EURONEXT CLEARING

Cassa di Compensazione e Garanzia S.p.A.
Financial Statements as of 31 December 2023

Cassa di Compensazione e Garanzia S.p.A.
Registered office: Via Tomacelli 146, 00186, Roma
Share capital: € 33.000.000
Enrolled in the Milan Business Register and Tax code No.: 04289511000
Group VAT No.: 10977060960
R.E.A Rome n.: 752154
Company subject to management and coordination by Euronext Holding Italia S.p.A.

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1. Financial Highlights

(amounts in thousands of euro)

Economic indicators	Year 2023	Year 2022
Revenue	98,450	39,172
Ebitda	63,999	61,819
Ebitda margin	65.0%	157.8%
Ebit	60,297	11,086
Ebit margin	61.2%	28.3%
Net profit	43,610	8,142
(as % of Revenue)	44.3%	20.8%
ROE	24.7%	4.5%
Dividends	41,426	7,733

Equity indicators	Year 2023	Year 2022
Shareholders' Equity	196,867	156,084
Net Fin. Position (- debt / + cash)	384,169	170,167

Efficiency indicators	Year 2023	Year 2022
Average number of employees and secc	108.5	87.0
Revenues/employees	907	450
Ebit/employees	556	127

2. Report on operations

The financial statements of Cassa Compensazione e Garanzia S.p.A. (CC&G or Euronext Clearing) for the year ended December 31, 2023 show a net profit of 43,609,859 euros (8,142,244 euros as of December 31, 2022).

The financial year ended 31 December 2023 was characterized by a context with growth in the main world economies in moderate decline compared to the previous year with Global Real GDP at +3.1%, with disparity between United States Real GDP +2.5% and Europe +0.6%. Thanks to the decline in energy raw materials, inflation, measured by the consumer price index, fell from the previous year's level, although it remained significantly above the 2% target (standing at 6.8% globally, 4.1% in the United States, and 5.5% in the Eurozone). This result was achieved with the contribution of a restrictive orientation of the monetary policies implemented by the central banks, with multiple increases in the reference rates, for a total of +100 basis points in the USA and +200 basis points in Europe. Geopolitical events have characterized the global economic and political context with the continuation of the war in Ukraine and the tensions in the Middle East which resulted in the Israel-Palestinian conflict. Environmental and climate challenges remain central to institutional and corporate agendas. In this context, the financial markets grew, in particular the MSCI Global share appreciated by +22%, S&P by 25%, EuroStoxx 50 by +17% with the bond markets impacted by the general rise in rates (ICE Bofa Global Government index +4%).

2023 saw the successful completion of the first phase of the international expansion of Euronext Clearing to the Brussels stock exchanges (6 November) and to the Paris, Amsterdam, Dublin and Lisbon stock exchanges (27 November). This is an important event that represents the first step in the project to create a new European clearing house capable of bringing innovation, diversification and contributing to the reduction of the fragmentation of European market infrastructures.

Euronext Clearing is now a clearing house clearing stocks, ETFs, structured products, warrants and bonds across six Euronext Group markets. On average, Euronext Clearing clears over 2 million transactions per day with 203 Clearing Members and Trading Clients (with 37 Clearing Members acquired following the migration of cash equity markets). This migration, which occurred on time and successfully, without impact on the market infrastructure and customers, makes Euronext Clearing the central counterparty (CCP) of reference for the markets of the Euronext group, which trades approximately 25% of European equity trading. This important step paves the way for the expansion of Euronext Clearing's activities to listed derivatives and commodities expected in the third quarter of 2024.

Euronext Clearing innovated in 2023 with the adoption of a new risk management model based on the Value at Risk (VAR) methodology, aligning itself with the highest market standards. The new methodology improves efficiency and reliability in risk management and allocation together with robustness and security. Furthermore, the introduction of a unified default fund for equities and derivatives facilitates margin clearing, allowing clients to optimize their activities.

The development of Euronext Clearing also expands and completes the Euronext group's post-trading chain, positioning it best to seize future growth opportunities. Indeed, the expansion of Euronext Clearing allows market participants to simplify the entire lifecycle of operations by leveraging the CCP's connection to Euronext Securities to access T2S, a model now extended to six different European markets of the group.

Following the monetary policy adopted by the European Central Bank and the consequent growth in interest rates that continued during the current financial year, the investment strategy took into account the possible impacts of the macroeconomic scenario; from a risk management perspective (since funding is at a variable rate and investments are at a fixed rate), the exposure of the securities portfolio continued to be limited by bringing the existing securities to maturity and limiting repurchases to the overall limit of € 250 million for the sole purpose of guaranteeing the operational management of settlement and equity investment activities, while reducing their duration (from 0.5 to 0.21 years).

2023 was characterized by an increase in volatility linked to the crisis of the US banking system (default of Silicon Valley Bank) which then spread to Europe (Credit Suisse), by the continuous increase in Central Bank and Market rates (to try to deal with the increasing inflation with the simultaneous need to maintain a sufficient level of economic growth) and since the beginning of the Israel-Hamas conflict in October 2023. However, on both the stock and bond markets, the increase in volatility has not reached the peaks recorded during the first phase of the Covid-19 pandemic in 2020. The conservative approaches implemented by Euronext Clearing have ensured constant resilience of its default waterfall and the backtest results performed by Risk Management have always been satisfactory with values above the minimum required by regulation and the Euronext Clearing Risk Appetite Framework.

With the aim of continuously perfecting the risk management solutions offered, project activities aimed at further increasing the efficiency of the margin models used continued and consolidated during the year.

In particular, these activities concerned the go-live of the new margin model for the Equity and Equity Derivatives segment, belonging to the "Value at Risk" model family, the new calibration model of the Default Fund also for the Equity and Equity segment Equity Derivatives and phase 1 of the new Collateral Framework.

The margin model as well as the new Default Fund entered into force for the Borsa Italiana markets on 16 October 2023.

Regarding the Euronext Legacy Cash markets, the changes came into force on 6 November 2023 for Euronext Brussels and on 27 November for all other Euronext cash markets (Amsterdam, Dublin, Lisbon and Paris).

2.1 Events of the year ended 31 December 2023

Central counterparty services

Participants in the clearing and guarantee system as of 31 December 2023 totalled 201 (151 at 31 December 2022), represented for the most part by banks (99) and investment firms (98), 1 state-controlled company, 1 CCP, 1 central bank and 1 public administration system.

Of these with direct membership were 97 including 74 banks, 19 securities firms, 1 state-owned company, 1 CCP, 1 central bank and 1 government apparatus. The degree of openness of direct membership entities to the European market is evidenced by the share of foreign banks (30 EU), accounting for 40.54% of the total number of banks, and EU securities firms (16 EU), accounting for 84.21%.

Derivative segments (IDEM Equity, IDEX and AGREX)

There were 25,244,669 cleared contracts on the IDEM Equity Market at 31 December 2023, compared to 27,103,615 at 31 December 2022 (-6.9%). The daily average was 99,388 contracts, compared to 105,873 in the previous year.

There were increases compared to the same period of the previous year on the following instrument:

- single stock options went from 15.9 million contracts in 2022 to 16.2 million contracts in 2023 (+1.9%);

Instead, decreases compared to the same period last year are shown on the following instruments:

- stock market index futures, decreased from 6.1 million in 2022 to 5.1 million in 2023 (-16.4%);
- minifutures on stock market indices decreased from 2.1 million contracts in 2022 to 1.6 million contracts in 2023 (-23.8%);
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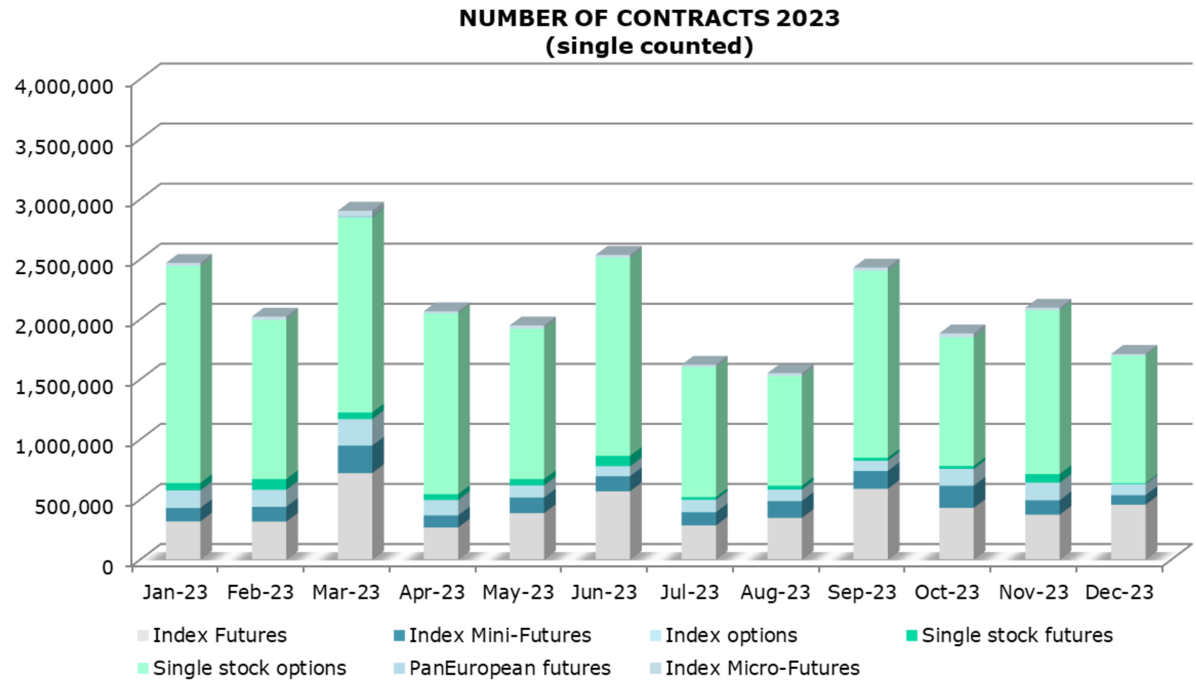
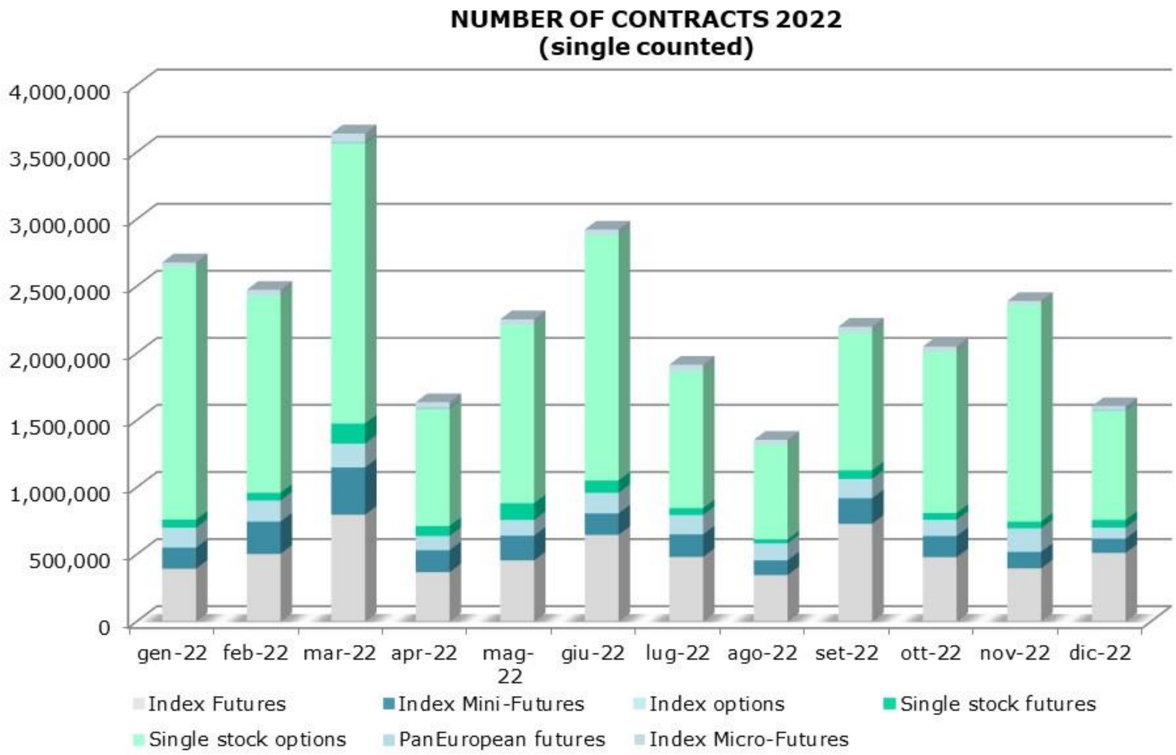
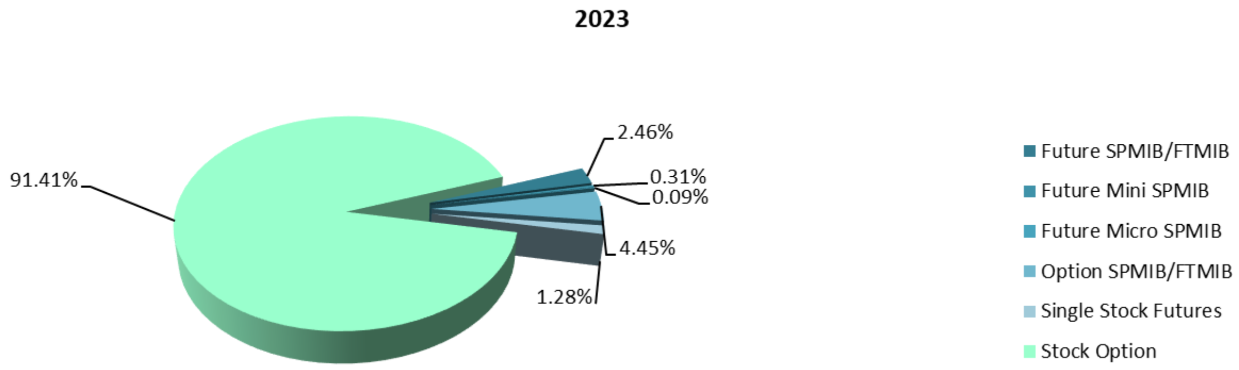
- Options on stock market indices decreased from 1.7 million contracts in 2022 to 1.5 million contracts in 2023 (-11.8%);
- Micro Futures on stock market indices introduced in 2020, went from 0.5 million contracts in 2022 to 0.3 million contracts in 2023 (-40%);
- single stock futures, down from 0.9 million in 2022 to 0.6 million contracts in 2023 (-33.3%);
- pan-European futures, from 0.05 million in 2022 to 0.01 million contracts in 2023 (-68%).

