(thousands of euro)

Portfolios/quality	First level			Second level			Third level			Impaired acquired or		
	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days	Up to 30 days	From 30 days to 90	Over 90 days
1. Financial assets measured at amortised cost	399,250	110,802	14,236	39,677	10,073	3,045	4,110	2,908	299,013			
2. Financial assets at fair value through other comprehensive income												
3. Financial assets held for sale												
Total 31/12/2023	399,250	110,802	14,236	39,677	10,073	3,045	4110	2,908	299,013	-	-	-
Total 31/12/2022	446,279	81,674	22,170	46,106	6,859	3,820	684	1,310	317,820			

4. Financial assets, commitments to grant funds and financial guarantees given: changes in total value adjustments and in total provisions

(thousands of euro)

Causes/Risk status	Total value adjustments																			Total provisions on commitments to disburse funds and financial				Total
	Assets in the first status						Assets in the second status						Assets in the third status											
	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Loans to banks on demand	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: single write-downs	of which collective write-downs	Of wiich financial assets impaired acquired or originated	First level	Second level	Third level	Commitments to grant loans and financial guarantees issued	
Opening Balance		**5,683**				**5,683**		**3,454**				**3,454**		**253,199**			**253,199**			**596**	**167**			**263,099**
Increases in financial assets acquired or originated																								
Eliminations other than write-offs																								
Net value adjustments/write backs for credit risk (+/-)		893				893		2,806				2,806		16,537			16,537			52	132	42		20,462
Contract modifications without eliminations																								
Changes in estimation method																								
Write-off														(21,260)			(21,260)							(21,260)
Other changes		(3,593)				(3,593)		(318)				(318)		(1,375)			(1,375)			(334)	(244)			(5,864)
Closing balance		**2,983**				**2,983**		**5,942**				**5,942**		**247,101**			**247,101**			**314**	**55**	**42**		**256,437**
Recoveries from collections on financial assets written off														215			215							215
Write-offs recognised directly to the income statement														(2,802)			(2,802)							(2,802)

5. Financial assets, commitments to grant funds and financial guarantees given: transfers between different stages of credit risk (gross and nominal values)

(thousands of euro)

	Portfolios/quality	Gross Value / Nominal Value					
		Transfer from first stage to second stage		Transfer from first stage to third stage		Transfer from second stage to third stage	
		From first status to second status	From second status to first status	From second status to third status	From third status to second status	From first status to third status	From third status to first status
1.	Financial assets measured at amortised cost	143.594	51.106	823	425	2.134	554
2.	Financial assets at fair value through other comprehensive income						
3.	Financial assets held for sale						
4.	Commitments to grant loans and financial guarantees issued	23.025	27.191	10	145	245	-
	Total 31/12/2023	166.619	78.297	833	570	2.379	554
	Total 31/12/2022	126.490	86.365	2.855	1.798	6.077	3.722

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

6. Credit exposures to customers, banks and financial businesses

6.1 Off-balance sheet credit exposures to banks and financial businesses: gross and net values

(thousands of euro)

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	First level	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
A1 On demand	343								343	
a) Impaired assets	X				X					
b) Performing assets	343		X				X		343	
A2 Other	314,169	5,632			(116)	(13)			319,672	
a) Doubtful loans	X				X					
-of which forborne exposures	X				X					
b) Unlikely to pay	X				X					
-of which forborne exposures	X				X					
c) Impaired past due loans	X				X					
-of which forborne exposures	X				X					
d) Performing Past due loans	60,548	237	X		(19)		X		60,766	
-of which forborne exposures			X				X			
e) Other Performing Assets	253,621	5,395	X		(97)	(13)	X		258,906	
-of which forborne exposures			X				X			
TOTALE A	**314,512**	**5,632**			**(116)**	**(13)**			**320,015**	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X				X					
b) Performing assets	2,802		X				X		2,802	
TOTALE B	**2,802**								**2,802**	
TOTALE A+B	**317,314**	**5,632**			**(116)**	**(13)**			**322,817**	

6.2 Cash credit exposures to banks and financial businesses: changes in gross impaired exposures

(thousands of euro)

	Cause/Categories	Impaired	Unlikely to pay	Impaired past due loans
A.	***Starting gross exposure***	**460**		**-**
	- of which: exposures sold, but not eliminated			
B.	***Increases***	**-**	**-**	**-**
B.1	entries from performing exposures	-	-	-
B.2	entries from impaired financial assets acquired or originated	-	-	-
B.3	B.2 Financing covered by other granting measures	-	-	-
B.4	contract modifications without eliminations	-	-	-
B.5	other increases		-	-
C.	***Decreases***	**(460)**	**-**	**-**
C.1	exits to performing exposures	-		-
C.2	write-offs	-	-	-
C.3	collections	-	-	-
C.4	sale proceeds	-	-	-
C.5	losses on sale	-	-	-
C.6	transfers from other categories of impaired exposures	-	-	-
C.7	contract modifications without eliminations	-	-	-
C.8	other decreases	(460)	-	-
D.	***Gross final exposure***	**-**	**-**	**-**
	of which: exposures sold, but not eliminated	-	-	-

6.2bis Cash credit exposures to banks and financial businesses: changes in gross forborne exposures broken down by credit quality

There were no amounts in this section.

6.3 Impaired cash credit exposures to banks and financial businesses: changes in total value adjustments

(thousands of €)

Cause/Categories		Impaired		Unlikely to pay		Impaired past	
		Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A.	***Initial total adjustments***	**460**	-	-	-		-
	- of which: exposures sold, but not eliminated						
B.	***Increases***	-	-	-	-	-	-
B.1	B.2 Financing covered by other granting measures		X	-	X	-	X
B.2	other value adjustments		-	-	-		-
B.3	losses on sale		-	-	-	-	-
B.4	transfers from other categories of impaired exposures		-	-	-	-	-
B.5	contract modifications without eliminations		X		X		X
B.6	other increases		-	-	-	-	-
C.	***Decreases***	**(460)**	-	-	-	-	-
C.1	write-backs from valuation						
C.2	write-backs from collection		-	-	-	-	-
C.3	gains on sale		-	-	-	-	-
C.4	write-offs		-	-	-	-	-
C.5	transfers from other categories of impaired exposures		-	-	-	-	-
C.6	contract modifications without eliminations		X		X		X
C.7	other decreases	(460)	-	-	-	-	-
D.	***Final total adjustments***	-	-	-	-	-	-
	- of which: exposures sold, but not eliminated						

6.4 Off-balance sheet credit exposures to customers: gross and net values

(thousands of euro)

Types of exposures/Amounts	Gross Exposure				Total value adjustments and total provisions				Net Exposure	Overall partial write-off*
	First level	Second level	Third level	Impaired acquired or originated	**First level**	Second level	Third level	Impaired acquired or originated		
A. CASH EXPOSURES										
a) Doubtful loans			243,049				(211,312)		31,737	
-of which forborne exposures			28,119				(20,608)		7,511	
b) Unlikely to pay			60,265				(35,265)		25,000	
-of which forborne exposures			12,534				(7,373)		5,161	
c) Impaired past due loans			2,717				(524)		2,193	
-of which forborne exposures			41				(8)		33	
d) Performing Past due loans	463,740	52,558			(233)	(217)			515,848	
-of which forborne exposures										
e) Other Performing Assets	5,449,218	882,259			(2,635)	(5,711)			6,323,131	
-of which forborne exposures		9,077				(45)			9,032	
TOTALE A	**5,912,958**	**934,817**	**306,031**		**(2,868)**	**(5,928)**	**(247,101)**		**6,897,909**	
B. OFF BALANCE SHEET EXPOSURES										
a) Impaired assets	X		198		X		(42)		156	
b) Performing assets	193,421	19,678	X		(314)	(55)	X		212,730	
TOTALE B	**193,421**	**19,678**	**198**		**(314)**	**(55)**	**(42)**		**212,886**	
TOTALE A+B	**6,106,379**	**954,495**	**306,229**		**(3,182)**	**(5,983)**	**(247,143)**		**7,110,795**	

* Value to be shown for information purposes.

At the date of preparation of the document, there are no outstanding loans that constitute new liquidity granted through public guarantee mechanisms issued against the COVID-19 context.

6.4a Loans subject to Covid-19 support measures: gross and net values

There were no amounts in this section.

6.5 Credit exposures to customers: changes in gross impaired exposures

(thousands of euro)

	Cause/Categories	Doubtful loans	Unlikely to pay	Impaired past due loans
A.	***Starting gross exposure***	**259,203**	**54,409**	**5,742**
	- of which: exposures sold, but not eliminated			
B.	***Increases***	**4,716**	**25,958**	**2,675**
B.1	entries from performing exposures	1	23,356	1,242
B.2	entries from impaired financial assets acquired or originated			
B.3	transfers from other categories of impaired exposure	4,315	2,602	
B.4	B.2 Financing covered by other granting measures			
B.5	other increases	400		1,433
C.	***Decreases***	**(20,870)**	**(20,102)**	**(5,700)**
C.1	exits to performing exposures	(226)	(2,600)	(2,456)
C.2	write-offs	(15,549)	(6,969)	(114)
C.3	collections	(5,024)	(3,531)	
C.4	sale proceeds			
C.5	losses on sale			
C.6	transfers from other categories of impaired exposures		(4,089)	(2,828)
C.7	contract modifications without eliminations			
C.8	other decreases	(71)	(2,913)	(302)
D.	***Gross final exposure***	**243,049**	**60,265**	**2,717**
	of which: exposures sold, but not eliminated			

6.5bis Cash credit exposures to customers: changes in gross forborne exposures broken down by credit quality

(thousands of euro)

	Cause/Categories	Forborne exposures: impaired	Forborne exposures: performing
A.	***Starting gross exposure***	**50,016**	**2,844**
	of which: exposures sold, but not eliminated		
B.	***Increases***	**3,310**	**8,759**
B.1	entries from performing not forborne exposures	2,492	7,859
B.2	entries from performing forborne exposures	100	X
B.3	entries from impaired forborne exposures	X	463
B.4	entries from non impaired forbones	339	
B.5	B.2 Financing covered by other granting measures	379	437
C.	***Decreases***	**(12,632)**	**(2,526)**
C.1	exits to performing not forborne exposures	(33)	(2,151)
C.2	exits to performing forborne exposures	(463)	X
C.3	exits to impaired forborne exposures	X	(100)
C.4	write-offs	(2,615)	
C.5	collections		
C.6	sale proceeds		
C.7	losses on sale		
C.8	other decreases	(9,521)	(275)
D.	***Gross final exposure***	**40,694**	**9,077**
	of which: exposures sold, but not eliminated		

6.6 Impaired cash credit exposures to customers: changes in total value adjustments

(thousands of euro)

	Cause/Categories	Doubtful loans		Unlikely to pay		Impaired past due loans	
		Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A.	***Initial total adjustments***	**220,314**	**21,350**	**31,773**	**9,597**	**652**	
	- of which: exposures sold, but not eliminated						
B.	***Increases***	**15,381**	**3,348**	**14,590**	**1,316**	**(137)**	
B.1	value adjustments from impaired financial assets acquired or		X		X		X
B.2	other value adjustments	6,512	2,897	14,590	1,316	(137)	
B.3	losses on sale						
B.4	B.2 Financing covered by other granting measures	8,869	451				
B.5	contract modifications without eliminations		X		X		X
B.6	other increases						
C.	***Decreases***	**(24,383)**	**(4,090)**	**(11,098)**	**(3,540)**	**9**	
C.1	write-backs from valuation	(884)	(644)	(1,199)		9	
C.2	write-backs from collection	(2,785)		(487)			
C.3	gains on sale						
C.4	write-offs	(20,717)	(3,446)	(543)	(3,089)		
C.5	transfers from other categories of impaired exposures			(8,869)	(451)		
C.6	contract modifications without eliminations		X		X		X
C.7	other decreases	3					
D.	***Final total adjustments***	**211,312**	**20,608**	**35,265**	**7,373**	**524**	
	- of which: exposures sold, but not eliminated						

7. Classification of financial assets, commitments to grant funds and financial guarantees given based on internal and external ratings

7.1 Breakdown of financial assets, commitments to grant funds and financial guarantees given by external rating classes (gross values)

(thousands of euro)

	Exposures	External rating classes						Unrated	Total
		Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A.	**Financial assets measured at amortised cost**	**481,382**	**1,627,072**	**899,706**	**553,716**	**29,383**	**8,246**	**3,874,102**	**7,473,607**
	- First level	481,304	1,602,528	739,004	455,506	24,280	6,533	2,917,972	**6,227,127**
	- Second level	78	24,544	160,702	98,210	5,103	1,713	650,099	**940,449**
	- Third level							306,031	**306,031**
	- Impaired acquired or originated								
B.	**B.2 Financing covered by other granting measures**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	- First level								**-**
	- Second level								**-**
	- Third level								**-**
	- Impaired acquired or originated								
C.	**Commitments to disburse funds and financial guarantees issued**								
	- First level								
	- Second level								
	- Third level								
	- Impaired acquired or originated								
	Total (A + B + C)	**481,382**	**1,627,072**	**899,706**	**553,716**	**29,383**	**8,246**	**3,874,102**	**7,473,607**
	of which: impaired financial assets acquired or originated								
D.	**Commitments to disburse funds and financial guarantees issued**	**640**	**53,384**	**8,869**	**2,984**	**50**	**-**	**150,172**	**216,099**
	- First level	640	53,341	8,848	2,984	50		130,360	**196,223**
	- Second level		43	21	-	-		19,614	**19,678**
	- Third level							198	**198**
	- Impaired acquired or originated								
	Total (D)	**640**	**53,384**	**8,869**	**2,984**	**50**	**-**	**150,172**	**216,099**
	Total (A + B + C + D)	**482,022**	**1,680,456**	**908,575**	**556,700**	**29,433**	**8,246**	**4,024,274**	**7,689,706**

Ifitalia, for the Exposures in the Central Administrations and Central Banks portfolio, uses the external ratings of the following ECAIs:

	1	2	3	4	5	6
CERVED	A1.1, A1.2, A.1.3	A.2.1, A.2.2, A.3.1	B.1.1, B.1.2	B.2.1, B.2.2	C.1.1	C.1.2, C.2.1

7.2 Distribution of financial assets, commitments to grant funds and financial guarantees given by internal rating class (gross values)

There were no amounts in this section.

8. Financial and non-financial assets obtained through the enforcement of guarantees received

There were no amounts in this section.

9. Lending concentration

9.1 Distribution of cash and off-balance sheet credit exposures by sector of economic activities of the counterparty

(thousands of euro)

Exposure types/Balances	Public administration		Financial companies and		Non financial		Households		Famiglie	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Esposizione netta	Rettifiche valore complessive
A. CASH EXPOSURES										
A.1 Doubtful loans	7,264	(11,453)					24,425	(196,571)	48	(3,288)
-of which forborne exposures	378	(532)					7,133	(19,959)		(117)
A.2 Unlikely to pay	13,886	(4,882)					10,936	(28,765)	178	(1,618)
-of which forborne exposures	504	(20)					4,591	(7,160)	66	(193)
A.3 Impaired past due positions	266						1,792	(483)	135	(41)
-of which forborne exposures							33	(8)		
A.4 Performing exposures	559,672	(341)	320,015	(129)	2,115		6,224,822	(8,372)	54,485	(83)
-of which forborne exposures							8,945	(45)	87	
TOTAL A	**581,088**	**(16,676)**	**320,015**	**(129)**	**2,115**		**6,261,975**	**(234,191)**	**54,846**	**(5,030)**
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	144						11	(42)		
B.2 Performing assets	35,265	(14)	2,802				175,236	(344)	2,230	(11)
TOTAL B	**35,409**	**(14)**	**2,802**				**175,247**	**(386)**	**2,230**	**(11)**
TOTAL (A+B) 31.12.2023	**616,497**	**(16,690)**	**322,817**	**(129)**	**2,115**		**6,437,222**	**(234,577)**	**57,076**	**(5,041)**
TOTAL (A+B) 31.12.2022	**1,044,925**	**(11,196)**	**274,748**	**(503)**	**26,488**	**(13)**	**7,254,924**	**(245,042)**	**83,990**	**(6,358)**

9.2 Distribution of cash and off-balance sheet credit exposures by counterparty's geographic area

(thousands of euro)

Exposure types/Balances	ITALY		OTHER EUROPEAN		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES										
A.1 Non performing	31,460	(209,803)	277	(1,509)						
A.2 Unlikely to pay	23,462	(34,967)	139	(138)			1,356	(151)	43	(9)
A.3 Past due positions	2,016	(478)	175	(44)			2	(2)		
A.4 Performing positions	5,788,736	(7,919)	1,032,931	(852)	225,716	(111)	63,882	(37)	47,729	(6)
TOTAL (A)		**(253,167)**	**1,033,522**	**(2,543)**	**225,716**	**(111)**	**65,240**	**(190)**	**47,772**	**(15)**
B. OFF BALANCE SHEET EXPOSURES										
B.1 Impaired assets	155	(42)								
B.2 Performing positions	197,371	(286)	17,975	(82)	170	(1)	17			
TOTAL (B)	**197,526**	**(328)**	**17,975**	**(82)**	**170**	**(1)**	**17**			
TOTAL (A + B) 31/12/2023	**6,043,200**	**(253,495)**	**1,051,497**	**(2,625)**	**225,886**	**(112)**	**65,257**	**(190)**	**47,772**	**(15)**
TOTAL (A + B) 31/12/2022	**7,128,505**	**(258,441)**	**1,188,305**	**(3,809)**	**259,044**	**(290)**	**55,292**	**(488)**	**27,441**	**(71)**

9.2.1 Distribution of cash and off-balance sheet credit exposures by geographic area of counterparty resident in Italy

(thousands of euro)

Exposure types/Balances	North-West		North-East		Centre		South and Islands	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. CASH EXPOSURES								
A.1 Non performing	1,875	(60,360)	2,485	(22,263)	13,707	(57,448)	13,393	(69,732)
A2 Unlikely to pay	1,504	(9,733)	411	(2,718)	5,890	(10,243)	15,657	(12,273)
A3 Past due positions	482	(103)	167	(47)	596	(156)	771	(172)
A.4 Performing positions	2,531,737	(2,084)	1,209,671	(1,008)	1,285,445	(3,728)	761,883	(1,099)
TOTAL (A)	**2,535,598**	**(72,280)**	**1,212,734**	**(26,036)**	**1,305,638**	**(71,575)**	**791,704**	**(83,276)**
B. OFF BALANCE SHEET EXPOSURES								
B.1 Impaired assets							155	(42)
B.2 Performing positions	88,752	(103)	36,699	(55)	41,401	(75)	30,519	(53)
TOTAL (B)	**88,752**	**(103)**	**36,699**	**(55)**	**41,401**	**(75)**	**30,674**	**(95)**
TOTAL (A+B) 31.12.2023	**2,624,350**	**(72,383)**	**1,249,433**	**(26,091)**	**1,347,039**	**(71,650)**	**822,378**	**(83,371)**
TOTAL (A+B) 31.12.2022	**2,921,775**	**(75,822)**	**1,419,370**	**(29,191)**	**1,867,893**	**(71,660)**	**919,467**	**(81,768)**

9.3 Significant exposures

(thousands of euro)

SIGNIFICANT EXPOSURES		Book value	Weighted value
a	Amount	2,622,403	1,594,294
b	Number	14	14

10. Models and other methods for gauging and handling the credit risk

The Group does not use internal models for gauging credit risk

11. Other quantitative information

Not applicable for the Group

3.2 MARKET RISK

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General aspects

The interest rate risk deriving from the timing mismatch between asset and liability items associated with funding and lending transactions is handled by the Finance Division.

As part of its core activities, due to company policy, funding reflects the same market parameters to which the structure of the loans is linked.

In consideration of the types of lending and funding that characterise Ifitalia's activities, the risk of a change in the market rates has a marginal impact on the value of assets and liabilities.

QUANTITATIVE INFORMATION

Given that all funding is currently provided to the company by the Parent Company, the mismatch by maturity band with respect to the amount of the funding is marginal as at 31 December 2023.

1. Distribution by residual maturity (re-pricing date) of financial assets and liabilities

Currency: euro *(thousands of euros)*

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. activities	**1,014,674**	**4,872,853**	**440,224**	**47,814**	**225,755**	**16,364**	**-**	**319,656**
1.1 Government bonds								
1.2 credits	1,014,674	4,872,853	439,834	47,814	225,755	16,364		319,656
1.3 other activities			390					
2. liabilities	**419,416**	**4,449,847**	**382,911**	**37,179**	**182,615**	**11,258**	**-**	**437,328**
2.1 debts	419,416	4,449,847	382,911	37,179	182,615	11,258		437,328
2.2 bonds issued								
2.3 other liabilities								
3. financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opzioni	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

Currency: other *(thousands of euros)*

Remaining items/duration	on demand	within 3 months	from 3 to 6 months	from 6 to 1 year	from 1 year to 5 years	from 5 years to 10 years	over 10 years	unspecified life
1. activities	**15,355**	**261,660**	**3,959**	**-**	**-**	**-**	**-**	**-**
1.1 Government bonds								
1.2 credits	15,355	261,660	3,959	-	-	-		
1.3 other activities								
2. liabilities	**104,642**	**157,653**	**14,265**	**-**	**-**	**-**	**-**	**-**
2.1 debts	104,642	157,653	14,265	-	-	-		
2.2 bonds issued								
2.3 other liabilities								
3. financial derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opzioni	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								
other derivatives	-	-	-	-	-	-	-	-
3.1 long position								
3.2 short position								

2. Models and other methods for gauging and handling the interest rate risk

The interest rate risk is monitored on a quarterly basis by the Finance Division – Treasury Dept. The model used by Ifitalia to monitor interest rate risk is that indicated in the provisions contained in Bank of Italy Circular no. 288, whose model is based on the principle of a 200 bp shock.

At the end of 2023, the portfolio's sensitivity to interest rate risk for Ifitalia amounted to EUR 4.15 million, equal to 0.49% of the supervisory capital, below the 20% threshold.

3. Other quantitative information on interest rate risk

There were no amounts in this section.

3.2.2 PRICE RISK

The Company does not purchase or sell financial instruments other than trade receivables and therefore is not exposed to the market risks associated with the price volatility of said instruments.