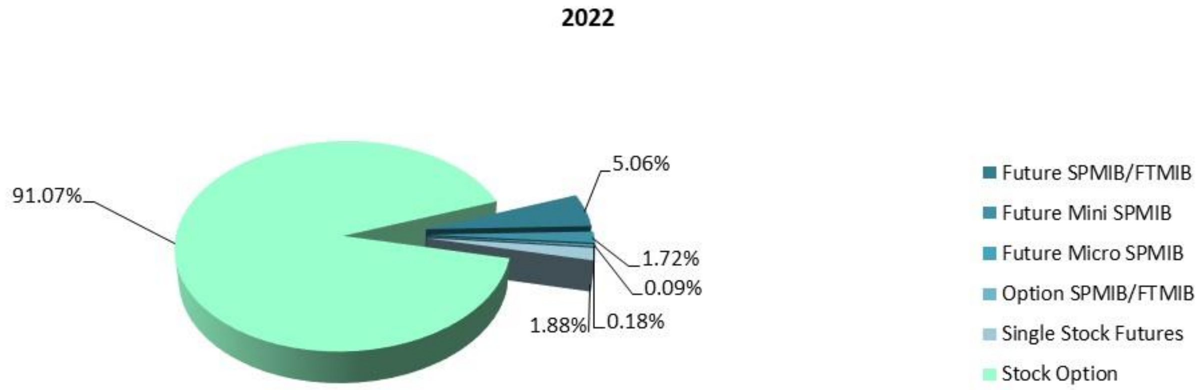




The open positions as of 31 December 2023 (so called open interest) were 5,588,878, 3.4% higher than at 31 December 2022 (5,406,583).

OPEN POSITIONS
(% number of contracts)



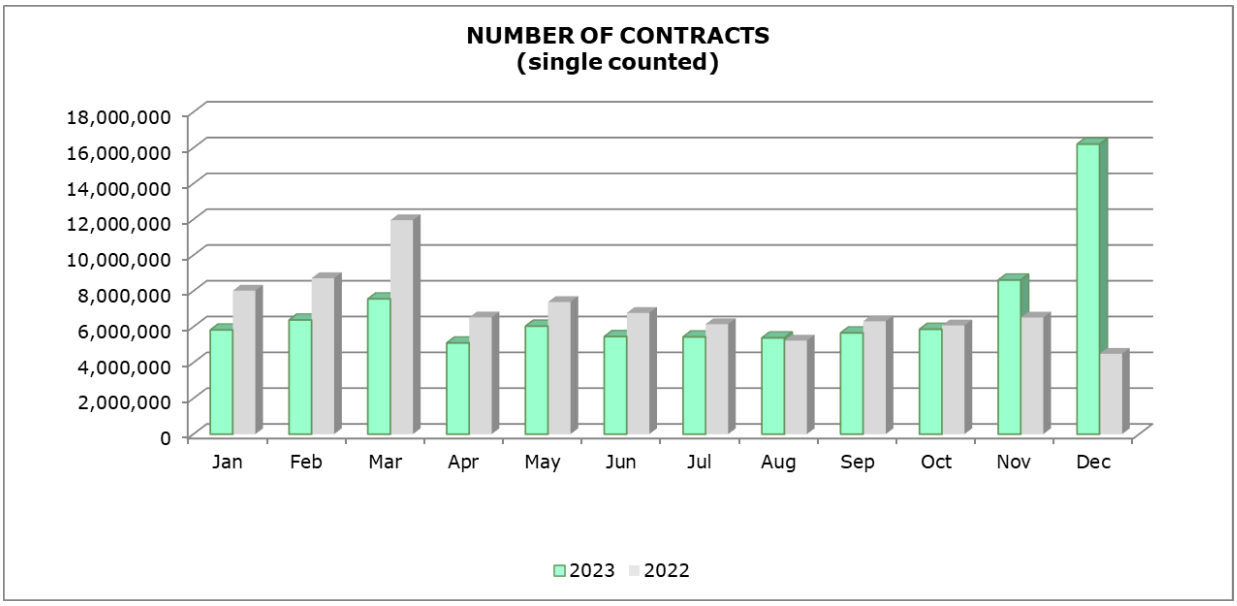


In the year ended 31 December, 2023, there were no volumes of the IDEX and AGREX derivative segments.

At 31 December, 2023, there were 33 direct participants in the Equity Derivatives sector (35 at December 31, 2022), of which 24 General and 9 Individual; those of the Energy Derivatives sector were 3 (5 at December 31, 2022), all members of General, while those of the Agricultural Commodities Derivatives sector were 1 (2 at December 31, 2022), all members of General. The IDEM, IDEX and AGREX markets respectively are guaranteed in these sub-funds.

Equity sector

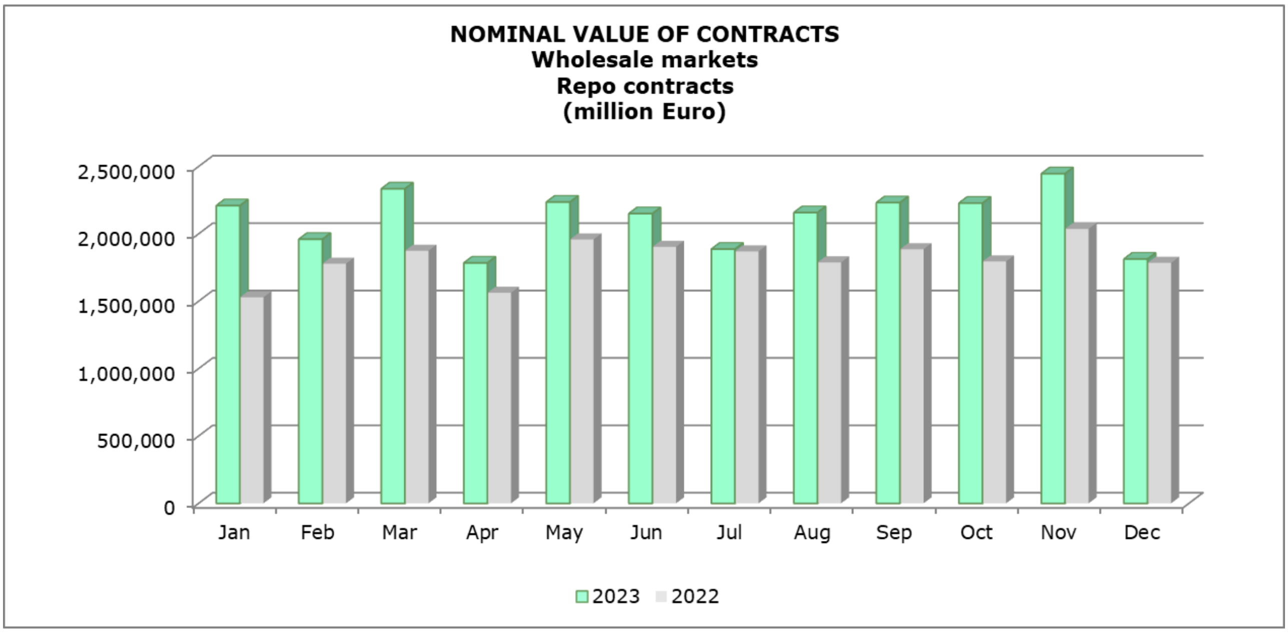
On the stock markets of the Italian Stock Exchange, the contracts covered by the guarantee were 83,486,969 with a decrease of 0.8% compared to the previous year (84,125,615 contracts); the daily average was 328,689 contracts compared to 328,616 contracts the previous year.

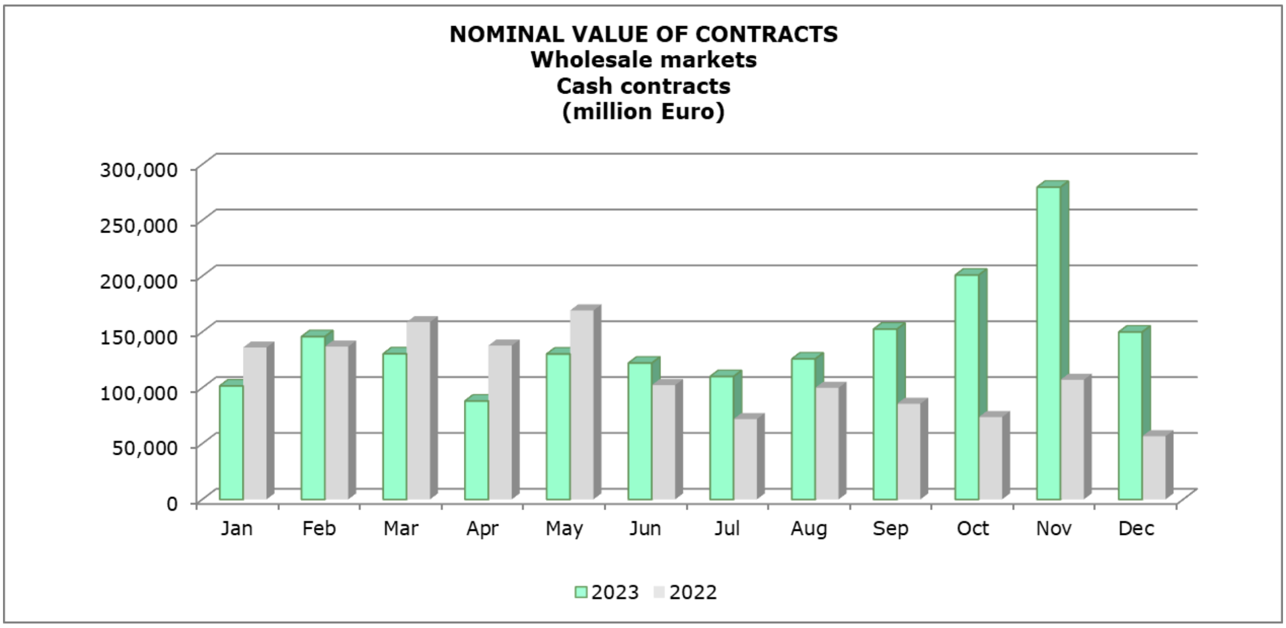


At 31 December 2023, there were 52 direct participants in the Equity/Legacy sector (27 at December 31, 2022), of which 26 General and 26 Individual. The MTA, ETF plus, MIV and BIT Equity MTF markets and Euronext Legacy cash are guaranteed in this sub-fund.