3.2.3 EXCHANGE RISK

QUALITATIVE INFORMATION

1. General aspects

Exchange risk is negligible within the scope of core business activities since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euro)

Entries	Currencies					
	USA dollars	Pounds	Yen	Canadian dollars	Swiss francs	Other curriencies
1. Financial activities	**174,204**	**84,811**	**-**	**2,012**	**234**	**41,272**
1.1 government bonds	-	-	-	-	-	-
1.2 equity securities	-	-	-	-	-	-
1.3 credits	174,204	84,811	-	2,012	234	41,272
1.4 other financial ativities	-	-	-	-	-	-
2. Other activities	-	-	-	-	-	-
3. Financial liabilities	**173,369**	**84,538**	-	**2,022**	**234**	**41,156**
3.1 debts	173,369	84,538	-	2,022	234	41,156
3.2 bonds issued						
3.3 other financial libilities	-	-	-	-	-	-
4. Other liabilities	-	-	-	-	-	-
5. Derivatives	-	-	-	-	-	-
5.1 long positions	-	-	-	-	-	-
5.2 short position	-	-	-	-	-	-
Total activities	174,204	84,811	-	2,012	234	41,272
Totale liabilities	173,369	84,538	-	2,022	234	41,156
Unbalances (-/+)	835	273	-	- 10	-	116

2. Models and other methods for gauging and handling the exchange risk

As stated above, exchange risk is negligible since all assets acquired are matched by identical liabilities in the same currency and with the same duration features.

3. Other quantitative information on exchange risk

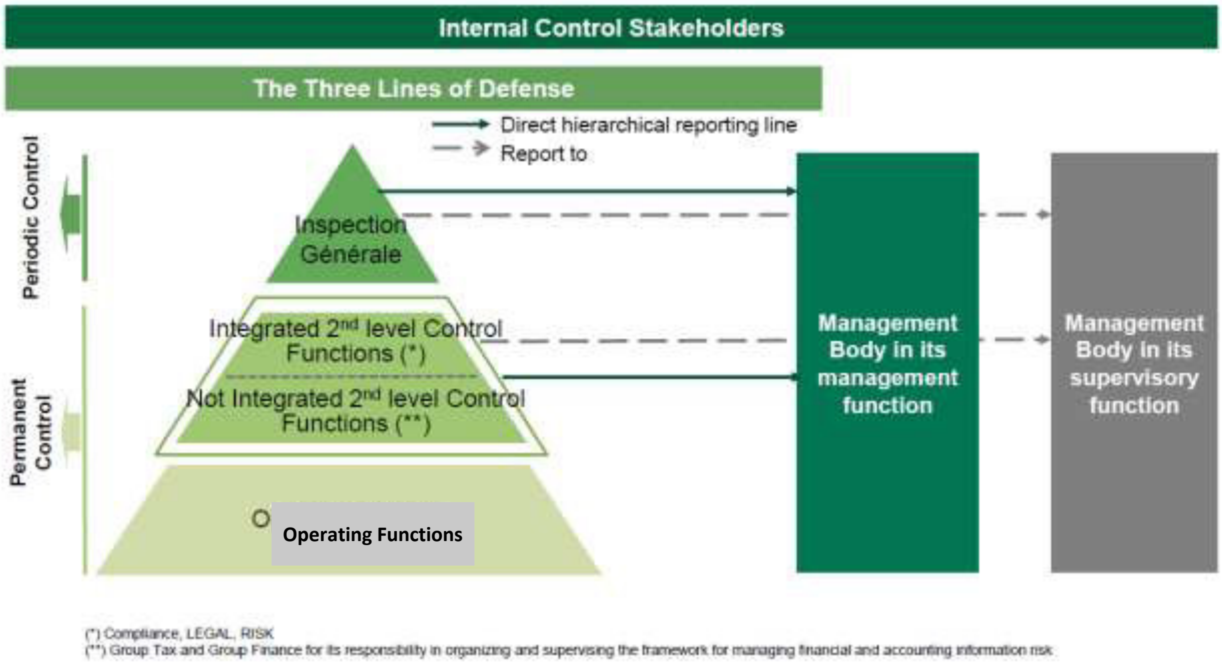
There were no amounts in this section.

3.3 OPERATIONAL RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the operational risk

The control model defined by the BNP Paribas Group allocates the Operational Risk tasks among three lines of defence and, limited to Permanent Controls, between the first and second lines of defence as summarised below.



(*) Compliance, LEGAL, RISK
(**) Group Tax and Group Finance for the purposes of organisational responsibilities and supervision of the risk management framework for accounting and financial reporting

The **permanent control system** is implemented by the Risk Division, which ensures its consistency and operation in accordance with the permanent control system provided for by the Parent Company BNP Paribas.
With reference to the regulatory framework, the activity is carried out on procedures that apply the Group's framework at the local level and are translated into policies, guidelines, operational implementation procedures, control plans and a reporting system.
The diagram below represents the overall breakdown of the components of the permanent control system.

The permanent control system consists of:

- **the first level of control,** represented by the operating functions, which perform line activities and hierarchical controls, and the Operational Risk and Permanent Controls Department (OPC) which performs the role of permanent first level control. The first line of defence is responsible for:
  - identifying and assessing the risks to which the assets are exposed;
  - defining adequate control methods and ensuring their execution;
  - identifying and implementing risk mitigation actions.
- **second level of control. These functions** are responsible, through delegation from the Governing Body, for the organisation and proper operation of the risk management system and its compliance with laws and regulations in a number of areas (themes and/or processes) defined by their Responsibility Charter

On the other hand, the periodic control is represented by the third level of control that is responsible for assessing risk management, control and corporate governance processes, as well as compliance with laws and regulations, and making proposals to strengthen their effectiveness.
With regard to operational risk, the distinction between control levels has been made fully operational in Ifitalia since 2018 with the operational start-up in the Risk Division of the **RISK ORM - Operational Risk Management structure, which acts as a second line of defence in carrying out permanent control and operational risk management activities**

On the other hand, the supervision, management and monitoring activities (also with reference to the ICAAP process) are carried out by the already mentioned Operational Risk and Permanent Controls Department (OPC) in coordination with the RISK ORM. The staff of the OPC Unit, who do not participate in specific operating activities of the other Functions, are dedicated to executing Permanent Controls according to the formalities and the deadlines defined in the Plan of Controls and prepared “day by day” operational disclosure on the checks carried out, emerging issues, and any mitigation activities carried out. This information is sent to the operational management (Heads of the Units).
Within the Ifitalia internal control framework, the OPC Unit is responsible for the follow-up of corrective actions resulting from audit missions carried out by Inspection Générale; the activity is reported to the Risk Division as the second line of defence. Inspection Générale is responsible for the final decision on the correct implementation of the corrective action resulting from the issue of specific recommendations.

The complementariness of the "Operational Risks" and "Permanent Controls" areas carries out its synergistic action in the identification, assessment and monitoring phase of the actual risk (the risk that takes into account the coverage of the procedures and the effectiveness of the controls) and in the definition phase of the corrective actions and the relative priorities, following the adoption of shared and common metrics and measurements.

The second line of defence implemented by RISK ORM, on the Risk Manager's recommendation, has the mission of ensuring the correct application at local level of the Group's framework with reference to: the regulations, the way in which the risks to which the company is exposed are assessed.
Second-level control activities are carried out on the basis of a control plan (POC), which is revised annually in a risk-oriented logic, with reference to the verification of the method of identification and execution of controls implemented by OPC (**Independent Testing**).
In addition to the above planned activities, there are others related to:

- the **supervision** (Check & Challenge) of the implementation methods and the consistency of the assessments carried out as part of the process of assessing the risks relating to company processes known as **RCSA/Risk Control & Self Assessment;**
- **the supervision** (Check & Challenge) of the implementation methods with respect to Group standards of the information reported and the decisions taken by management with regard to all major **operational incidents** and, on a sample basis, those of lesser importance;
- **the supervision of the implementation of the anti-fraud defence system** through active participation in defining and setting up the defence framework in terms of regulations and tools in collaboration with the first line of defence;
- **the supervision of the implementation of the outsourcing risk management system** in collaboration with the first line of defence.

Information and coordination with management at the corporate level is carried out through Inter-functional Committees, the main one being the **Risk Monitoring Committee** during the Operational Risk and Permanent Controls session, the Outsourcing session and the Fraud session. The members and mission of the individual sessions of the Risk Monitoring Committee are set out in the Company Regulations in force at the time.
Management of operational risk, in the definition adopted by BNP Paribas, is based on an alignment of cause analysis (internal process or external fact), event (incident), and effect (risk of economic loss). In particular, the BNP Group defined as an incident a real event that has actually taken place, of which it is possible to effectively describe the real causes and consequences, as well as to measure its economic impacts. Analysis of the frequency/impacts of the historic incidents and their evolution in perspective represents an underlying element for the development of the map of the risks.

- ✓ Finance Division is responsible for ensuring that incidents generating a significant financial impact are properly reported in the Company's financial documents; this Division also works with the Operational Risk and Permanent Control Unit to perform an accounting reconciliation of operating incidents. It is also responsible for calculating the capital requirements to be established in relation to the operational risks.

The Operational Risk Management Model within Ifitalia concerns the following processes:

- **Loss Data Collection Process**: activities for the identification, entry, and registration of historic incidents of Operational Risk through input to the Risk360 Group tool. The process, implemented by the first line of defence, is subject to a second level control called Quality Review by RISK ORM, with the aim of ascertaining the correct identification of the causes and effects of the incident and the adequacy of the action plans identified. The application of the second level control is implemented with a risk sensitive logic that takes into account the type of incident and its amount. Following the examination, RISK ORM could agree with the first line of defence on the implementation of an action plan.
-
- **RCSA/Risk Control & Self Assessment process**: assessment of the exposure to operational and non-compliance risks within Ifitalia. The mapping of the risks has been one of the qualifying elements for the adoption of the TSA model. It is based on an auto-diagnostic process for the identification, classification and prior valuation of the risks which corporate operations are potentially exposed to and as such, is a managerial operating instrument useful for the planning of the most appropriate mitigation measures for said risk.
  The process, implemented by the first line of defence, is subject to a second level control process called Check&Challenge that aims to ensure the correct identification of the relevant risks, their assessment before and after the application of the control system, as well as the identification of action plans. The process has its own formalised governance, coordinated by the Risk Division, and ends with final approval by the Risk Monitoring Committee – Operational Risk and Permanent Controls session and by the Board of Directors.

- **Permanent Control Plan of the first level of defence**: activation of permanent control procedures on areas at greatest operational risk identified in the RCSA Process and Control Plans defined at the level of the Factoring Sector; the outcomes of the controls are reported through the Risk360 Group application.

- **Permanent Control Plan of the second level of defence:** activated on the basis of a risk-oriented approach that takes into account several parameters (such as, by way of example: the historicity of the incidents with respect to the processes, indications of the business line, the results of the risk maps, new areas of activity, etc.). The analysis process is called Independent Testing and targets a sample of processes and controls. Following the examination, if necessary, RISK ORM could agree with the first line of defence of the corrective actions.

- **Issue Resolution Activities**: adoption of suitable corrective measures in relation to the critical areas indicated, to ensure the efficiency of the company procedures and processes (in terms of integration, variation or support). This action can be activated directly from the first line of defence (known as self-identified action plans) or derive from the activity carried out by the second line of defence as described above. Corrective actions identified as part of the execution of controls and the analysis of incidents are recorded and monitored through dedicated Group platforms.