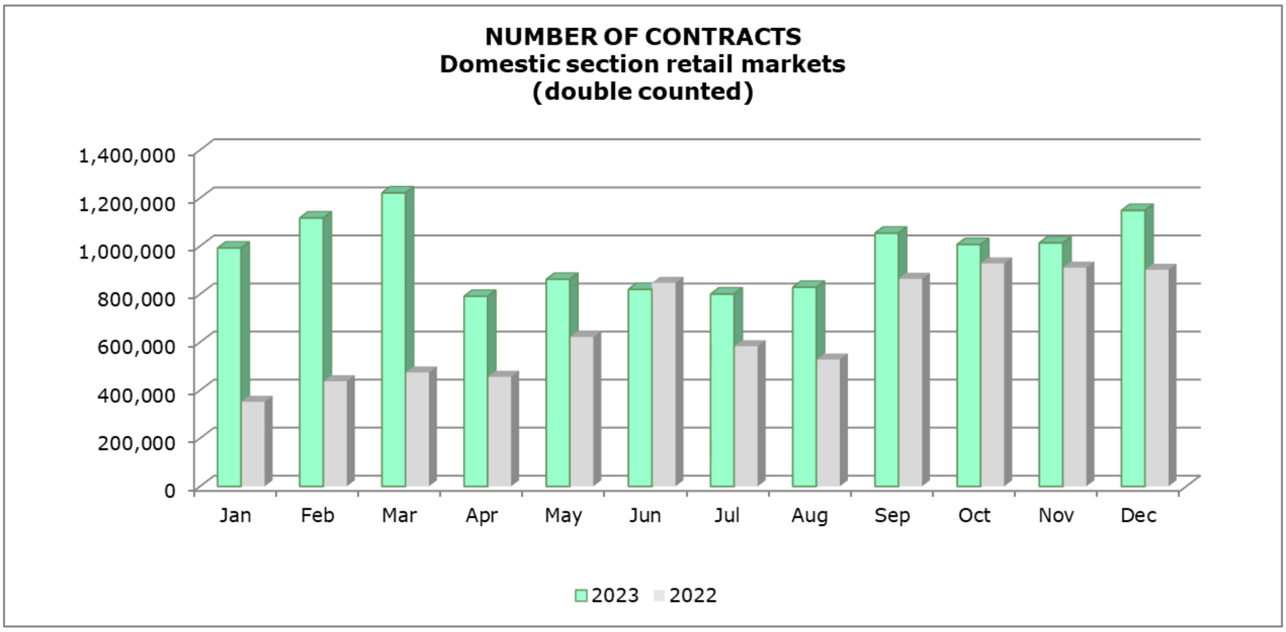
Bonds segment

The value of the contracts covered by the guarantee, negotiated on the wholesale bond sector, was higher than the previous year for Repos (nominal € 25,439.6 billion compared to € 21,763.9 billion with a change of +16.9%), and was higher than the previous year for Cash transactions (nominal 1,737.0 billion euro against 1,335.4 billion euro, +30.1%).





As regards the retail bond sector, the international sector (ICSD) was higher than in the same period of the previous year (1,038,419 contracts compared to 696,665 contracts with a change of +49.1% than the previous year), also the domestic sector was higher than in the same period of the previous year (11,655,690 contracts compared to 7,902,122 contracts with a variation of +47.5% than the previous year).



The direct participants in the Bond Section as of 31 December 2023 were 59 (62 as of 31 December 2022), of which 15 General and 44 Individual. The MTS Cash, MTS Repo, Nex BrokerTech and Repo e-MID for the wholesale segment, the MOT, Euro TLX and Hi MTF markets for the retail segment are guaranteed in this sector.

The direct participants in the ICSD Bond Section as at 31 December 2023 were 29 (28 as at 31 December 2022), of which 13 General and 16 Individual. The Euro MOT, Extra MOT and Hi MTF markets are guaranteed in this sector.

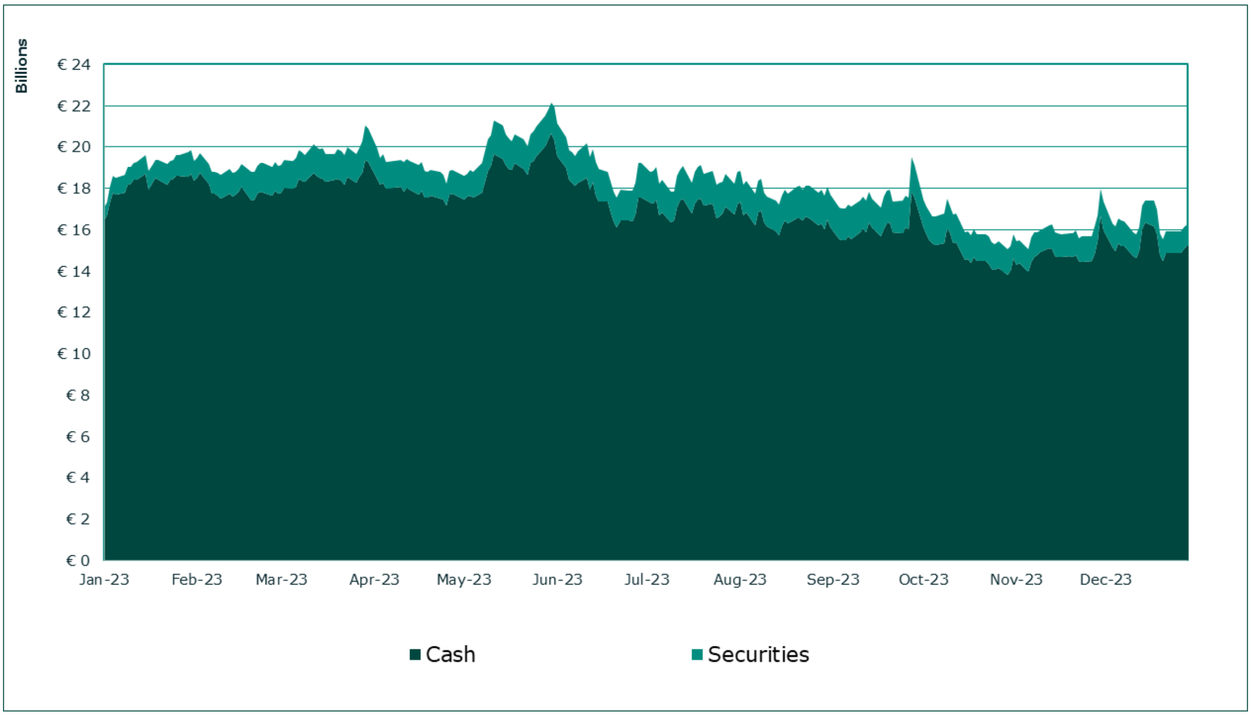
Risk management

During the period under review, 488 new instruments were listed on the Equity sector, of which 478 are ETFs and 10 shares. In the Equity Derivatives sector, 8 new instruments were listed.

Following the migration of Euronext's Legacy markets, 116,939 instruments were also included under the Euronext Clearing guarantee, of which 1,200 shares, 1,310 ETFs, 4,948 Bonds and 109,481 warrants.

The daily average of margins recorded an increase of 10%, going from 15.4 billion euros in the 2022 financial year to 17 billion euros in the current financial year. The deposit of collateral against initial margins took place, on average for the period under review, 92.7% in cash and 7.3% in Securities.

INITIAL MARGINS
(millions of euro)



The monitoring of counterparty risk, carried out by verifying members' exposures on an ongoing basis, resulted in 15,916 requests for intraday additional margins for a total of € 115 billion for Borsa Italiana markets.

In addition to these, starting from 6 November 2023 for Euronext Brussels and from 27 November for all other Euronext markets (Amsterdam, Dublin, Lisbon and Paris) there were 308 additional intraday margin calls for a total of € 315 million.

The default funds at 31 December 2023 amounted to:

- € 1,650 million (€ 1,700 million at the end of the previous year, -3%) for the equity markets (Cash and Derivatives both for Italian and Legacy markets),
- € 3,500 million for the Bond segment (€ 4,200 million in the previous year, -17%),
- € 0.25 million for the Energy Derivatives segment (€ 0.35 million in the previous year, -29%),
- € 0.2 million for the Agricultural Commodity Derivatives segment (as the previous year).

These amounts were adjusted several times during the financial year on the basis of the stress test results.

New services and functionalities introduced in the financial year

T2/T2S Consolidation

On 3 March 2023, the T2-T2S Consolidation project was launched which involves the consolidation of TARGET2 (T2) and TARGET2-Securities (T2S), both from a technical and functional point of view.

Thanks to this, the real-time settlement system, TARGET2, has been replaced by a new system, T2, which optimizes liquidity management across all TARGET services and offers the market modern and efficient services.

Therefore, from that date, Euronext Clearing settles any type of payment towards its Clearing Members through the new T2 system.

Migration to Optiq

Migration to Optiq phase 1: from 27 March 2023 trading on the Borsa Italiana cash Equity and ETF markets have been migrated from the Millennium IT trading platform to the Euronext Optiq trading platform.

Optiq migration phase 2: from 11 September 2023, trading on the Fixed Income markets of the Italian Stock Exchange (MOT, EXTRA MOT and EuroTLX) have also been migrated from the Millennium IT trading platform to the Euronext Optiq trading platform.

Introduction of Intraday Margins between Euronext Clearing and LCH SA

As of May 22, 2023, Euronext Clearing and LCH SA will pay each other Intraday Margins (in addition to Daily Margins). The calculation of these Margins takes place together with that of the second request for Intraday Margins carried out by Euronext Clearing for all Direct Clearing Members.

Initial Margin calculation methodology based on VaR for Equity and Equity Derivatives Sections.

From 16 October 2023, the methodology for calculating Initial Margins applied by Euronext Clearing to the Equity and Equity Derivatives Sections has been changed from the SPAN (MARS) model to the VaR model.

Launch of the Central Counterparty service for Euronext cash markets (Euronext Legacy)

Euronext Legacy Phase 1: On 6 November 2023, Euronext Clearing launched the central counterparty service for Euronext Brussels cash markets. The new activity also includes the production and routing service for final settlement in the T2S and Euroclear Bank systems of settlement balances on new guaranteed financial instruments. Furthermore, steps have been taken to extend the technical Default management procedure to the new "Legacy" service.

Euronext Legacy Phase 2: on 27 November 2023 Euronext Clearing extended the central counterparty service to the Euronext cash markets in Amsterdam, Dublin, Lisbon and Paris.

2.2 Economic results and financial position

Below is a summary of economic data compared to the previous financial year:

(amounts in thousands of euro)

	31/12/2023	31/12/2022
Net interest income	**50,622**	**43,125**
Net commission income	47,828	44,130
Dividends and similar income	-	4
Net income from financial assets/liabilities	39	176
Intermediation margin	**98,489**	**87,436**
Administrative expenses	(35,200)	(27,056)
Other operating income	710	1,439
Gross operating margin (EBITDA)	**63,999**	**61,819**
Net value adjustments for impairment	5	7
Amortisation and depreciation	(3,707)	(2,604)
Operating income	**60,297**	**59,222**
Result of financial management	-	(48,136)
Net operating margin (EBIT)	**60,297**	**11,086**
Income taxes	(16,687)	(2,944)
Profit (Loss) for the year	**43,610**	**8,142**

Cassa di Compensazione e Garanzia S.p.A. ended the financial year to 31 December 2023 with a net profit of € 43.6 million (€ 8.1 million at 31 December 2022). The intermediation margin was € 98.5 million, divided between net interest income of € 50.6 million, and net fee income of € 47.8 million. At 31 December 2022 the intermediation margin was € 87.4 million, divided between net interest income of € 43.1 million, and net fee of € 44.1 million.

Administrative expenses amounted to a total of € 35.2 million. Amortisation and depreciation amounted to € 3.7 million whilst other sundry operating revenues amounted to approximately € 0.7 million. As a result of the above, EBIT was 60.3 million euros. Taxes for the year, including the provision for deferred taxes, amounted to 16.7 million euros.