- **Reporting**:
  Reporting activities assure operational risk monitoring and enable to assess the efficacy of the controls and hedging procedures.
  Reports are produced by the first and second line of defence in line with their scopes of responsibility.
  With reference to the first line of defence, the main report produced, is the *Permanent Controls and Operational Risks Report* that guarantees information on the outcomes of the controls carried out by the first level of defence and the results of the Loss Data Collection process. This report, issued every six months, is intended for the management present in the Risk Monitoring Committee - Operational Risks and Permanent Controls Session and the Board of Directors.
  With regard to the second line of defence, two main reports are produced:
  - The half-yearly report on the performance of the permanent second level control activity with reference to the results of the independent tests, quality review, follow up of the action plans self-determined by the management and of the corrective actions defined in the context of the independent testing activities as well as the main key issues that may be relevant in the operational risk area on which the management may need to be updated. The report, issued every six months, is intended for the Risk Monitoring Committee - Operational Risks and Permanent Controls Session and the Board of Directors;
  - The annual report called *OR&C Report* submitted for validation by the General Manager and Risk Manager, and intended for the Business Line, provides the Group with a general view of the company's internal control system.

QUANTITATIVE INFORMATION

<u>Assessment of the main sources and nature of risk events</u>
The breakdown by percentage of operational risk events (historical incidents) recorded in 2023 according to the type of loss event (Event Type) defined by the Basel II Committee is provided below. During 2023, 22 risk events were recorded compared to 13 in the previous year, which are summarised below year on year:[5]

A fraud incident occurred in 2023, unlike in 2022 in which no incidents of this type were recorded.

[5] It should be noted that in 2023, following further analyses, it was ascertained that in 2022 an accident was recorded by mistake (with Event Type: Clients, Products and Business practices), therefore it was eliminated.

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the liquidity risk

The policies for managing liquidity risk, i.e. the ability to fulfil, at any time, one's payment obligations at the set due dates, are an expression of the strategy defined by the Parent Company BNP Paribas, which is essentially based on centralised liquidity management for all Group companies.

QUANTITATIVE INFORMATION

1. Time distribution by residual maturity of financial assets and liabilities – Euro

Euro (thousands of euro)

Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
Cash assets	**858,211**	**-**	**-**	**1,586,036**	**2,690,108**	**949,203**	**246,275**	**227,191**	**43,826**	**16,444**	**320,046**
A1 Government bonds											
A2 Other debt securities											
A3 Loans	858,211			1,586,036	2,690,108	949,203	246,275	227,191	43,826	16,444	319,656
A4 Other assets											390
Cash liabilities	**419,418**	**879,753**	**534,069**	**550,362**	**917,829**	**950,963**	**1,110,841**	**100,040**	**11,691**	**8,260**	**437,328**
B.1 Deposits and current accounts	419,418	879,753	534,069	550,362	917,829	950,963	1,110,841	100,040	11,691	8,260	437,328
- Banks	370,673	871,751	518,763	494,448	819,231	891,552	1,108,267	100,040	11,691	8,260	11,838
- Financial institutions	48,745	8,002	15,306	55,914	98,598	59,411	2,574	-	-	-	-
- Customers											425,490
B.2 Debt securities											
B.3 Other liabilities											
Off balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**293**
C.1 Financial derivatives with capital exchange	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.2 Financial derivatives without capital exchange	-	-	-	-	-	-	-	-		-	-
Long positions											
Short positions											
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.4 Irrevocable commitments to grant funds	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.5. Financial guarantees issued											293
C.6 Financial guarantees received											

1. Time distribution by residual maturity of financial assets and liabilities – Other currencies

Other currencies (thousands of euro)

Items/Timeframe	On demand	Within 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	From 3 to 5 years	Beyond 5 years	Unspecified life
Cash assets	**9,449**	**-**	**-**	**43,292**	**183,792**	**42,910**	**1,531**	**-**	**-**	**-**	**-**
A1 Government bonds											
A2 Other debt securities											
A3 Loans	9,449			43,292	183,792	42,910	1,531	-	-		
A4 Other assets											
Cash liabilities	**104,642**	**-**	**653**	**18,951**	**138,049**	**14,265**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	104,642	-	653	18,951	138,049	14,265	-	-	-	-	-
- Banks	104,642	-	653	18,951	138,049	14,265					
- Financial institutions								-	-	-	
- Customers											
B.2 Debt securities											
B.3 Other liabilities											
Off balance sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**8**
C.1 Financial derivatives with capital exchange	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.2 Financial derivatives without capital exchange	-	-	-	-	-	-	-	-		-	-
Long positions											
Short positions											
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.4 Irrevocable commitments to grant funds	-	-	-	-	-	-	-	-		-	-
- Long positions											
- Short positions											
C.5. Financial guarantees issued											8
C.6 Financial guarantees received											

3.5 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES
There were no amounts in this section.

Section 4 - Equity Information

4.1 The consolidated equity

4.1.1 Qualitative information

The Group's equity is made up of the aggregation of share capital, share premium reserve, reserves, valuation reserves and profit for the period.
For supervisory purposes, the capital aggregate significant for this purpose is determined based on the current provisions envisaged by the Bank of Italy and represents the reference oversight for prudential supervisory provisions.
In accordance with said provisions, the Company is obliged to maintain a comprehensive capital requirement, which is calculated as the sum of the requirements relating to the single risk types (known as "building block").

4.1.2 Quantitative information

4.1.2.1 Group equity: breakdown

The Group's equity as at 31 December 2023 amounted to EUR 911,536 thousand.

(thousands of euro)

Items/Balances	Total 31/12/2023	Total 31/12/2022
1. Share capital	55,900	55,900
2. Share premium	61,799	61,799
3. Reserves	736,345	699,768
- profit	737,503	700,926
a) legal reserve	11,180	11,180
b) statutory reserve	726,323	689,746
c) treasury shares		
d) other		
- other	(1,158)	(1,158)
4. (Treasury shares)		
5. Valuation reserves	(970)	(953)
- Equity instruments measured at fair value through other comprehensive income		
- Hedging of equity instruments measured at fair value through other comprehensive income		
- Financial assets (other than equity securities) measured at fair value through other comprehensive income		
- Property, plant and equipment		
- Intangible assets		
- Hedging of foreign investments		
- Cash flow hedges		
- Hedging instruments (elements not designated)		
- Exchange differences		
- Non current assets and disposal group held for sale		
- Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness)		
- Special revaluation laws		
- Actuarial gains (losses) relating to defined benefit pension plans	(970)	(953)
- Quote of the valuation reserves relating at equity		
6. Equity instruments		
7. Profit (loss) for the year	58,462	36,577
Total	**911,536**	**853,091**
Minority interests	**10**	**10**
Total group equity	**911,546**	**853,101**

4.1.2.2 Valuation reserves of financial assets at fair value through other comprehensive income: breakdown
There were no amounts in this section.

4.1.2.3 Valuation reserves of financial assets at fair value through other comprehensive income: changes during the year
There were no amounts in this section.

4.2 Own Funds and supervisory ratios
Bank of Italy Circular no. 288 "Supervisory Provisions for Financial Intermediaries" in Title I "Subjects and activities", Chapter 2 "Financial Group", Section II "Financial Group", 1 "Composition of the Financial Group" states that the financial companies that make up the group also include:
— corporate bodies with a corporate purpose limited to the carrying-out of certain transactions of a financial nature, whose activity is essentially carried out in the interest of the group."
However, Circular 288 also specifies that "Vehicles set up in Italy or abroad for the sole purpose of giving corporate form to individual funding or lending transactions and intended to be liquidated once the transaction is concluded, in which the intermediary or a company of the financial group holds an interest that does not qualify as an equity investment for supervisory purposes, are not included in the financial group on condition that they are consolidated on a line-by-line basis in the consolidated financial statements of the parent company".

Therefore, since Ifitalia has no equity investments in the capital of the vehicle and since it has prepared this document relating to the consolidated financial statements, the vehicle should not be included in the financial group.
Moreover, as long as the vehicle is the only entity controlled by Ifitalia (and, as stated above, should not be included in the financial group), it is considered that the preconditions for the creation of the financial group itself and the application of the relevant legislation no longer exist.

Therefore, on the basis of the above regulations, the Financial Group is not set up in accordance with Circular 288 with the consequent exemption from all administrative/accounting obligations for the purposes of Supervision for the Financial Groups.

IFITALIA GRUPPO BNP PARIBAS

Section 5 – Analytical statement of consolidated comprehensive income

(thousands of euro)

	ITEMS	Total 31/12/2023	Total 31/12/2022
10.	**Profit (Loss) for the year**	58,462	36,577
	Other income components without reversal to income statement connected with:		
20.	Equity instruments measured at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to other components of equity		
30.	Financial liabilities designated at fair value through profit or loss (change in the Bank's creditworthiness):	-	-
	a) fair value changes		
	b) transfer to other components of equity		
40.	Hedging of equity instruments designated at fair value through other comprehensive income:	-	-
	a) fair value changes (hedge instrument)		
	b) fair value changes (hedging instrument)		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit plans	(23)	243
80.	Non current assets held for sale		
90.	Share of reserves from valuation of investments carried at equity		
100.	Income taxes relating at other income components without reversal to profit or loss	6	(67)
	Other income components with reversal to income statement connected with:		
110.	Hedging of foreign investments:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
120.	Exchange differences:	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
130.	Cash flows hedges:	-	-
	a) fair value changes		
	b) transfer to income statement		
	c) other changes		
	of which: result of net positions		
140.	Hedging instruments (elements not designated):	-	-
	a) value changes		
	b) transfer to income statement		
	c) other changes		
150.	Financial assets (other then equity securities) at fair value through other comprehensive income:	-	-
	a) fair value changes		
	b) transfer to income statement	-	-
	- adjustments from impairment		
	- profit/ loss from realisation		
	c) Other changes		
160.	Non-current assets and disposal groups held for sale	-	-
	a) changes in fair value		
	b) reclassification to profit or loss		
	c) other changes		
170.	Portion of valuation reserves of equity-accounted investees	-	-
	a) changes in fair value		
	b) reversal to income statement	-	-
	- impairment adjustments		
	- realised gains/losses		
	c) other changes		
180.	Income taxes relating at other income components withreversal to profit or loss		
190.	**Total other income components**	**(17)**	**176**
200.	**Comprehensive income (Item 10+190)**	**58,445**	**37,494**
210	**Total consolidated comprehensive income attributable to inority interests**	-	-
220.	**Total consolidated comprehensive income attributable to the Parent Company**	**58,445**	**37,494**

Section 6 – Transactions with related parties

The introduction of the international accounting standards involves the application of the provisions relating to disclosure on transactions with related parties established by IAS 24.

6.1 Information on the remuneration of executives with strategic responsibilities

(thousands of euro)

	Total 31/12/2023	Total 31/12/2022
Directors	46	54
Auditors	96	94
Total	**142**	**148**

6.2 Loans and guarantees given in favour of directors and statutory auditors

There were no amounts in this section.

6.3 Information on transactions with related parties

Reference should be made to the comments in the corresponding item of the Report on Operations – intercompany transactions and those with "related parties".