The Balance Sheet shows total assets increasing from EUR 167.0 billion as of December 31, 2022 to EUR 184.0 billion as of December 31, 2023. Of particular note are the asset items matched on the liability side: financial assets/liabilities held for trading for CCP activities of EUR 16.8 billion (EUR 7.5 billion as of December 31, 2022) and assets/liabilities measured at amortized cost of EUR 150.7/167.1 billion (EUR 144.0/159.4 billion in the previous year).

Item 30 of the Balance Sheet includes financial instruments classified as financial assets measured at fair value with an impact on comprehensive income, which refer to investments in margin secured assets, default funds, and residual equity of the company totaling 237 million euros.

In receivables, which total 150.7 billion euros, 990 million euros are recorded for loans to banks, 5 billion euros for loans to financial companies, and 145 billion euros for other loans. In payables, which total 167 billion euros, 7.5 billion euros are recorded for amounts due to financial companies, 203 million euros for amounts due to customers and 159.0 billion euros for other payables.

The Company's equity, equal to € 196.9 million is made up for € 33.0 million of the share capital, for € 6.6 million of the legal reserve, for € 113.6 million of other reserves (including the skin in the game provided for in the EMIR, the extraordinary reserve, reserves from the measurement of financial assets available for sale, the FTA reserves and the other distributable reserves) and for € 43.6 million of the profit for the year.

The cash flow statement reports net cash generated of 108.6 million euros (as of December 31, 2022, it reported net cash generated of 62.2 million euros).

2.3 Information relating to employees and the environment

At 31 December 2023 the organizational structure was made up of a total of 119 (85 at 31 December 2022) employees, 9 of which are Senior Managers, 49 Middle Managers and 61 clerical staff as well as 2 resources seconded from other Group companies. The average age is 39.8 years and 33.61% of the workforce is female. The average length of service is 8.2 years.

In relation to the activities carried out by our Company, which do not entail any particular levels of risk for employees, no accidents in the workplace have been reported, nor have any pathology linked to professional illnesses occurred.

2.4 Research and development

As part of the scouting of new technologies and software development methodologies, CC&G fully implemented the AGILE mode of software development, with the aim of minimizing the time-to-market of new solutions and ensuring optimal alignment with business needs. Additional components of the new clearing system were implemented during the year by adopting state-of-the-art market and open source solutions and keeping a constant watch on industry market trends.

Academic collaborations with the Italian and European research community have been promoted to follow the most relevant fronts of industrial research in the post-trade sector and to draw on possible talent pools from the university world.

2.5 Risk assessment

The guidelines for the management of risks adopted by CC&G are dictated by the Board of Directors and monitored by the Chief Risk Officer.

The *framework* outlining the objectives of the Group in terms of risk management enables management to have an acceptable risk level in pursuing its strategy and to identify the relevant responsibilities.

For the purpose of validating the adequacy of the parameters and the robustness of the models for margin calculation, the Risk Management Office is conducting *stress tests* and *back tests* on a daily basis and *sensitivity tests* on a monthly basis.

Stress tests are also carried out on a daily basis in order to verify the adequacy of the *Default Funds* amounts.

The *stress test framework* is revised both by the External Risk Committee and by the Board of Directors at least on a yearly basis.

The adequacy of stress scenarios used for the determination of Default Funds for each segment is assessed, inter alia, by carrying out reverse stress tests with the aim of identifying, through an iterative approach, hypothetical stress scenarios, which would render the available financial resources insufficient to cover a possible default.

The Risk Policy Office is responsible for the function of independent validation of the risk management models and reports to the Chief Risk Officer.

The validation of the model is carried out at least once a year in compliance with the EMIR legislation and on the basis of international standards. The introduction of a new model or a substantial change to an existing model require validation by the Risk Policy Office.

The Risk Policy Office, analyses all the components of the risk management models (inputs, calculation stages and outputs) in order to verify their conceptual soundness and their consistency with the purpose envisaged for each model. In addition, on the basis of samples, independent replications are made in order to verify the effective implementation of the models in the IT systems and the adherence to the regulatory requirements and methods declared by the Risk Management Office.

The detailed outcomes of the validation activity are communicated to the subjects involved, namely the Head of Risk Management, the Chief Risk Officer, the Chief Executive Officer, the Board of Directors, and also to the Supervisory Authorities, the Bank of Italy and Consob.

Internal control system

The separation of the operating units from those of control (Finance, Risk, Compliance and Internal Audit) is guaranteed. The latter constitute different levels of control with clear and distinct functional responsibilities.

Internal controls are arranged on the following levels:

Ex-ante:

The front office operating department guarantees in the performance of its daily activities the ex-ante observance of the principles and limits provided for in the relevant Policies.

Level 1:

The first-level controls of operating activities are carried out by a dedicated corporate structure which ensures their correct performance and correct functional segregation and independence with respect to the operating structure. To this end the first-level controls are performed within the Finance department.

Level 2:

In compliance with EMIR rules, Euronext Clearing has established internally permanent second-level control functions which operate independently from the operating structures.

In particular, the second level functions provided in the framework of CC&G internal control systems are entrusted to the Chief Risk Officer and the Chief Compliance Officer.

Level 3:

Third level controls are performed by the Italy Internal Audit Department. This structure conducts periodical independent audits on the Company's operating and administrative processes, according to the provisions of the annual Audit Plan. Considering the importance of proper risk management and the relevance it has from a regulatory and governance standpoint, the Audit Department performs periodic controls on the Risk Management Department with the purpose of ensuring a perfect application of the guidelines prepared.

External Risk Committee

In compliance with EMIR provisions, the external Risk Committee, made up from representatives of clearing members, independent members of the Board of Directors and customer negotiators, meets periodically. The members of the Committee have been appointed by Euronext Clearing's Board of Directors on the basis of objective non discriminatory criteria and are subject to periodical rotation.

The External Risk Committee is a consultative body of the Board. This Committee expresses non-binding opinions on all measures that may affect the Company's risk management in its capacity as central counterparty and prepares a report on activities carried out on a yearly basis.

It should also be noted that, on 6 December 2023, the Board of Directors approved some changes relating both to the number of participants who make up the committee and to the duration of their mandate (see paragraph 2.6).

Competition

Euronext Clearing continues constantly to compare itself with its major European competitors both organizationally and in terms of services offered.

In particular, following the acquisition by the Euronext Group, the process of internalising the clearing of the related cash markets began in 2023 and will continue in 2024 with that of the financial derivatives and commodities markets which also leverages the expertise and development of Risk Management practices.

Technology

The Company, in order to ensure a rapid and effective response to the demands of the market and its participants, has constantly kept a high focus on maintaining in-house technological skills. The use of secure, stable, high-performance technology that allows high levels of availability and information processing capacity is the decisive element that makes it possible to meet the ever-increasing demand for operations from the market while also avoiding interruptions or delays in the case of the introduction of new services or products. At the same time, CC&G maintains a stable presidium of the state of the art in particular for the new clearing system project, ensuring constant alignment with best practices and leading standards in the fintech landscape. The combination of the two key factors enables CC&G to compete effectively in a scenario characterized by rapid technological changes, improvements in industry standards, and the introduction and evolution of new products and services.

The robustness and resilience of the technological organization adopted in CC&G was further confirmed with the implementation of the new services for the European markets. Clearing platforms currently feature advanced cybersecurity solutions and an operational continuity system to ensure their resilience and recovery of activities in the event of a disruption within the timeframes established by applicable regulations.

Internal projects relating to:

- Primary Storage implementation with NAS integration of ENX Domain for VMWare platforms
- Preparation of SWIFT Test Environment for T2S Consolidation and ESMIG migration
- Integration of ENX service management processes
- Openshift Cluster deployment on IBM Power Systems for Clearing Migration
- Introduction of infrastructural balancers on F5 technology
- Implementation of DDOS technology for ENXC network
- Implementation of anti-malware solution
- DevSecOps Pipeline implementation for the Clearing Migration project
- Implementation of LSEG Systems and Network migration towards ENX
- Implementation of CCP Romania Test environment
- Installation of new File Transfer solutions for Clearing Migration
- Preparation of IAM solutions for Clearing Migration
- Configuration and consolidation of two new IBM Power10 for the Clearing Migration project
- Update of Code Review systems with programming language extension

Furthermore, the IT Governance & Cyber Security team was involved in the activities of:

- Document adaptation and renewal of the ISO 22301 and 27001 certifications of the Integrated Management Systems
- Compliance with new regulatory requirements within the National Cyber Security Perimeter – ACN – CVCN
- Assignment of CMP in the National Cyber Security Perimeter as provided by ACN
- Preparation for the implementation of new Cyber regulations (DORA, Tiber IT)
- Integration and review of security policies and procedures of the new Group
- Integration and review of business continuity policies and procedures of the new Group
- Participation in group work streams for the integration of ENXC
- Analysis of integration and updating of Service Management Processes and Standards
- Organization of meetings with ACN

- Participation in events organized by the Authorities

- Participation in CoDise exercises

- Information Security and Business Continuity Training & Awareness to the Board and management

- ISO27001 and 22301 lead auditor certifications for colleagues

- Organization of workshops and joint work of the group CISOs in Rome

- Management of participant and Authority requests in terms of new threats to Cyber Security and Business Continuity

- Updating of Business Continuity technologies and operating methods

- Preparation for SDLC training for Clearing Migration through external suppliers

- Active participation in group Cyber Security meetings

- Preparation of Cyber Security reports for internal and group sharing

- Participation in ORC and Management meetings

- Integration of Cyber Security, Business Continuity and Service management processes, policies and procedures with the group

- Active participation in Internal Audit activities for the areas of competence

- Updating and measuring operational risks in line with the new Group taxonomy

- Planning and management of business continuity and cybersecurity tests

- Periodic monitoring of IT suppliers and related SLAs"

- Conducting and monitoring Cyber Security and Business Continuity test plans

- Vulnerability Management

- DR Assessment

- Preparation of a Security Plan for Clearing Migration and its implementation

The IT team then collaborated on all work tables for activities related to the separation of systems from those of LSEG, mainly related to networking and group application access tools, and participating in all configuration and testing phases of the equipment migrated to Aruba's new datacenter.

Simulations of failure scenarios of production systems were properly followed with the purpose of verifying disaster recovery procedures.

A business continuity and cybersecurity test plan has been implemented, disaster recovery tests, verification of business continuity plans and tests with relevant third parties have been prepared and carried out. Furthermore, the cybersecurity test plan included periodic vulnerability assessments, penetration tests and code reviews in order to raise the security posture of existing systems and those under development.

The specific part of Cyber Security is constantly aligned with best practices and therefore this year too the necessary technological implementations and timely Vulnerability Assessment checks were carried out both through independent systems and therefore autonomously with a limited frequency, and through specialized partners who they also carried out Penetration Test activities according to various previously agreed upon methods. All feedback was satisfactory and no particular critical issues or vulnerabilities were highlighted.

Euronext Clearing during the year also participated in all CODISE weekly sessions organized during the most critical phases of the pandemic by reporting and describing the state of the art of its services.

The tests scheduled by Codise and Certfin in the Cyber area were also regularly conducted and involved, remotely, all Euronext Clearing colleagues.

In terms of application solutions, several new developments have been completed including:

Release of the SaaS solution for CCP.Austria

The service in SaaS for Austrian CCP clearing was supported successfully and without incident by the service management team established in 2020. A discussion table was initiated for planning future developments in synergy with other Euronext Clearing activities.

Regulatory technology

Following the publication of the new EMIR Refit standards, work began on the analysis of the new regulatory requirements and gap analysis with respect to current legislation. In coordination with the other CCPs, a common response to the ESMA public consultation was formulated with the aim of perfecting the new regulatory system and raising the necessary critical issues on the implementation proposals.

Treasury Management

The clearing of the Euronext Group's cash markets, starting from November 2023, required a series of adjustments and additions in the Treasury area: new bank accounts were mapped and managed at commercial banks and at the Central Bank; new events and accounting accounts were created for General Ledger records, through automated flows, on the Euronext Microsoft D365/AX group accounting system; the NTI (Net Treasury Income) have been integrated with the Margins and Default Fund components of the new markets coming from the new clearing system; the reports produced were revised, overall, to meet the new information needs.

During the year, the changes necessary for the revision of the Liquidity Plan were successfully made, which led to a more prudential assessment of available liquidity, considering the following day's financial flows only if they have a negative effect on the Central Counterparty.

At the same time, the migration of the treasury system was started, made necessary by the transfer to the new Euronext Clearing domain, the completion of which is expected by the first quarter of 2024.

During 2023, new features were introduced on the Clearing system in line with business demands. The most significant changes are briefly described below.

- Market Management

The Trading Systems have modified the technological platform used for trading stock products and some bond products, adopting the Optiq system. The initiative required the adaptation of the interfaces of the Clearing systems for receiving product records, contracts and settlement prices. The strategy adopted envisaged minimizing the impact on the further technological components of the Clearing system. The changes introduced were mainly resolved in the interface processes, the information was therefore normalized in the existing structures, effectively nullifying the impact on the participants in the Clearing system. The adoption of the new platform was implemented in two phases: the first in March 2023 concerned the equity segment, the second in September 2023 and concerned bond products.

- Features related to risk management

As part of the initiative called Margin Model Enhancement, two additional modules have been released:

- In the month of January 2023, the procedures for calculating and managing the payment of intraday margins with the counterparty LCH Clearnet, relating to the portfolio of guaranteed bond instruments under the Clearing Link regime

- In July 2023, the Liquidity Add-on was released, a further component in the VAR model used for the calculation of Initial and Intraday Margins for bond products

As part of the adoption of the VAR model for the Equity and Derivatives sector for the Borsa Italiana markets, calculated by the RMS platform and released on 16 October 2023, the interfaces necessary for the exchange of data between RMS and the Clearing system were developed.

Clearing Migration

As part of the group project which aims to position Euronext Clearing as the central counterparty of reference for all clearing activities of the various Euronext markets, two milestones were achieved during 2023 which form the basis for future evolutions of the path:

- VAR algorithm for equity and equity derivatives in the Italian market: starting from 16 October 2023 Euronext Clearing uses the VAR algorithm (which is the literature standard) to calculate the margin of the Italian cash and derivatives markets. The technical platform for margin calculation has been integrated with the existing legacy system.

- Migration of European markets: starting from 6 November 2023 (Belgian market) and from 26 November (markets in France, Ireland, Portugal, Holland) Euronext Clearing takes care of the clearing of trading on the cash equity asset classes traded, as default ccp. The technical platform for the management of clearing activities was entirely designed and developed internally, integrated with the market and with the reference CSDs and installed in the primary and secondary data centers of Euronext Clearing itself.

The migration described in the previous points resulted in the development of three main software modules, the aforementioned risk engine (RMS), a core module for account management (CCS) and a frontend layer (WCS) used to convey information towards customers. These modules are currently in operation within the Euronext Clearing technological infrastructure and are monitored by both internal resources and those belonging to the group service management in order to ensure total security and availability according to the SLAs in force.

Legislative Decree 81/2008 Prevention and safety at work

The Company is subject to the regulations set forth in Legislative Decree No. 81 of April 9, 2008, which regulates measures to protect the health and safety of workers.

The CEO carries out the functions of Employer in accordance with the legislation on worker health and safety. In November 2023 he appointed Alessandro Arthur De Leonardis as Employer's Delegate pursuant to Legislative Decree 81/08.

The Risk Assessment Document was updated as of 15 June 2023 for the Milan office and is expected to be updated for the Rome office by February 2024, incorporating the extension of the second floor (whose use is expected starting from January 2024).

The company has maintained and updated the shared protocol for regulating measures to combat and contain the spread of the Covid-19 virus in the workplace adopted starting from 14 March 2020, which provides for a series of measures (organisational and procedural) aimed at ensuring the health of employees, contractors and visitors.

Finally, the Safety Management Manual which represents the organizational model pursuant to art. 30 of Legislative Decree 081/08 and constituting, if effectively adopted, an exemption for the Company from liability deriving (pursuant to Legislative Decree 231/01 and subsequent amendments) from the commission of the crimes of manslaughter and serious or very serious negligent injury.

In September 2023 the company obtained the renewal of the certification according to the UNI ISO 45001:2018 standard obtained in the first instance in 2019.

2.6 Governance and legal information

(a) General information

Name and registered office

Cassa di Compensazione e Garanzia S.p.A. has its registered office in Rome, Via Tomacelli, 146 and a branch in Milan, Piazza degli Affari, 6 and in Paris – la Défense Cedex (France).

Date of incorporation and date of termination of the company

The Company was incorporated on 31 March 1992 and will end on 31 December 2100.

Companies' Register

The company is entered in the Companies' Register of the Chamber of Commerce of Rome under No. 04289511000.

Legal form

The company is a joint stock company duly incorporated and existing under the laws of Italy, endowed with a management and control system based on the presence of a Board of Directors and a Board of Statutory Auditors.

The Company is subject to the management and coordination activities of Euronext Holding Italia S.p.A.

The following information is not exhaustive and is based on By-laws. The full text of the By-laws is available at the company's registered office.

(b) Corporate bodies

Board of Directors[1]

The Board of Directors was appointed by the ordinary Shareholders' Meeting of 9 July 2021 and will remain in office for the financial year ending at 31 December 2023.

At 31 December 2023, the Board was made up of the following directors:

Anthony Davy Attia[2]	Chairman
Giorgio Modica	Executive Director with delegated powers for Finance
Roberto Pecora[3]	Chief Executive Officer
Simon Bartholemew Gallagher	Director
Hans- Ole Jochumsen	Independent Director
Alfredo Maria Magri	Independent Director
Paolo Marullo Reedtz	Independent Director

General Management

Roberto Pecora	General Manager

[1] On November 29, 2023 the Company Shareholders' meeting in plenary session reduced the Board from 8 to 7 members.
[2] Anthony Davy Attia was appointed as Chairman on 29 November 2023 in replacement of Renato Tarantola.
[3] On 25 May 2023, the Board of Directors appointed, effective 3 July 2023, Roberto Pecora as Chief Executive Officer and General Manager of the Company and Head of the Paris branch of the Cassa di Compensazione e Garanzia.

Board of Statutory Auditors

The Board of Statutory Auditors was appointed by the ordinary shareholders' meeting of 29 April 2021 for three financial years, which will expire with the Shareholders' Meeting convened for the approval of the financial statements at 31 December 2023 and is made up as follows:

Roberto Ruozi	Chairman
Fabio Artoni	Standing Statutory Auditor
Mauro Coazzoli	Standing Statutory Auditor
Michela Haymar D'Ettory	Substitute Statutory Auditor
Franco Carlo Papa	Substitute Statutory Auditor

Risk Committee

The Euronext Clearing Risk Committee is established under EU Regulation 648/2012 (EMIR Regulation).

On 6 December 2023, the Board of Directors approved some changes relating to the number of participants that constitute it and the expiration of their office.

Considering the approved changes, the Committee is composed by the following 13 members:

(a) two independent directors of Euronext Clearing

(b) three representatives of Clearing Members (Representatives of Bond Clearing Members)

(c) two representatives of Clearing Members (Representatives of Equity and Derivatives Clearing Members)

(d) five representatives of Trading Clients

(e) one representative of General Clearing Members without voting rights

Composition of the Risk Committee:

Alfredo Maria Magri	Chairman (Independent Director)
Paolo Marullo Reedtz	Deputy Chairman (Independent Director)
Rocco Fanciullo	Representative of the clearing member Unicredit
Rita Gnutti	Representative of the clearing member Intesa Sanpaolo
Luca Lotti	Representative of the clearing member Cassa Depositi e Prestiti
Daniel Johnson	Representative of the customer J.P. Morgan
Aurelien Martini	Representative of the clearing member (equity and derivatives) Société Générale
Loubna Serrar	Representative of the customer BNP Arbitrage
Rudolphe Hubert	Representative of the customer Natixis
Christopher Byrne	Representative of the trading client Goldman Sachs
Corina Scott	Representative of the trading client Morgan Stanley
To be appointed[4]	Representative of the trading client to be appointed
Ed Van Der Star	Representative without voting rights of the clearing member ABN AMRO

[4] To be appointed as of December 31, 2023.

Remuneration Committee

The Remunerations Committee, established in compliance with Article 7 of EU Delegated Regulation No. 153/2013 and Article 20 of the company's By-laws, is made up of 3 members, of which:

(a) the Deputy Chairman of the Board of Directors

(b) two non-executive independent directors

Composition of the Remunerations Committee as at 31 December 2023:

Giorgio Modica	Chairman
Alfredo Magri	
Paolo Marullo Reedtz	

Board of Arbitrators

The Board of Arbitrators[5], established in accordance with the General Conditions Part I consists of:

Emanuele Rimini	Chairman
Matteo Rescigno	
Carlo A. Favero	

(c) Corporate Governance

The corporate governance structure of Cassa di Compensazione e Garanzia S.p.A. is based on the "traditional" system of management and control, characterized by the presence of the Board of Directors (management and strategic supervision body) and of the Board of Auditors (control body), both appointed by the Shareholders' meeting.

Independent auditing of the accounts is performed pursuant to the law by an audit firm (EY S.p.A.).

The **Board of Directors** is responsible for the strategic lead and supervision of the company's overall activity, as well as for the risk management process, in order for these to be consistent with strategic policies.

The Board is vested with all the powers for the ordinary and extraordinary management of the Company in the framework of the provisions of laws, regulations and By-laws, and has the power and authority to perform all acts that it deems necessary and appropriate for pursuing the corporate purpose.

In particular, the Board of Directors, on the proposal of the Chief Executive Officer:

- defines the strategic guidelines and objectives to be pursued, reviews and approves the strategic, industrial and financial plans and the budget of the Company, as well as agreements and alliances of a strategic nature, monitoring periodically their implementation;
- defines, determines and documents the Company's system of risk targets (so called Risk Appetite Framework);
- it defines the Company's risk management policy, providing a periodical review of these;
- defines the principal guidelines of the Company's internal controls system; evaluates on an annual basis, the adequacy, effectiveness and actual functioning of the internal controls system;
- reviews and approves the Company's transactions with a significant strategic, economic, equity and financial relevance for the Company;

[5] Appointed by the Board of Directors meeting of 25 March 2020 for three years.

- grants and revokes powers to and from its members, defining the limits and procedures for exercising such powers;
- it also establishes the frequency, in any event never exceeding a financial quarter, according to which the delegated bodies must report to the Board about the activities carried out while exercising the delegated powers;
- establishes one or more internal Committees, with proposing and consultative functions, including the Remuneration Committee, appointing the members and establishing duties and remuneration;
- establishes a Risk Committee and determines its operating rules;
- evaluates the general performance of the Company's management, on the basis of the information received from the directors with delegations, paying particular attention to the situations of conflict of interest and comparing the results obtained with those planned;
- formulates the proposals to be submitted to the Shareholders' Meeting;
- approves the regulations;
- exercises other powers and carries out the duties required from it by the law and By-laws.

Without prejudice to its exclusive competence, the Board of Directors attributed powers of ordinary management and representation to some of its members, in line with the provisions of the By-laws. The directors vested with particular duties by the Board of Directors are the Chairperson, the Deputy Chairperson, the Chief Executive Officer, and the Director with delegated powers for finance. The Board also appointed a General Manager.

The Chairman has the legal representation of the Company in relation to third parties and before the Court, jointly with the Deputy Chairman.

The Chief Executive Officer is vested with all powers to manage the central counterparty guarantee systems operated by the Company and the guarantee systems other than central counterparty guarantee systems operated by the Company, as well as the financial management powers instrumental to the performance of central counterparty activities provided for in the Company's Articles of Association.

The General Manager oversees the operation of the Company, has the signature of the Company for acts of ordinary administration, sees to the execution of the resolutions of the shareholders' meeting and the board, and supervises the performance of the offices.

The Director with responsibility for finance shall be vested with all powers in matters of administration and finance, with the exception of the powers to manage financial resources arising from the performance of central counterparty activities provided for in the Articles of Association and vested in the Chief Executive Officer.

Persons possessing the same requirements of honorability and professionalism established by the Minister of Economy and Finance for corporate officers of companies managing regulated markets and centralized management of financial instruments, i.e., the specific requirements provided by law for central counterparties, may hold the office of director.

At least one third of the directors in office, but not less than two of them, are independent as defined by EU Regulation No. 648/2012. On the existence of the aforementioned requirements, the board of directors itself shall deliberate at the first useful meeting following the appointment or the knowledge of the lapse of the requirements. The Independent Directors play a central role in the governance of the Company; they are directly engaged in issues where potential conflicts of interest may arise such as risk management and remuneration of directors as well as key personnel in control functions, through participation in the Remuneration Committee and the Risk Committee.

The **Remuneration Committee** has proposing and consultative functions in the matter of remunerations of the employees, with particular interest in the more significant company representatives and personnel responsible for risk management, compliance control and internal audit functions; it creates and develops the remuneration policy, monitors its implementation through senior management and periodically reviews its proper functioning.