Income statement transactions for the period and balance sheet balances as at 31 December 2023 between the Parent Company and other BNPP Group companies, deriving from financial or trade transactions, are presented below.

(thousands of euro)

Counterpart	IFITALIA creditor	IFITALIA debtor	Factoring receivables	Guarantees received (*)	Guarantees given	Derivative liability
A) PARENT COMPANY	**11,407**	**4,694,755**	**6**	**-**	**-**	**-**
BNP PARIBAS SUCC. MILANO	11,407	4,692,626	6	-		
BNP PARIBAS PARIS		2,129				
B) BNPP GROUP COMPANIES	**646**	**1,074,533**	**64,601**	**361,287**	**2,802**	**-**
ARTIGIANCASSA SPA			4			
ARVAL SERVICE LEASE		-				
ARVAL SERVICE LEASE ITALIA SPA		203	56,104			
AXEPTA SPA (EX- BNL POSITIVITY SRL)						
BANCA NAZIONALE DEL LAVORO SPA	596	771,863	6,734	361,287	2,802	-
BANQUE MAROCAINE POUR LE COMMERCE ET L'INDUSTRIE			4			
BNL FINANCE SPA						
BNPP CARDIF VITA COMPAGNIA DI ASSICURAZIONE E RIASSICURAZIONE SPA						
BNPP FACTOR		945	19			
BNPP FORTIS	50	3,277				
BNPP REAL ESTATE						
BUSINESS PARTNER ITALIA SCPA						
CARDIF ASSURANCES RISQUES DIVERS			278			
CNH INDUSTRIAL CAPITAL EUROPE			9			
FINDOMESTIC BANCA SPA			1,233			
TIERRE SECURITISATION SRL		289,683				
TURK EKONOMI BANKASI AS						
BNPP Real Estate Advisory Italy SPA						
Diamante Re SRL		8,267				
Sviluppo HQ Tiburtina SRL			1			
SNC Natiocredimurs						
Servizio Italia SPA						
TEB Faktoring AS			1			
BNPP Lease Group Leasing Solutions SPA			136			
BNPP SA Dublin Branch - IE						
BNPP Partners for Innovation Italia SRL		93	35			
Financit SPA			10			
BNPP 3 Step IT		184				
BNPP Faktoring Spolka ZOO			33			
International Trade Partner						
BNP Paribas SGR SPA						
BNPP Net Ltd		18				
C) ASSOCIATED COMPANIES						
Totale	**12,053**	**5,769,288**	**64,607**	**361,287**	**2,802**	**-**

(*) Including guarantees provided to cover the exceeding of risk concentration limits.

(thousands of euro)

Counterpart	Interest and similar income	Interest and similar expense	Commission income	Commission expense	Dividends	Derivatives	Administrative expenses	Other operating income and charges	Gains on disposal of investments
A) PARENT COMPANY		(136,344)		(53)			(3,158)		
B) BNPP GROUP COMPANIES	220	(30,039)	114	(3,037)			(17,347)	(575)	
C) ASSOCIATED COMPANIES							-		
Total	**220**	**(166,383)**	**114**	**(3,090)**	**-**	**-**	**(20,505)**	**(575)**	**-**

IFITALIA GRUPPO BNP PARIBAS

Section 7 – Leases (Lessee)

QUALITATIVE DISCLOSURE

In applying IFRS 16, the group considered it applicable only in relation to the lease contract for the space in the building in Assago to which the Company moved its headquarters in April 2022.

The contract was signed with Diamante Re, a company belonging to the BNP Paribas Group, and has a duration of 15 years.

Based on this contract, the relevant right-of-use and the corresponding financial liability were calculated.

Ifitalia has other lease contracts in place with the company BNL Spa for the sales outlets located in the various Italian regions; however, in consideration of the insignificant amounts and ongoing organisational changes that require them to be closed or restructured, these contracts were excluded from IFRS 16.

QUANTITATIVE INFORMATION

1. ANNUAL CHANGES OF RIGHTS OF USE FOR LEASES

(thousands of euro)

	Total
A. Gross initial existences	13,772
A.1 Total net impairments	(78)
A.2 Net initial existences	13,694
B. Increases	9,187
B.1 Purchases	8,191
B.2 Capitalised improvement expenditure	
B.3 Revivals	
B.4 Variazioni positive di fair value imputate a :	
B.5 Positive exchange rate differences	
B.6 Transfers from real estate held for investment purposes	
B.7 Other variations	996
C. Decreases	14,690
C.1 Sales	
C.2 Depreciation	918
C.3 Imputed losses booked to:	
C.4 Negative changes in fair value attributed to:	
C.5 Negative exchange rate differences	
C.6 Relocation to:	
C.7 Other variation	13,772
D. Net closing balances	8,191
D.1 Net impairment	
D.2 Gross final leftovers	8,191

2. CASH FLOWS BY MATURITY BANDS OF LEASE PAYABLES

(thousands of euro)

	Leasing csh flow maturity bands					
	within 1 month	from 1 month to 6 months	from 6 months to 1 year	from one year to 2 years	over 2 years	Total
Lease liabilities	162	66	231	477	7,255	**8,191**
Total	**162**	**66**	**231**	**477**	**7,255**	**8,191**

Section 8 – Other disclosure

8.1 Contributions received from the Public Administration

Companies that receive grants, contributions, paid assignments and economic advantages of any kind from public administrations, or in any case from public resources, are required to publish these amounts in the notes to the accounts of the financial statements and consolidated financial statements, if any. This is what the annual law for the market and competition provides in compliance with a series of disclosure and transparency obligations (Article 1, paragraph 125 et seq., Law no. 124/2017).
Following the Assonime Circular of 11 February 2019, in particular, with reference to the type of disbursements covered by the obligation to publish them in the notes to the financial statements and the way in which they are reported, the Company decided to refer to the National Register of State Aid, in the presence of numerous interpretational issues that lead to the conclusion that further action at the regulatory level is desirable.
Here is the web address to access the information:
https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx

As reported by the National Register of State Aid, in 2023 the company did not request contributions; moreover, it did not receive any reimbursements for financed training.
Ifitalia had contributions in the field of human resources management amounting to EUR 109,331.46, broken down as follows:

- Contributions for new hires/stabilisations, introduced by the 2018 Stability Law (Law no. 205/2017) of EUR 21,250.00;
- Contributions for the Ordinary Section of the Solidarity Fund - benefits: Interministerial Decree 83486 of 28/07/2014 - Article 10, paragraph 2 of EUR 24,877.93;
- Article 8 of Italian Law Decree no. 203 of 30 September 2005, converted, with amendments, by Italian Law no. 248 of 2 December 2005. Compensating measures for companies that contribute the employment termination benefits to supplementary pensions of EUR 63,203.53.

8.2 Financial Statement Data for the Parent Company BNP Paribas

With reference to the matters envisaged by Article 2497-bis, paragraph 4 of the Italian Civil Code, regarding disclosure on management and co-ordination activities, tables are presented below containing a summary of the highlights taken from the last set of financial statements as at 31 December 2023 approved by BNP Paribas S.A. in its capacity as direct parent company.

IFITALIA
GRUPPO BNP PARIBAS

BNP PARIBAS

The bank for a changing world

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with IFRS as adopted by the European Union

The Board of directors of BNP Paribas approved the Group consolidated financial statements on 6 February 2023.
The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2022 and 31 December 2021. In accordance with Annex I of European Delegated Regulation (EU) 2019/980, the consolidated financial statements for the year ended 31 December 2020 are provided in the Universal registration document filed with the Autorité des Marchés Financiers on 15 March 2022 under number D.22-0098.

On 18 December 2021, the Group concluded an agreement with BMO Financial Group for the sale of 100% of its retail and commercial banking activities in the United States operated by the BancWest cash-generating unit. The terms of this transaction fall within the scope of application of IFRS 5 relating to groups of assets and liabilities held for sale (see note 7.d *Discontinued activities*) leading to isolate the "Net income from discontinued activities" on a separate line. A similar reclassification is made in the statement of net income and changes in assets and liabilities recognised directly in equity and in the cash flow statement. The effect of this reclassification on the aggregates of the profit and loss statement is presented in note 3 *Segment Information*.
Following the receipt of regulatory approvals, the transaction was finalised on 1 February 2023.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

In millions of euros	Notes	Year to 31 Dec. 2022	Year to 31 Dec. 2021
Interest income	2.a	41,082	29,518
Interest expense	2.a	(20,251)	(10,280)
Commission income	2.b	14,622	15,037
Commission expense	2.b	(4,444)	(4,675)
Net gain on financial instruments at fair value through profit or loss	2.c	9,358	7,615
Net gain on financial instruments at fair value through equity	2.d	138	164
Net gain on derecognised financial assets at amortised cost		(41)	(2)
Net income from insurance activities	2.e	4,296	4,332
Income from other activities	2.f	15,701	15,482
Expense on other activities	2.f	(12,830)	(13,429)
REVENUES FROM CONTINUING ACTIVITIES		**47,631**	**43,762**
Salary and employee benefit expense	6.a	(17,605)	(16,417)
Other operating expenses	2.g	(11,696)	(10,705)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.n	(2,394)	(2,344)
GROSS OPERATING INCOME FROM CONTINUING ACTIVITIES		**15,936**	**14,296**
Cost of risk	2.h	(3,004)	(2,971)
OPERATING INCOME FROM CONTINUING ACTIVITIES		**12,932**	**11,325**
Share of earnings of equity-method entities	4.m	699	494
Net gain on non-current assets	2.i	(253)	834
Goodwill	4.o	249	91
PRE-TAX INCOME FROM CONTINUING ACTIVITIES		**13,627**	**12,744**
Corporate income tax from continuing activities	2.j	(3,716)	(3,584)
NET INCOME FROM CONTINUING ACTIVITIES		**9,911**	**9,160**
Net income from discontinued activities	7.d	686	720
NET INCOME		**10,597**	**9,880**
Net income attributable to minority interests		401	392
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**10,196**	**9,488**
Basic earnings per share	7.a	7.80	7.26
Diluted earnings per share	7.a	7.80	7.26