The Risk Committee is a consultative committee of the board. The Committee expresses its mandatory non-binding opinion to the Board of Directors, on the measures that can affect the management of risks deriving from the Company's central counterparty activities.

In particular, the Committee expresses its opinion on:

- characteristics of the risk models adopted, including models relating to interoperability agreements with other central counterparties, as well as any substantial amendments to the aforementioned models, the relevant methods and the framework for liquidity risk management;
- the internal reference framework for defining the types of extreme but plausible market conditions and the revisions, implemented for the purpose of determining the minimum amount of the default funds, proceeding with the evaluations provided by Articles 29, paragraph 3, and 31 of the EU Delegated Regulation No 153/2013;
- the policy for the management of default procedures;
- the liquidity plan adopted by the Company, in compliance with the provision of Article 32 of EU Delegated Regulation No 153/2013;
- the admission criteria of members;
- the criteria adopted for admitting new classes of secured instruments;
- the outsourcing of functions;
- the policy concerning the use of derivative contracts, for the purpose of Article 47 of EU Regulation No 648 of 2012.

The Committee may also submit proposals to the Board of Directors on matters relating to the management of CC&G risk.

The committee’s advisory and proposal-making activities do not extend to decisions relating to the current operations of the Company.

The Committee prepares an annual report, containing information on activities carried out and their assessments of the Company’s risk management. This report is attached to the annual report on the organisational structure and the management of risk addressed to the supervisory Authorities.

The **Board of Statutory Auditors** is the body responsible for oversight of compliance with the provisions of the law and By-laws, compliance with the principles of correct management and, in particular the adequacy of the internal control system and the organisational, administrative and accounting structures and their proper functioning. The Board of Statutory Auditors is also required to make a reasoned proposal to the Shareholders' Meeting when it appoints the independent auditors.

The **Board of Statutory Auditors** also performs the functions of Internal Control and Legal Audit Committee, as provided by article 7 of EU Delegated Rule No. 153 of 2013.

The members of the Board of Auditors are appointed for a term of three financial years and may be re-elected.

Each of the members of the Board of Statutory Auditors must possess the requirements of integrity, professionalism and independence, provided for by the law and By-Laws.

The **Shareholders' Meeting** is the body that represents all the shareholders and is responsible for resolving in the ordinary meeting with regard to the approval of the annual financial statements, the appointment and revocation of the members of the Board of Directors, the appointment of the members of the Board of Auditors and their Chairpersons, the determination of the remunerations of the directors and auditors, the conferral of the accounting audit appointment, the responsibility of directors and auditors. The extraordinary shareholders' meeting is responsible for deciding with regard to amendments to the Company's By-Laws and transactions having an extraordinary character such as capital increases, mergers and demergers, except the duties attributed to the competence of the Board of Directors by Article 19 of the By-Laws, as already specified above.

The **independent auditing of the accounts** is carried out pursuant to the law by a company listed in the Special Register kept by Consob. The Shareholders' Meeting of 15 April 2015 conferred the relevant appointment, for the term of nine financial years on the basis of the applicable provisions of law, on EY S.p.A. for the financial years closing on 31 December 2015 to 31 December 2023.

(d) The Company's purpose

The Company is authorised to carry out clearing services as a central counterparty pursuant to (EU) Regulation No 648/2012.

In compliance with Article 4 of the By-laws, the Company has the following corporate purpose:

a) the management and provision of clearing services in its capacity as central counterparty, as defined by European and domestic legislation (in particular by the provisions of EU Regulation No 648/2012 and by Legislative Decree No 58 of 24 February 1998);
b) the implementation of activities conducive to and related to clearing;
c) the management of any other guarantee systems not included in the preceding paragraph;
d) the management and monitoring, also on behalf of third parties, of guarantees of any kind, including bank guarantees, security interests, monetary and security guarantees, including through adjustment techniques of the same guarantees to secured obligations, as well as the implementation, also on behalf of third parties, of cashing and payment instructions.

The Company may also carry out any promotional and marketing activities for its services and products, as well as any activities related or conducive to what is provided for in the preceding paragraphs.

In particular, the Company may provide, manage and market, technological services and advisory support mainly relating to clearing and guarantee and risk management activities.

(e) Share capital

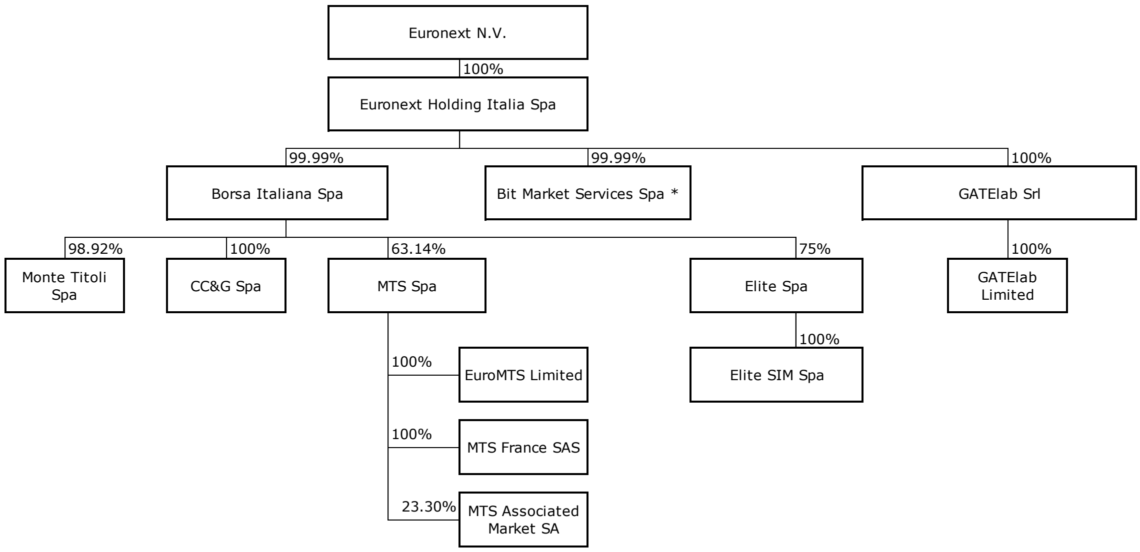
The share capital amounts to € 33,000,000.00, fully paid up. It is divided into 5,500 ordinary shares with a nominal value of € 6,000.00 each.

(f) Structure of the Group

Pursuant to Article 2497 et seq. of the Italian Civil Code, at 31 December 2023, Cassa di Compensazione e Garanzia S.p.A. is 100% controlled by Borsa Italiana S.p.A. and is subject to the management and coordination activities of Euronext Holding Italia S.p.A., in turn controlled by the Euronext N.V..

Cassa di Compensazione e Garanzia S.p.A. holds no equity interests.

The structure of the Group as of December 31, 2023 is shown below.



(*) In liquidation

2.7 Relationships with related parties

For a review of relationships with related parties, reference is made to the appropriate paragraph in the Explanatory Notes.

2.8 Significant events after the close of the financial year

No significant events occurred after the end of the financial year, such as:

- announcement or launch of restructuring plans,
- capital increases,
- assumption of significant contractual commitments,
- significant disputes that arose after the end of the year.

2.9 Approval of the draft financial statements, proposed allocation of profit, and change of the restricted reserve from "skin-in-the-game"

Dear Shareholders,

We ask you to approve the draft financial statements for the year ending 31 December 2023 (Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows and Explanatory Notes) in their entirety and their individual entries and propose to allocate the net profit for the period of € 43,609,859.31, as follows:

- to Shareholders, as a dividend equal to € 7,532.00 for 5,500 ordinary shares with a nominal value of € 6,000.00 each representing the Share Capital, for a total of € 41,426,000.00;
- to Reserves, the remaining profit of € 2,183,859.31 in order to enable the capital strengthening of the company;
- to change, on the basis of the calculation of the Regulatory Capital requirements - provided for in Regulation (EU) No. 648/2012 (EMIR) - shown in Section D - Other Information, the Restricted Reserve pursuant to Article 45, paragraph 4 of Regulation (EU) 648/2012 (Skin in the Game) - which, following the approval of the Shareholders' Meeting of 27 April 2023 amounted to € 14,192,008.00 - taking it to the new value calculated (pursuant to Regulation (EU) 648/2012) of € 12,713,046.00, allocating the difference to the item Other Reserves;
- to change, on the basis of the calculation of the Regulatory Capital requirements - as provided for in Regulation No. 648/2012 (EMIR) - shown in Section D - Other Information, the Unavailable Reserve pursuant to Article 9, Paragraph 14 of EU Regulation No. 23/2021 (Second Skin in the Game) - which, following the approval of the Shareholders' Meeting of 27 April 2023 amounted to € 7,947,524.00 - taking it to the new value calculated (pursuant to Regulation (EU) 648/2012) of € 6,610,784.00, allocating the difference to the item Other Reserves;
- to change the strategic capital reserve (Strategic Buffer) from € 20,300,000.00 to € 20,800,000.00 following the annual recalculation as defined by the calculation methodology of said reserve as decided by the Board of Directors on 22 October 2019.

The dividend will be payable from 6 May 2024.

Rome, 27 March 2024

For the Board of Directors

The Chief Executive Officer

Roberto Pecora

3. Financial statements for the year ending 31 December 2023

Balance Sheet

ASSETS

(Amounts in euro)

	Assets	31/12/2023	31/12/2022
10.	Cash and cash equivalents	16,177,314,450	13,673,926,265
20.	Financial assets measured at fair value through profit or loss	16,839,038,492	7,507,834,445
	a) financial assets held for trading (for CCP activities)	*14,019,233,206*	*7,486,730,738*
	c) other financial assets with mandatory measurement at fair value (for CCP activities)	*2,819,805,286*	*21,103,707*
30.	Financial assets measured at fair value through other comprehensive income	237,437,210	1,851,767,490
40.	Financial assets measured at amortised cost	150,714,066,362	143,984,861,111
	a) receivables from banks	*989,586,184*	*762,152,214*
	b) receivables from financial companies	*5,011,963,886*	*8,971,389,886*
	c) receivables from customers	*69,231,802*	*76,970,580*
	d) other receivables	*144,643,284,490*	*134,174,348,431*
80.	Property, plant and equipment	6,471,144	2,918,862
90.	Intangible assets	24,994,250	13,412,649
100.	Tax assets	7,009,524	11,574,126
	a) current	*6,449,968*	*8,964,426*
	b) deferred	*559,556*	*2,609,700*
120.	Other assets	1,403,568	15,431,258
	TOTAL ASSETS	**184,007,735,000**	**167,061,726,206**

LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS

(Amounts in euro)

	Liabilities and shareholders' equity items	31/12/2023	31/12/2022
10.	Financial liabilities measured at amortised cost	167,064,075,775	159,397,587,287
	a) payables	*167,064,075,775*	*159,397,587,287*
20.	Financial liabilities held for trading (for CCP activities)	14,019,233,206	7,486,730,738
30.	Financial liabilities measured at fair value (for CCP activities)	2,703,023,818	8,295,577
80.	Other liabilities	23,550,563	12,256,886
90.	Employee severance indemnity provision	984,894	772,049
110.	Share capital	33,000,000	33,000,000
150.	Reserves	119,505,803	119,190,950
160.	Valuation reserves	751,082	(4,249,525)
170.	Profit (Loss) for the year	43,609,859	8,142,244
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**184,007,735,000**	**167,061,726,206**

Income statement

(Amounts in euro)