BNP PARIBAS The bank for a changing world

BALANCE SHEET AT 31 DECEMBER 2022

In millions of euros	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and balances at central banks		318,560	347,883
Financial instruments at fair value through profit or loss			
Securities	4.a	166,077	191,507
Loans and repurchase agreements	4.a	191,125	249,808
Derivative financial instruments	4.a	327,932	240,423
Derivatives used for hedging purposes	4.b	25,401	8,680
Financial assets at fair value through equity			
Debt securities	4.c	35,878	38,906
Equity securities	4.c	2,188	2,558
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	32,616	21,751
Loans and advances to customers	4.e	857,020	814,000
Debt securities	4.e	114,014	108,510
Remeasurement adjustment on interest-rate risk hedged portfolios		(7,477)	3,005
Financial investments and other assets related to insurance activities	4.i	247,403	280,766
Current and deferred tax assets	4.k	5,893	5,866
Accrued income and other assets	4.l	209,092	179,123
Equity-method investments	4.m	6,263	6,528
Property, plant and equipment and investment property	4.n	38,468	35,083
Intangible assets	4.n	3,790	3,659
Goodwill	4.o	5,294	5,121
Assets held for sale	7.d	86,839	91,267
TOTAL ASSETS		**2,666,376**	**2,634,444**
LIABILITIES			
Deposits from central banks		3,054	1,244
Financial instruments at fair value through profit or loss			
Securities	4.a	99,155	112,338
Deposits and repurchase agreements	4.a	234,076	293,456
Issued debt securities	4.a	70,460	70,383
Derivative financial instruments	4.a	300,121	237,397
Derivatives used for hedging purposes	4.b	40,001	10,076
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	124,718	165,699
Deposits from customers	4.g	1,008,054	957,684
Debt securities	4.h	154,143	149,723
Subordinated debt	4.h	24,156	24,720
Remeasurement adjustment on interest-rate risk hedged portfolios		(20,201)	1,367
Current and deferred tax liabilities	4.k	3,054	3,103
Accrued expenses and other liabilities	4.l	185,456	145,399
Technical reserves and other insurance liabilities	4.j	226,532	254,795
Provisions for contingencies and charges	4.p	10,040	10,187
Liabilities associated with assets held for sale	7.d	77,002	74,366
TOTAL LIABILITIES		**2,539,821**	**2,511,937**
EQUITY			
Share capital, additional paid-in capital and retained earnings		*115,149*	*108,176*
Net income for the period attributable to shareholders		*10,196*	*9,488*
Total capital, retained earnings and net income for the period attributable to shareholders		**125,345**	**117,664**
Changes in assets and liabilities recognised directly in equity		(3,553)	222
Shareholders' equity		**121,792**	**117,886**
Minority interests	7.f	**4,763**	**4,621**
TOTAL EQUITY		**126,555**	**122,507**
TOTAL LIABILITIES AND EQUITY		**2,666,376**	**2,634,444**

AUDITORS' REPORT

International Factors Italia S.p.A.

Independent auditor's report in accordance with articles 14 and 19-bis of Legislative Decree No. 39 of 27 January 2010

(translation of the original report issued in Italian)*

Financial statements as at December 31, 2023

MZNC/ESFF/vlla - R2024/00381

mazars

Via Ceresio, 7
20154 Milano
Tel: +39 02 32 16 93 00
www.mazars.it

Independent auditor's report in accordance with articles 14 and 19-bis of Legislative Decree No. 39 of 27 January 2010

(translation of the original report issued in Italian)*

To the Shareholders of International Factors Italia S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of International Factors Italia 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, the cash flows statement for the year then ended and the related notes, including the relevant information on the accounting principles applied.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015.

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 section of this report titled *Auditor's responsibilities for the audit of the financial statements*. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The Company, as required by law, has included in the supplementary note financial statements of the company the essential data of the last year's balance sheet which carries out management and coordination activities over it. The judgment on the financial statements of International Factors Italia S.p.A. does not extend to the prior data.

Responsibilities of the directors and 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 as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015 and, according to the terms prescribed 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.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriateness of the use of the going concern assumption in the preparation of the financial statements, and for appropriate disclosure thereof. In preparing the financial statements, the directors use the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The board of statutory auditors ("collegio sindacale") is responsible for overseeing, according to the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain a 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 performed 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base 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;

- we obtained an understanding of the internal control relevant to the audit in order to design the 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;

- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- we concluded on the appropriateness of the director'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. Where 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, subsequent events or conditions may cause the Company to cease to continue as a going concern;

- we evaluated 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 such a manner as to give a true and fair view.

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

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Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of International Factors Italia S.p.A. are responsible for preparing a directors' report of International Factors Italia S.p.A. as at December 31, 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the directors' report with the financial statements of International Factors Italia S.p.A. as at December 31, 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the directors' report is consistent with the financial statements of International Factors Italia S.p.A. as at December 31, 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, April 4, 2024

Mazars Italia S.p.A.

(signed on the original)

Matteo Zanchettin
Partner

(*) 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.

International Factors Italia Group

Independent auditor’s report in accordance with articles 14 and 19-bis of Legislative Decree No. 39 of 27 January 2010

(translation of the original report issued in Italian)*

Consolidated financial statements as at December 31, 2023

MZNC/ESFF/vlla - R2024/00382

Via Ceresio, 7
20154 Milano
Tel: +39 02 32 16 93 00
www.mazars.it

Independent auditor's report in accordance with articles 14 and 19-bis of Legislative Decree No. 39 of 27 January 2010

(translation of the original report issued in Italian)*

To the Shareholders of International Factors Italia S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of International Factors Italia Group (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity, the cash flows statement for the year then ended and the related notes, including the relevant information on the accounting principles applied.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of the consolidated result of its operations and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015.

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 section of this report titled *Auditor's responsibilities for the audit of the consolidated financial statements*. We are independent of International Factors Italia S.p.A. (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Others matter

The Company, as required by law, has included in the supplementary notes to the financial statements of the company the essential figures of the last year's balance sheet which carries out management and coordination activities over it. The judgment on the consolidated financial statements of International Factors Italia Group does not extend to the prior data.

Responsibilities of the directors and 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 as well as with the regulations issued to implement article 43 of Legislative Decree No. 136/2015 and, according to the terms prescribed 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.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements, and for appropriate disclosure thereof. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless directors either intend to liquidate the parent company International Factors Italia S.p.A. or to cease operations or has no realistic alternative but to do so.

The board of statutory auditors ("collegio sindacale") is responsible for overseeing, according to the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain a 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 performed 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 the audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base 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;
- we obtained an understanding of the internal control relevant to the audit in order to design the 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;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' 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. Where 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, subsequent events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated 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 such a manner as to give a true and fair view;

- we obtained 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 on the consolidated financial statements.

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of International Factors Italia S.p.A. are responsible for preparing a directors' report of International Factors Italia Group as at December 31, 2023, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the directors' report with the consolidated financial statements of International Factors Italia Group as at December 31, 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the directors' report is consistent with the consolidated financial statements of International Factors Italia Group as at December 31, 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, Aprile 4, 2024

Mazars Italia S.p.A.

(signed on the original)

Matteo Zanchettin
Partner

(*) 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.

BOARD OF STATUTORY AUDITORS’ REPORT

IFITALIA S.p.A.

INTERNATIONAL FACTORS ITALIA S.p.A.

Company subject to the management and co-ordination of BNP Paribas S.A.

Registered office in Assago (MI), Via del Mulino, 9

Share capital: EUR 55,900,000 fully paid-in

Milan Monza Brianza Lodi Companies' Register No. and Tax Code 00455820589 Economic & Administrative Roster No. 683665

Register of Financial Brokers - mechanised code no. 19016

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 PREPARED PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

"Dear Shareholders,

this report is prepared in accordance with the provisions of Article 2429, paragraph 2, of the Italian Civil Code, and its layout, as well as our activities, have been inspired by the "Rules of Behaviour of the Board of Statutory Auditors" of unlisted companies, issued by the Italian Accounting Profession (as updated on 20 December 2023 and in force since 1 January 2024, replacing the version of 12 January 2021 which remained applicable from 1 January 2021 to 31 December 2023, as far as it was not addressed to regulated and prudentially supervised companies). Its purpose is to report on the supervisory and control activities carried out by the Board of Statutory Auditors during the financial year ended 31 December 2023, and up to the date hereof, in accordance with the regulations of the Italian Civil Code, taking into account, if necessary, the aforementioned rules of behaviour.

It is worth mentioning, on a preliminary basis, that Italian Legislative Decree no. 135 of 17 July 2016, in "Implementation of Directive 2014/56/EU amending Directive 2006/43/EC on the statutory audit of annual accounts and consolidated accounts", published on 21 July 2016 in the Official Gazette no. 169 and in force since 1 January 2017, has placed certain entities, such as your Company, in a "middle regime" (see Italian Legislative Decree no. 39/2010, Articles 19-bis and 19-ter), subjecting them to a similar regime legislation with respect to Public Interest Entities ("PIE") with the sole exclusion from the obligations: to establish the Audit Committee, to tender for the allocation of the statutory audit of the accounts and to issue, by the statutory auditor of the accounts, of the audit report envisaged for the PIEs. The duration of the audit mandate for entities subject to middle regime is confirmed, nevertheless, similar to that envisaged for PIEs.

In this case, the independent auditors, Mazars Italia S.p.A. (hereinafter, the "Independent Auditors") were appointed by the Annual Shareholders' Meeting of 24 November 2015, for the 2015-2023 nine-year period (inclusive). The Board of Statutory Auditors of your Company, in its current composition, was appointed by the Shareholders' Meeting on 26 April 2023, following the resignation of one of its members, and will remain in office until the Shareholders' Meeting for the approval of the financial statements that will close on 31 December 2024. Therefore, with the approval of the Company's financial statements for the year ending 31 December 2023, the mandate given to the independent auditors will expire. The Board of Statutory Auditors is therefore called upon to express its opinion on the appointment of the statutory audit engagement for the 2024-2032 period pursuant to Articles 13 and 19-bis of Italian Legislative Decree no. 39 of 27 January 2010, as amended by Italian Legislative Decree no. 135 of 17 July 2016, and Article 2409 bis of the Italian Civil Code, as indicated by the Administrative Body and set forth in the Agenda of the Shareholders' Meeting called for 24 April 2024. The Shareholders' Meeting will therefore be called to resolve on the appointment for the new audit engagement. Please refer to the specific opinion provided by the Board of Statutory Auditors today.

As already mentioned above, the appointed independent auditors are Mazars Italia S.p.A.

The draft financial statements for the year ended 31 December 2023 and the Directors' Report on Operations were forwarded to the Board of Statutory Auditors on 21 March 2024, for compliance with the law, following the Board meeting that approved them.

As you know, your Company belongs to the BNP Paribas Banking Group and is subject to the management and coordination of BNP Paribas S.A.

The Board of Statutory Auditors points out that the Financial Statements for the year ended 31 December 2023:

- have been drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in the versions currently in force and adopted by the European Commission in accordance with the provisions of the European Parliament and the Council of the European Union;

- take into account the provisions, instructions and communications issued by the Bank of Italy concerning "The Financial Statements of IFRS Intermediaries other than Banking Intermediaries", in their latest version and the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005;
- have been audited by Mazars Italia S.p.A., to whose report drawn up in accordance with Articles 14 and 19-bis of Italian Legislative Decree no. 39 of 27 January 2010, issued on 4 April 2024 without findings, reference should be made;
- closed with a profit of EUR 58,461,952 and shareholders' equity of EUR 911,536,183.

Monitoring compliance with the law and the Articles of Association - Standards of correct administration

In carrying out its activities during the year 2023 and up to today, the Board of Statutory Auditors complied with the provisions of Article 2403 of the Italian Civil Code and, to the extent expressly required, with the aforementioned rules of behaviour (in the reasonably applicable *pro tempore* version). These last guidelines were followed in compliance with the regulatory framework of reference, and thus with the Italian Civil Code, the Banking Law, the instructions of the Bank of Italy and the relevant laws and regulations.

The Board of Statutory Auditors monitored compliance with the law and the articles of association as indicated below.

The Board of Statutory Auditors oversaw, to the extent of its remit, the adequacy of the company's organisational structure and its evolution within the sphere of the BNP Paribas Group, as well as the legitimacy of the choices made by the Board of Directors and the observance of the standards of correct administration, by means of direct observations and recommendations, gathering information, meetings with the Heads of the main company divisions and meetings with the Heads of the Independent Auditors Mazars Italia S.p.A. for the purpose of a reciprocal exchange of significant data and information without having to make any observations about it.