	Items	31/12/2023	31/12/2022
10.	Interest receivable and similar revenues	9,620,768,785	2,150,834,765
20.	Interest expenses and similar charges	(9,570,147,276)	(2,107,709,791)
30.	**NET INTEREST INCOME**	**50,621,509**	**43,124,974**
40.	Commissions receivable	49,473,329	45,390,390
50.	Commissions payable	(1,644,831)	(1,260,091)
60.	**NET COMMISSION INCOME**	**47,828,498**	**44,130,299**
70.	Dividends and similar income		4,105
80.	Net income from trading activities	-	-
100.	Profit (Loss) from sale or repurchase of:		(48,136,252)
	b) financial assets measured at fair value impacting on comprehensive income		*(48,136,252)*
110.	Net income from other financial assets and liabilities measured at fair value impacting the income statement	39,488	176,413
	b) other financial assets with mandatory measurement at fair value	*39,488*	*176,413*
120.	**INTERMEDIATION MARGIN**	**98,489,495**	**39,299,539**
130.	Net value adjustments for credit risk of:	5,145	7,204
	a) financial assets measured at amortised cost	5,145	7,204
150.	**NET FINANCIAL INCOME**	**98,494,640**	**39,306,743**
160.	Administrative expenses:	(35,199,800)	(27,056,322)
	a) personnel expenses	*(13,010,948)*	*(8,767,282)*
	b) other administrative expenses	*(22,188,852)*	*(18,289,040)*
180.	Net adjustments/write-backs on tangible assets	(1,866,127)	(1,493,319)
190.	Net adjustments/write-backs on intangible assets	(1,841,149)	(1,110,192)
200.	Other operating expenses and income	709,698	1,439,045
210.	**OPERATING COSTS**	**(38,197,378)**	**(28,220,788)**
260.	**PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAX**	**60,297,262**	**11,085,955**
270.	Income taxes for the financial year on current operations	(16,687,403)	(2,943,711)
280.	**PROFIT (LOSS) OF CURRENT OPERATIONS NET OF TAXES**	**43,609,859**	**8,142,244**
300.	**PROFIT (LOSS) FOR THE YEAR**	**43,609,859**	**8,142,244**

Statement of comprehensive income

(Amounts in euro)

	Items	31/12/2023	31/12/2022
10.	**Profit (Loss) for the year**	**43,609,859**	**8,142,244**
	Other comprehensive income, net of taxes, without reversal to income statement	**(107,889)**	**556,487**
70.	Defined benefit plans	(107,889)	556,487
	Other comprehensive income, net of taxes, with reversal to income statement	**5,053,808**	**(4,380,010)**
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	5,053,808	(4,380,010)
170.	**Total other income components net of taxes**	**4,945,919**	**(3,823,523)**
180.	**Comprehensive income (Item 10+170)**	**48,555,778**	**4,318,721**

Statement of changes in Shareholders' Equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 December 2023

(Amounts in euro)

	Balances at 31/12/2022	Change to the opening balances	Balances at 01/01/2023	Allocation of the result of the previous financial year		Changes that occurred in the financial year						Comprehensive income for the year 2022	Shareholders' Equity at 31/12/2023
							Transactions on Shareholders' Equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes		
Share capital	33,000,000		33,000,000										33,000,000
Share premium	-		-										-
Reserves:	-		-										-
- legal	6,600,000		6,600,000										6,600,000
- other reserves	110,250,733	(39,702)	110,211,031	409,244									110,620,275
- profits/losses brought forward	-		-										-
- fund for the purchase of shares of parent company	2,284,708		2,284,708									(54,689)	2,230,019
- FTA reserve	55,509		55,509										55,509
Valuation reserves	(4,249,525)		(4,249,525)									5,000,607	751,082
Equity instruments	-		-										-
Own shares	-		-										-
Profit (Loss) for the year	8,142,244		8,142,244	(409,244)	(7,733,000)							43,609,859	43,609,859
Shareholders' Equity	156,083,669	(39,702)	156,043,967	0	(7,733,000)	-	-	-	-	-	-	48,555,777	196,866,744

The amount reported among the other reserves as a change in the opening balances is related to a tax adjustment of the French branch.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 December 2022

(Amounts in euro)

	Balances at 31/12/2021	Change to the opening balances	Balances at 01/01/2022	Allocation of the result of the previous financial year		Changes that occurred in the financial year							Comprehensive income for the year 2022	Shareholders' Equity at 31/12/2022
							Transactions on Shareholders' Equity							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in equity instruments	Other changes			
Share capital	33,000,000		33,000,000											33,000,000
Share premium	-		-											-
Reserves:	-		-											-
- legal	6,600,000		6,600,000											6,600,000
- other reserves	107,589,172		107,589,172	2,661,561										110,250,733
- profits/losses brought forward	-		-											-
- fund for the purchase of shares of parent company	2,137,258		2,137,258										147,450	2,284,708
- FTA reserve	55,509		55,509											55,509
Valuation reserves	(278,552)		(278,552)										(3,970,973)	(4,249,525)
Equity instruments	-		-											-
Own shares	-		-											-
Profit (Loss) for the year	53,234,061		53,234,061	(2,661,561)	(50,572,500)								8,142,244	8,142,244
Shareholders' Equity	202,337,448	-	202,337,448	-	(50,572,500)	-	-	-	-	-	-		4,318,721	156,083,669

Cash Flow Statement

DIRECT METHOD

(Amounts in euro)

A. OPERATING ACTIVITIES	Amount	
	31/12/23	31/12/22
. Management	**170,168,722**	**95,341,148**
- interest income received (+)	753,532,785	71,017,353
- interest expenses paid (-)	(595,629,042)	66,712,900
- dividends and similar income (+)	0	4,105
- net commission income (+/-)	50,074,585	43,703,589
- personnel expenses (-)	(13,530,792)	(4,337,792)
- other expenses (-)	(24,013,514)	(67,351,867)
- other revenues (+)	2,550,847	2,500,229
- taxes (-)	(2,816,147)	(16,907,369)
. Liquidity generated / absorbed by financial assets	**2,715,539,531**	**(4,261,106,593)**
- financial assets held for trading for CCP activities	0	0
- financial assets with mandatory measurement at fair value for CCP activities	(103,973,339)	(11,989,261)
- financial assets measured at fair value through other comprehensive income	1,596,399,961	2,655,873,418
- financial assets measured at amortised cost	1,204,520,617	(6,890,025,184)
- other assets	18,592,292	(14,965,566)
. Liquidity generated / absorbed by financial liabilities	**(2,747,697,338)**	**4,287,966,990**
- financial liabilities measured at amortised cost	(2,745,852,447)	4,273,477,574
- financial liabilities held for trading for CCP activities	0	0
- financial liabilities with mandatory measurement at fair value for CCP activities	0	(126)
- other liabilities	(1,844,891)	14,489,542
Net liquidity generated/absorbed by operating activity	**138,010,915**	**122,201,545**
- INVESTMENT ACTIVITY		
. Cash generated from	**-**	**-**
- sales of tangible assets	0	0
- sales of intangible assets	0	0
. Cash absorbed by	**(18,813,013)**	**(9,835,234)**
- purchases of tangible assets	(5,390,263)	(1,828,696)
- purchases of intangible assets	(13,422,750)	(8,006,538)
Net liquidity generated/absorbed by investment activity	**(18,813,013)**	**(9,835,234)**
. FUNDING ACTIVITY		
- distribution of dividends and other	(10,559,784)	(101,145,000)
Net cash generated/absorbed by funding activity	**(10,559,784)**	**(101,145,000)**
\SH GENERATED/ABSORBED IN THE YEAR	**108,638,118**	**11,221,311**

RECONCILIATION

	Amount	
	31/12/23	31/12/22
ısh and cash equivalents at beginning of the year	62,203,831	50,892,518
·tal net cash generated/absorbed during the year	108,638,118	11,221,311
ısh and cash equivalents at year end	170,841,949	62,203,829

Explanatory Notes

Part A - Accounting policies

A.1 - General part

Cassa di Compensazione e Garanzia S.p.A. manages clearing and settlement systems for transactions on derivative and other financial instruments pursuant to EU Regulation 648/2012 EMIR (European Market Infrastructure Regulation), which dictates, at the European level, common rules to all central counterparties defining new levels of transparency and security for the markets.

Section 1 – Declaration of compliance with international accounting standards

On 1 January 2005, Cassa di Compensazione e Garanzia S.p.A. adopted the international accounting standards.

The separate financial statements of the company are prepared according to the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC) and endorsed by the European Commission, as provided for by EC Regulation No 1606 of 19 July 2002 transposed in Italy by Italian Legislative Decree No 38 of 28 February 2005, up to the date of approval of these financial statements. In preparing these financial statements the same accounting standards have been used, where applicable, as those adopted in preparing the financial statements for the year ended 31 December 2022. The financial statements have been prepared in accordance with the going concern assumption.

Section 2 - General principles

The financial statements for the year ending 31 December 2023, prepared in Euro, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement[6], Explanatory Notes and the relevant comparative information; they are also accompanied by the Report on Operations prepared by the Directors.

The financial statements were derived from the tables proposed by the instructions contained in "The financial statements of IFRS intermediaries other than banking intermediaries” document issued by the Bank of Italy on 17 November 2022, suitably adjusted to take into account specific activities carried out by the Company, and taking into account the Bank of Italy Communication of 14 March 2023. To ensure greater compliance with the Bank of Italy's instructions, some tables in the Explanatory Notes were modified according to these tables, and some values were reclassified to take into account the different exposure[7]. The comparison with the previous year was maintained, as per the regulations.

The financial statements were prepared clearly and are a true and accurate representation of the equity situation, the financial situation and the economic result. The Explanatory Notes to the financial statements provide an exhaustive explanation aiming to outline a clear, truthful and accurate presentation of the financial statements.

6 The cash flow statement for the financial year and the previous year was prepared using the direct method, which indicates the main categories of gross cash receipts and payments. The direct method provides useful information in the estimate of future cash flows.
7 In the Balance Sheet, the Income Statement, the Statement of Comprehensive Income and the Explanatory Notes no items were provided that do not present amounts for the financial year to which they relate nor for the preceding financial year.

The IASs/IFRSs were applied with reference also to a "conceptual model for financial reporting" (so called "framework") particularly with regard to the basic principle involving substance over form, and the concept of relevance and significance of the information.

Financial-statement items were evaluated based on the continuity of the company's business and taking into account the economic function of the assets and liabilities considered.

In compliance with the provisions of IAS 1, the following general principles were observed in preparing the interim financial statements:

- going concern: the financial statements were prepared on the basis of a going-concern assumption; therefore, assets, liabilities and off-balance-sheet transactions were measured according to operating criteria;
- economic pertinence: costs and revenues were recognised on the basis of economic accrual and according to the criterion of correlation;
- relevance and aggregation of items: each relevant class of items has been presented separately in the financial statements. Items of dissimilar nature or allocation have been aggregated only if irrelevant;
- offsetting: assets and liabilities, income and charges must not be offset unless expressly required or allowed by a standard or an interpretation;
- comparative information: comparative information is provided for a previous period for all data presented in the financial statements unless otherwise called for by a standard or an interpretation;
- uniformity of presentation: the presentation and classification of the items have been kept constant over time in order to ensure that the information is comparable, unless otherwise specifically required by new accounting standards or by their interpretations.

The assessment criteria adopted are therefore consistent and comply with the principles of relevance, significance and meaningfulness of accounting information as well as prevalence of economic substance over legal form. These criteria have not been changed with respect to the previous year.

Main risks and uncertainties

In document No 2 of 6 February 2009 and again in document No 4 of 3 March 2010, Bank of Italy, Consob and Isvap requested that financial reports provide information that is indispensable for a better understanding of the Company's performance and prospects.

The company also took into account the Bank of Italy Communication of 14 March 2023 and, in particular, in relation to the risks, uncertainties and impacts of the COVID-19 epidemic please see what is described in the report on operations and below in section 4.

Having regard to those recommendations and with reference to the precondition of business continuity, it is pointed out that the financial statements as at 31 December 2023 were prepared based on the perspective of business continuity, there being no reasons to consider that the Company will not continue operating in the foreseeable future. In fact, no aspects were found in the equity and financial structure and in the operating performance that would lead to uncertainties on this issue. Information on the risks and uncertainties to which the Company is exposed are described in the context of this report.

The information on financial risks and operational risks, the methods for managing the same, is given in the dedicated section of the Report on the Operations and in the Explanatory Notes to the financial statements.

Group tax regimen

The Company exercised jointly with the Parent Company Euronext Holding Italia S.p.A. the option for the national consolidation regimen for the three years 2022 – 2024. The option is irrevocable for three years, unless the requisites for application of the regimen are no longer met and with the possibility of revocation at the end of the three years.

The economic relationships, as well as the reciprocal responsibilities and obligations, between the Company and the parent are defined in the "Regulation for participation in the national consolidation taxation regimen of the group controlled by Euronext Holding Italia S.p.A.".

The national tax consolidation is an arrangement introduced by the tax reform (Italian Legislative Decree no. 344 of 12 December 2003 and related implementing decrees) which offers groups of companies resident in Italy the opportunity to optimise taxation.

On 24 September 2019 Euronext Holding Italia S.p.A. and its Italian subsidiaries exercised the option for the establishment of the VAT Group, governed by articles from 70-bis to 70-duodecies of Italian Presidential Decree no. 633/1972.

The option is effective from 1 January 2020 and will have a three-year duration, with automatic renewal from year to year, unless revoked.