No reports were received from shareholders pursuant to Article 2408 of the Italian Civil Code or pursuant to Article 2409 of the Italian Civil Code.

The Board of Statutory Auditors has constantly attended the meetings of the Board of Directors and obtained quarterly information from the Directors on the activities carried out and on the most important economic, financial and equity transactions carried out by the Company.

In particular, during the 2023 financial year, the Board of Statutory Auditors:

- held nine meetings pursuant to Article 2404 of the Italian Civil Code and specific minutes of these meetings were written up;
- attended all the meetings of the Board of Directors, six of which were held during the period under review, at which an appropriate exchange of opinions was noted among the individual attendees, and ascertained that the resolutions passed were in accordance with the law and in compliance with the applicable statutory, legislative and regulatory provisions governing its operation, and for which we can reasonably assure that the transactions resolved and implemented were in compliance with the law and the Articles of Association and were not manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.
- it also participated in the Annual Shareholders' Meeting, the only one held in 2023;
- constantly acquired information on the general performance of operations and outlook, as well as on the most important operations, in terms of size or characteristics, carried out by the Company;
- ascertained that the transactions carried out were also in compliance with the law and the Articles of Association and were not in potential conflict with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the company's assets;
- was aware of the evolution of the company's business, paying particular attention to contingent and/or extraordinary issues in order to identify their economic and financial impact on the results for the year and the equity structure, as well as any risks, such as those arising from losses on receivables and existing contracts, monitored on a regular basis;
- consistently carried out its activities as the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001, the composition of the two bodies being uniform, as will be discussed further on;
- paid due attention to compliance, by the corporate bodies, with the regulations issued by the Supervisory Authorities during the period, as well as the obligations arising

from the communications and requests for information from the said Authorities and in particular the ICAAP (Internal Capital Adequacy Assessment Process) model, which the Company is required to prepare and forward annually to the Bank of Italy pursuant to Circular no. 288/2015 "Supervisory provisions for financial intermediaries" (and subsequent amendments) and related regulations (CRR, CRD IV, Circular 286).

During the year, the Company, which, as mentioned, belongs to the BNP Paribas Banking Group, was subject to the management and coordination of BNP Paribas S.A., and in this regard, we noted compliance with Article 2497-ter of the Italian Civil Code and it is considered that intragroup and related party transactions of an ordinary nature are adequately described in the Notes to the Financial Statements and are deemed congruous and in the Company's interest.

We are not aware of any atypical or unusual transactions with related parties or third parties. Transactions with related parties were carried out with the counterparties of the Group to which they belong and are indicated, by type and name of the counterparty, in a specific section of the Notes to the Financial Statements, pursuant to Article 3, point f) of Italian Legislative Decree no. 87/1992.

On the basis of the information thus obtained (also by attending the meetings of the Board of Directors and the Shareholders' Meetings, as well as on the basis of the information requested and obtained by the representatives of the company divisions in the context of periodic audits) the Board of Statutory Auditors is able to affirm that no transactions have been carried out that are contrary to law, extraneous to the corporate purpose or in conflict with the Articles of Association or resolutions passed, and, where applicable, the requirements set forth in Article 2497-ter of the Italian Civil Code, mentioned above, have been complied with.

In compliance with the Group instructions and IAS/IFRS international accounting standards, the Board of Directors took steps to draw up and forward the quarterly and interim data for the purposes of the consolidated reports.

The Board of Statutory Auditors monitored, to the extent of its competence, the legitimacy of the choices made by the Board of Directors and compliance with the principles of proper administration through direct observations and recommendations, collection of information, meetings with the heads of the main corporate functions and meetings with the Independent Auditors.

Checking outsourced functions

It is noted that during 2023 the company maintained the outsourcing of important operating functions already in progress in previous years, entrusted mainly to Banca Nazionale del Lavoro S.p.A.; we refer in particular to Audit and Compliance.

The Board oversaw that activity through meetings and information obtained from the single Heads of the Outsourced Activities as well as through the examination of the specific report on the important operating functions pursuant to Circular no. 288 of the Supervisory Authority.

The Board of Statutory Auditors assessed and oversaw the adequacy of the internal control system and the administrative accounting system as well as the reliability of the latter to correctly represent the operating events, by means of obtaining information from the heads of the respective functions, the examination of the corporate documents and the analysis of the results of the work carried out by the independent auditors, overseeing the activities of those in charge of internal auditing, in observance of the Supervisory Provisions for Financial Intermediaries pursuant to Article 106 of the Consolidation act of the banking and lending laws (TUB) set forth in Bank of Italy Circular no. 288/2015, regarding administrative and accounting organisation and internal audits.

Accordingly, the Board of Statutory Auditors - both during board meetings and meetings with the outsourced Compliance, Anti-Money Laundering and Internal Audit functions - received information on the annual plans of the aforesaid functions and on the reports issued by them, assessing the results and monitoring the implementation of the corrective actions.

In general, the Board noted that the audits carried out revealed substantial compliance.

Monitoring the adequacy of the organisational structure and internal control system

The Board of Statutory Auditors monitored, in relation to those matters falling within its competence, the adequacy of the organisational structure and management processes of the Company through direct observation, collection of information from the heads of control functions and from the heads of the main company divisions; relations with the latter were based on mutual cooperation in accordance with the roles assigned to each.

The organisational structure remained largely stable.

The internal control system provides for the performance of activities aimed at identifying anomalous trends, violations of internal and external regulation procedures, as well as assessing the functionality of the overall internal control system. This activity is institutionally carried out by Inspéction Générale - the Italian hub of BNL.

The Board of Statutory Auditors considers that the internal control system is geared to the Company's management characteristics, meets the requirements of efficiency and effectiveness in risk control, and complies with internal and external procedures and provisions.

During the year 2023, the Board of Statutory Auditors acquired information from the Internal Audit Function on the results of the audits carried out during the year and the related follow-up activities.

During the period, the Board of Statutory Auditors also dealt with the Heads of the Risk Management, Compliance and Anti-Money Laundering functions, who supervise the regularity of transactions and risk trends by acquiring constant information on risk management and control and monitoring the rationalisation measures implemented to strengthen the effectiveness of the control units.

Based on the activities carried out, which did not give rise to any significant matters to report, the Board of Statutory Auditors was able to assess the adequacy of the activities and organisation of the Internal Audit, Risk Management, Compliance and Anti-Money Laundering and Control functions in relation to the tasks assigned to them.

The Board of Statutory Auditors monitored the Company's compliance with the "Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001", which also acted as a Supervisory Body, as described below.

In conclusion, the Board of Statutory Auditors considers that there are no significant deficiencies in the Company's internal control system that need to be brought to its attention in this report. At the same time, experience shows that the system needs to be continually updated and adapted to the changing size and complexity of the company, and the Board can confirm that the Company (and the Group to which it belongs) pays continuous attention to these aspects.

Supervising the adequacy of the administrative and accounting system and the external audit

Administrative and accounting system

The Board of Statutory Auditors monitored the adequacy and functioning of the administrative and accounting system, as well as its reliability in correctly representing management events, both through direct investigations and by obtaining information from the heads of the various functions, and mainly the Company's Financial Manager. To this end, as mentioned above, it held meetings and discussions with the heads of the central functions in order to ascertain the adequacy and suitability of the Company's organisational structures in relation to its activities and the management aspects thereof.

Also on the basis of the information acquired by the Independent Auditors, the Board of Statutory Auditors was aware, to the extent of its authority, of the adequacy and functioning of the organisational structure, the internal control system and the administrative and accounting system, as well as the reliability of the latter to correctly represent management events, and compliance with the laws and regulations concerning the preparation, layout and format of the Financial Statements, as well as the contents of the Directors' Report on Operations.

As a result of its findings, the Board of Statutory Auditors considers that the administrative accounting system is suitable to correctly represent management events.

Financial statements

The Board of Statutory Auditors, to the extent of its authority:

- held regular meetings with the Independent Auditors, during which information and guidelines were exchanged, without any particular findings being reported or any matters of concern being brought to light;
- meetings were held with the auditors to discuss their audit of the financial statements, and no critical issues were raised;
- verified that the Independent Auditors duly carried out the task of audit the financial statements, as well as verifying the regular keeping of the company accounting, the correct recording of the management events and the certification of the tax statements (the Board was informed of the report of continuous auditing carried out that derives from the nature of the Group to which it belongs, and its size). In this sense, the Board has received written information from the Independent Auditors

regarding the activities carried out and their conclusion, with particular reference to the points of attention of the Financial Statements;

- supervised the continuity and completeness of the flow of communications and information, including accounting, intervened (in the dual direction of impetus) between the Company and the Group referring to BNP Paribas S.A.

Therefore, the Board of Statutory Auditors examined the contents of the audit report on the Financial statements, issued on 4 April 2024 pursuant to Articles 14 and 19-bis of Italian Legislative Decree no. 39/2010 by Mazars Italia S.p.A., which expresses an opinion "without findings" and without any requests for information.

Supervisory activities on the adequacy of risk management systems

As mentioned above with reference to the supervision of the adequacy of the organisational structure and internal control system, the Board of Statutory Auditors, as part of the general audit of the business risk management process, received reports from the Internal Auditing, Risk Management, Compliance and Anti-Money Laundering Functions in 2023.

The reports document the results of the follow-up activities on the various corrective actions required, as well as the adequacy and effectiveness of the controls adopted by the Company to manage the risk of non-compliance with the regulations.

With regard to credit risk management, the Board of Statutory Auditors was able to note the work carried out to improve the tools that can guarantee credit risk control and that the Risk Division maintains its resoluteness in the selection of Customers. The Board of Statutory Auditors can confirm the particular and significant activities carried out in this area by the Risk Management function.

This function, which is internal to the Company, will present, during the meeting of the Board of Directors to be held on 18 April, the report concerning the year 2023, which is drawn up annually pursuant to Circular no. 288 of the Bank of Italy, which will then be sent to the Regulator.

As already highlighted in the Report on the Financial Statements for the year ended 31 December 2022, the Board of Statutory Auditors mentioned that the Company had completed all 28 remedial actions required by the Bank of Italy for the transition to the IRBA method by 31 December 2022, with the exception of the conditionality and the floor, which the Bank of Italy had requested and which the Company no longer implemented.

With regard to the management of self-money laundering risk, the Board of Statutory Auditors oversaw the observance of the Supervisory Instructions and the observance of the anti-money laundering and terrorist financing prevention legislation, with particular regard to the obligations to report suspicious transactions and the other obligations as per Italian Legislative Decree no. 231 dated 21 November 2007, regarding the implementation of Directive 2005/60/EC and subsequent amendments, with particular reference to the establishment and activities of the anti-money laundering function in observance of the Bank of Italy Instruction of 10 March 2011 as amended containing “Implementing provisions regarding organisation, procedures and internal audits aimed at preventing use of intermediaries and other persons who carry out financial activities for money laundering and terrorist financing purposes, pursuant to Article 7, paragraph 2 of Italian Legislative Decree no. 231”.

Finally, also with regard to usury, the Board of Statutory Auditors found a "Satisfactory" compliance.

<u>Other activities</u>

The Board of Statutory Auditors maintained constant communication with the statutory Independent Auditors, and no acts or facts deemed reprehensible or worthy of reporting have emerged from these meetings.

With a special reference to the 2023 Financial Statements, there were no significant findings with regard to either the compliance procedures on the internal control system or the validity procedures planned during the final audit of the areas of the analysed Financial statements.

In the opinion of the statutory Independent Auditors, the financial statements give a true and fair view of the financial position, the results of the operations and of the cash flows of the Company as at 31 December 2023 for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union as well as with the provisions issued in implementation of Article 43 of Italian Legislative Decree no. 136/2015.

The Board of Statutory Auditors supervised and monitored the independence of the Independent Auditors (pursuant to Articles 10, 10-bis and 17 of Italian Legislative Decree no. 39/2010) and which, in the 2023 financial year, it did not provide non- audit services to the Company; the Board was able to independently verify the existence of these requirements and circumstances.

The flow of reports sent by the company to the Bank of Italy on prudential supervision, reporting to the Credit Reference Bureau and anti-usury reports as well as the correct application of the regulatory provisions on anti-money laundering were continuously monitored.

It is acknowledged that the Board of Directors, as a body with strategic supervision function, in compliance with the supervisory provisions for financial intermediaries issued by the Bank of Italy with Circular 288/2015 (Title III, Chapter 1, section II, paragraph 2) on corporate governance, with which the Company is required to comply as it is registered in the Register of Financial Brokers pursuant to Article 106 of the Consolidated Law on Banking, adopted, and reviewed at least annually, the remuneration policy and is responsible for its proper implementation, and also ensured that the remuneration policy was adequately documented and accessible within the corporate structure.

With regard to the Annual Shareholders' Meeting called for 24 April 2024, the Board of Statutory Auditors will operate in close coordination with the Board of Directors so that the Shareholders' Meeting can be properly held, and the rights of the Shareholders duly exercised, in compliance with the aforementioned provisions.

Finally, the Board of Statutory Auditors declares that, on the basis of the information obtained, no omissions, reprehensible facts, irregularities or in any case significant circumstances requiring reporting to the Authorities or mention in this Report have been detected in the course of the activities carried out during the financial year 2023 (and up to the date of this report); moreover, as mentioned above, no complaints were filed pursuant to Article 2408 of the Italian Civil Code, nor were any other complaints received.

The Board of Statutory Auditors acknowledges that in its meeting held on 14 March 2023, it received the ESG action plan prepared by the company, submitted to the Board of Directors and discussed by the latter for approval during the meeting held on 24 March 2023, with a view to submitting it to the Bank of Italy by the deadline of 31 March 2023.

As a result of the examination carried out, the Board of Statutory Auditors noted that the objectives of the action plan were in line with the Bank of Italy's requirements, which called for its adoption in order to promote, in the medium term, the progressive integration of climate and environmental risks into corporate strategies, governance and control systems and in the risk management framework.

The Board of Statutory Auditors a) assessed the points of the plan that comply with the requirements contained in the specific provisions issued by the Bank of Italy; b) undertook to verify, as part of its periodic control activities, the progressive achievement of the objectives contained in the aforementioned action plan, in accordance with the time frame indicated therein.

The Board of Statutory Auditors has not made any reports to the Board of Directors pursuant to and for the purposes of Article 25-octies of Italian Legislative Decree no. 14, and has not received reports from public creditors pursuant to and for the purposes of Article 25-novies of the same Italian Legislative Decree no. 14/2019.

Opinions issued by the Board of Statutory Auditors during the 2023 financial year

During the financial year, the Board of Statutory Auditors did not issue any opinions other than the one mentioned above concerning the ESG action plan prepared by the Company; no situations occurred during the period that required, pursuant to the law, the Board of Statutory Auditors' consent.

As already mentioned above, the reasoned opinion was issued today for the Shareholders' Meeting that will be called to resolve on the appointment for the new audit engagement.

Activities as Supervisory Body

In compliance with the provisions of Italian Legislative Decree no. 231/2001, the Company has an Organisation and Management Model (hereinafter also “*Model*”) for the prevention of the offences envisaged therein, and the Board, in its entirety, was also appointed to hold the position of Supervisory Body (SB).

In order to carry out its tasks, the Board of Statutory Auditors must necessarily have suitable information flows provided by corporate bodies and control functions. This flow of information is correctly carried out within the Company and allows the SB to be correctly informed about corporate events affecting these activities.

During the financial year 2023 the SB met six times and submitted the required half-yearly reports on the activities carried out to the Board of Directors.

No findings or violations of the Model were identified.

The SB considers it appropriate to further develop the relevant activities according to the following guidelines:

- checking the adequacy of the Model;

- company information and training activities on the Model;
- analysis of information flows.

Lastly, the SB reports that, during the meeting of 11 January 2023, it was decided to instruct the company Protiviti, which also took care of the previous updates of the 231/01 Model, to proceed with a new update of the same following the introduction of new relevant regulations. Protiviti carried out this task during the 2023 financial year and the SB, having verified the activities carried out by this company as well as the documentation produced by the latter, during the meeting held on 13 September 2023 considered that this update of the Model was to be considered suitable and complete.

It therefore ordered that the updated 231/01 Model be presented to the Board of Directors during the meeting of 26 October 2023 for its approval, which was resolved upon at that time.

Concluding assessments

With regard to the control of the proper keeping of the accounts and the correct recording of management events, as well as the verification of the correspondence between the information in the Financial Statements and the results in the accounting records and the compliance of the Financial Statements with the law, it should be noted that these tasks are entrusted to the Independent Auditors. For its part, the Board of Statutory Auditors monitored the general approach given to it.

In particular, the Board of Statutory Auditors:

- verified compliance with the law provisions relating to the preparation of the Financial Statements; they were prepared in accordance with the provisions of Article 4, first paragraph, of Italian Legislative Decree no. 38 of 28 February 2005, in compliance with the International Financial Reporting Standards (IAS/IFRS), in accordance with the Bank of Italy Measure of 29 October 2021 ("Financial statements of IFRS intermediaries other than banking intermediaries") in its version currently in force;
- verified that the Directors, in preparing the Financial Statements, have not departed from the provisions of the law pursuant to Article 2423, paragraph four, of the Italian Civil Code, nor from the provisions of international accounting standards;

- ascertained that the financial statements were consistent with the facts and information acquired as a result of attending the meetings of the Board of Directors, also with regard to the most important economic, financial and equity transactions carried out by the Company;
- verified that the Notes to the accounts contain the declaration of compliance with the applicable up-to-date international accounting standards and indicates the main measurement bases adopted, as well as supporting information on the items in the balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows;
- ascertained that the "Directors' Report on Operations" meets the requirements of Article 2428 of the Italian Civil Code and current regulations and is consistent with the data and results of the Financial Statements; it provides adequate information on management performance and indicates the risks and uncertainties to which the Company is exposed.

The Board of Statutory Auditors can confirm that the supervisory activities carried out during the year and up until today have not revealed any omissions, reprehensible facts or irregularities.

The Board of Statutory Auditors has no observations to make as a result of its supervisory activities and gives a favourable opinion on the Board of Directors' proposals for the approval of the financial statements and agrees with the Board of Directors' proposal for the allocation of the profit.

In good faith.

Assago, 9 April 2024

The Board of Statutory Auditors

Pier Paolo Piccinelli

Giorgia Carrarese

Roberto Brioschi

IFITALIA S.p.A.
INTERNATIONAL FACTORS ITALIA S.p.A.
Company subject to the management and co-ordination of BNP Paribas S.A.
Registered office in Assago (MI), Via del Mulino, 9
Share capital: EUR 55,900,000 fully paid-in
Milan Monza Brianza Lodi Companies' Register No. and Tax Code 00455820589 Economic & Administrative Roster No. 683665
Register of Financial Brokers - mechanised code no. 19016

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING pursuant to Article 2429, paragraph 2 of the Italian Civil Code and Article 19 of Italian Legislative Decree no. 39/2010

"Dear Shareholders,

Ifitalia S.p.A. – International Factors Italia S.p.A. (hereinafter "*Ifitalia*" or the "*Company*") has prepared the consolidated financial statements, which include in the scope of consolidation, other than Ifitalia, only the company Tierre Securitization S.r.l., the SPV used for securitisation transactions and a de facto subsidiary of Ifitalia.

In fact, although Ifitalia does not hold any share in its capital, based on the reference accounting standards, it can be deemed that, from a substantial point of view, it controls the SPV since it is the main party that determines its flows.

Thus, having at least one subsidiary, Ifitalia is required to prepare the consolidated financial statements with reference to the financial year ended 31 December 2023, in accordance with the regulations governing the preparation of financial statements of banks and financial companies as well as international accounting standards.

Given the structure of the securitisation transactions that do not allow the receivables assigned to the SPV to be derecognised from Ifitalia's balance sheet assets, the values of the various items of the consolidated financial statements do not differ substantially from those of Ifitalia's separate financial statements. Therefore, the Company took advantage of the option to prepare a single Report on Operations to accompany both the separate and consolidated financial statements.

The Board of Statutory Auditors points out that the Consolidated financial statements for the year ended 31 December 2023:

- have been drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in the versions currently in force and adopted by the European Commission in accordance with the provisions of the European Parliament and the Council of the European Union;
- take into account the provisions, instructions and communications issued by the Bank of Italy concerning "Financial Statements of IFRS Intermediaries other than Banking Intermediaries", in their latest version and the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005 in its currently applicable version;
- have been audited by Mazars Italia S.p.A., to whose report drawn up in accordance with Articles 14 and 19-bis of Italian Legislative Decree no. 39 of 27 January 2010, issued on 4 April 2024 without findings, reference should be made;
- closed with a profit of EUR 58,461,952 and shareholders' equity of EUR 911,546,183, including shareholders' equity of third parties for EUR 10,000;
- the accounting standards applied in preparing the consolidated financial statements are shown in the Notes to the Consolidated Financial Statements, Part A - accounting policies A.1 - general part.

It is hereby acknowledged that, in the opinion of the Independent Auditors, as reflected in their report to the consolidated financial statements issued on 4 April 2024 mentioned above, the consolidated financial statements give a true and fair view of the financial position, the results of the operations and of the cash flows of the Group as at 31 December 2023 for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union as well as with the provisions issued in implementation of Article 43 of Italian Legislative Decree no. 136/2015.

For all other information relating to the activities carried on by Ifitalia, reference should be made to the report of the Board of Statutory Auditors to the 2023 separate financial statements of Ifitalia S.p.A.

The Board of Statutory Auditors, to the extent of its remit, in addition to the above, did not find any significant facts that required mentioning in this report.”

Assago, 9 April 2024

For the Board of Statutory Auditors

The Chairperson

Pier Paolo Piccinelli

ORDINARY SHAREHOLDERS' MEETING HELD ON 24 APRIL 2024

Resolutions: (EXTRACT)

The Shareholders' Meeting, chaired by Mario Girotti, met on 24 April 2024 and resolved:

- a) to approve the separate and consolidated financial statements for the year ended 31 December 2023 as presented by the management body as well as the report accompanying it;
- b) to allocate the profit of EUR 58,461,952 to the reserve fund since the legal reserve has already reached one fifth of the share capital.