As a result of the option, both the performance of services and sales of goods between subjects belonging to the VAT Group are not relevant for the purposes of value added tax. Sales of goods and the performance of services made by a subject that belongs to the VAT Group to an external subject, are considered made by the VAT Group; sales of goods and the performance of services made by an external subject to a subject in the group are considered made to the VAT Group.

New accounting standards applicable to financial period ended 31 December 2023

In compliance with IAS 8, the following table shows the new international accounting standards and the amendments to the standards already into force, with the related endorsement regulations issued by the European Union, whose application has become mandatory from the financial period ended 31 December 2023.

EU Regulation and publication date	**Subject of the document**	**Date of endorsement**	**Date of entry into force**
(EU) 2021/2036 23 November 2021	IFRS 17 - Insurance contracts (including amendments published in June 2020)	19 November 2021	1 January 2023
(EU) 2022/357 3 March 2022	Amendments to IAS 1 and 8 (Disclosure of Accounting policies and Definition of Accounting Estimates)	2 March 2022	1 January 2023
(EU) 2022/1392 12 August 2022	Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	11 August 2022	1 January 2023
(EU) 2022/1491 9 September 2022	Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 - Comparative Information)	8 September 2022	1 January 2023
(EU) 2023/2468 9 November 2023	Amendments to IAS 12 (International Tax Reform – Standard rules of the second pillar)	8 November 2023	1 January 2023

Amendments to IAS 1, 8, 12 and to IFRS 17

Below the amendments related to:

- IFRS 17 – Insurance contracts, which replaces IFRS 4 and represents significant innovation for the reference sector as well as for all companies that find themselves having to account for insurance contracts. The standard introduces new criteria for the recognition of the insurance contracts aimed, among other things, at overcoming the accounting models required by the local regulations of individual countries (as happened with IFRS 4) and at differentiating the measurement of company performance;

- IAS 1 and IAS 8, which introduce clarifications aimed at helping entities decide which information on accounting policies must be disclosed (amendments to IAS 1) and to distinguish between accounting policies and estimates (amendments to IAS 8); therefore it does not have significant impacts for the company, although it may constitute a useful reference to improve financial statement disclosures. In detail, the Regulation introduces the following changes:
  - IAS 1 Presentation of financial statements: these are limited amendments (so-called "narrow scope amendments") to IAS 1 Presentation of financial statements and to the document IFRS Practice Statement 2 "Making Materiality Judgments" which provide some indications to help companies identify which information on accounting principles (the so-called "accounting policies") must be disclosed by applying judgments of relevance. Information about accounting policies is material if, considered together with other information contained in the financial statements, it is reasonable to expect that it could influence the decisions of users of the financial statements. Relevant information must be clearly displayed; however, it is not necessary to illustrate irrelevant information and, in any case, the latter must not obscure the relevant information.
  - IAS 8 Accounting principles, changes in accounting estimates and errors: the amendments to IAS 8 are aimed at providing clarifications to distinguish changes in accounting principles from changes in accounting estimates. In this regard, the definition of accounting estimate, previously not foreseen, has been added - "accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty" - and other changes have been introduced in order to provide greater clarification. It should be noted that the entity may have to modify an accounting estimate if changes occur in the circumstances on which the estimate was based or following new information, new developments or greater experience. Error corrections are distinguished from changes in accounting estimates; accounting estimates, by their nature, are approximations that require modification if additional information becomes known. For example, the gain or loss recognized following the resolution of an uncertain event does not represent the correction of an error.

- IAS 12 – Income taxes, in relation to the international tax reform (OECD second pillar rules, also called "Pillar Two Model Rules"), which provides for some changes to IAS 12 through the introduction of a mandatory temporary exception to the accounting of deferred taxes determined by the implementation of the aforementioned rules (in force from 2024), as well as provisions regarding additional information to be provided by the companies involved in interim situations and in the financial statements. In detail, the regulation of the global minimum tax, so-called "Global Minimum Tax" was implemented in the European Union through Directive 2523/2022, published in the EU Official Journal on 22 December 2022. Subject to implementation in national legislation, the legislation in question will apply from the 2024 tax period. For Italy, the provisions of Directive 2523/2022 have been transposed into Legislative Decree no. 209 of 27 December 2023 "Implementation of the tax reform in the field of international taxation".
- IAS 12 – Income taxes, in relation to deferred taxes relating to assets and liabilities arising from a single transaction. The amendments clarify how companies should account for

deferred taxes on transactions such as leasing and decommissioning obligations and aim to reduce diversity in the reporting of deferred tax assets and liabilities on such transactions. The case of interest is found in relation to the accounting of leasing operations in which the lessee initially records the asset (right of use) and the corresponding leasing liability (lease liability) in the balance sheet, usually of the same amount. Depending on the applicable tax legislation, taxable and deductible temporary differences of the same amount could arise at the time of initial recognition of the asset and liability. With the amendments in question it was specified that in such cases the entity must recognize any tax liability and asset deriving therefrom (therefore, the exemption provided for by paragraphs 15 and 24 of IAS 12 - which allows not to recognize deferred taxation in cases where the operation as a whole does not influence the profit - does not apply to these cases).

International accounting standards endorsed by the European Union applicable to financial statements after 2023

The following table shows the new international accounting standards and the amendments to the standards already into force, with the related endorsement regulations issued by the European Union, whose application will become mandatory starting from 1 January 2024 (or from a later date in case of financial statements relating to financial years different from the calendar year).

EU Regulation and publication date	Subject of the document	Date of endorsement	Date of entry into force
(EU) 2023/2579 21 November 2023	Amendments to IFRS 16 (Lease liabilities in a sale and leaseback transaction)	20 November 2023	1 January 2024
(EU) 2023/2822 20 December 2023	Amendments to IAS 1 (Presentation of financial statements - Classification of liabilities as current and non-current and non-current liabilities with clauses)	19 December 2023	1 January 2024

Section 3 - Events subsequent to the reference date of these financial statements

In the period between the date of these financial statements and their approval by the Board of Directors and besides what was already reported in the Directors' Report, no events have occurred that require an adjustment of the data approved at that meeting. The draft financial statements were approved by the Board of Directors on 27 March 2024 and were authorised for publication on that date (IAS 10).

Section 4 - Other aspects

In consideration of the unique nature of the service rendered by the Company and the fact that it is geographically concentrated within the country, the Segment reporting provided by IFRS 8 is represented by the financial statements themselves.

With reference to the changes in the accounting estimates associated with COVID-19, we can specify that these had no significant effect in the year or that they are not expected to have an effect in future years.

We can also specify that no contractual modifications and accounting cancellations were made during the year.

Cassa di Compensazione e Garanzia S.p.A.'s financial statements for the year ending 31 December 2023 are subject to audit by EY S.p.A.

A.2 – Section relating to the main items of the financial statements

Cash and cash equivalents

Cash and cash equivalents include items that meet the requirements of on-demand or short-term (3 months) availability, are successful and do not incur collection costs. Starting from the balance sheet closed on 31 December 2021, this item also includes "sight" loans (current accounts and sight deposits) from banks, as per the provision of 29 October 2021 of the Bank of Italy.

Financial assets measured at fair value impacting on the income statement - Financial trading assets/liabilities for Central Counterparty activities

These items show measurement at fair value of open transactions not settled at the reporting date (so-called "open interest") on the derivatives market (IDEM Equity, IDEX and AGREX) in which Cassa di Compensazione e Garanzia operates as a central counterparty.

In particular, these items include:

- contracts relating to derivative financial instruments on the FTSE MIB stock market index (index futures, stock mini-futures, index options, etc.);
- Derivative financial instruments contracts on single stocks (stock futures, stock options);
- Commodity futures contracts (energy and durum wheat futures).

The fair value valuation of such positions is determined on the market price of each individual financial instrument at the closing of the financial year; since the Company has a perfect balance of assets and liabilities, this amount is equally entered in both assets and liabilities, therefore the fair value of both items does not lead to any net profit or loss in the income statement of the Company (item "Net profit/loss from trading activities").

Financial assets measured at fair value through profit or loss - Other financial assets/liabilities measured at fair value for Central Counterparty activities

The company, operating as central counterparty in trades on regulated markets of standardised financial instruments, decided to adopt the settlement date as reference date for the recognition of financial assets and therefore these items include:

- listed share and bond financial instruments, measured at fair value, which CC&G has in its portfolio, having already collected them in the T2S and ICSD (international CSD) settlement systems, and has not yet delivered to the purchasing intermediaries;
- the valuation at fair value of financial assets/liabilities traded and not yet settled on stock and bond markets (both for transactions carried out around the turn of the year and for which the trade date has already passed but not the settlement date and for transactions that have reached the settlement date but not yet settled).

These items are represented in the item 'Guarantees and commitments' in Part D - "Other information".

The "fair value" of the financial instruments in the portfolio has been determined on the basis of the market price of each individual financial instrument at the moment of "withdrawal" in the framework of the T2S and ICSD settlement systems (date of first recognition). Subsequently the changes in fair value of the securities in the portfolio are recorded in the income statement ("Net income from financial assets and liabilities measured at fair value" item) on the basis of the market price at the date of the financial statements, perfectly balanced by the offsetting of the equivalent differences with respect to commitments for transactions to be settled. Memorandum accounts show the nominal value of open interest positions at the reference date of the financial statements: the difference between the nominal value of the securities to be received and the securities to be delivered is provided by the nominal value of securities in the portfolio in question.

Please refer to “Part D - Other information” for the details.

For securities traded as part of central counterparty activities on stock and bond markets and still not concluded at the settlement date, the difference between the settlement price of each individual financial instrument at the trade date and the market price of each individual financial instrument at the end of the financial year, represented by prices recorded on the last day of the year, is recorded. The effects of this valuation are recorded in the income statement (item "Net income from financial assets and liabilities valued at fair value"), to offset the recording of the same amount in respect of the commitment to market counterparties.

Given the company's fully balanced position as market central counterparty with regard to assets and liabilities, no net income or loss is generated.

Financial assets measured at fair value impacting on comprehensive income

This item includes all financial assets (debt instruments, equities and loans) classified in the portfolio at fair value, impacting on comprehensive income. The CCP has decided to include in this item all financial assets that do not belong to other categories of financial instruments typical of its core business.

These assets are initially recognised at fair value, which corresponds to the purchase or subscription cost of the transaction.

This category includes the investment in secured assets of Margins and payments to the Default Funds deposited by participants with the central guarantee system, in compliance with the new EMIR rules.

This refers to EU country Government Bonds and Bonds issued by the European Union and Supranational Bonds issued by the European Investment Bank, the European Stability Mechanism and the European Financial Stability Facility, as well as bonds issued by government agencies of EU countries recognised at fair value under financial assets measured at fair value through other comprehensive income - BS Assets, item 30.

After the initial recording, accrued interest is shown in the Income Statement according to the actual interest rate of the transaction. Financial assets measured at fair value through other comprehensive income are measured at fair value on the basis of the closing prices published on the active market. Capital gains and losses resulting from changes in the fair value are shown directly in the shareholders' equity, in a specific valuation reserve, except for impairment losses.

In case of sale before maturity, the gains and losses from a valuation pending in the shareholders' equity reserve are shown in the income statement in item 100, "Gain/loss deriving from disposal or repurchase of financial assets".

Financial assets/liabilities valued at amortised cost

The initial recognition of financial assets is done on the settlement date for debt instruments and on the date of disbursement in the case of receivables. At the time of initial recognition, assets are stated at their fair value, which normally corresponds to the total amount disbursed for costs/incomes directly determined from the start of the transaction, referring to individual instruments, even if they are settled at a subsequent date. Even though they may have the stated characteristics, costs are excluded when they refer to a reimbursement by the debtor counterparty or if they qualify as administrative costs.

Included in this category are financial assets represented by debt instruments, managed within the scope of a “held to collect” business model, where the contractual flows only represent principal payments and interest on the residual principal (Solely Payment of Principal and Interest test – SPPI – passed). Receivables that do not pass the SPPI test are classified under the portfolio of financial assets that must be measured at fair value (see Financial assets measured at fair value impacting the income statement - Item 20).

After the initial recognition, financial assets stated in this category are measured at amortised cost. The amortised cost equals the difference between the gross carrying amount and the provision for losses determined by the expected credit losses.

The gross carrying amount is the amount in the initial recognition, decreased/increased by:

- principal repayments;
- the amortisation of the difference between the amount paid and the amount reimbursable on expiry, represented by initial costs/incomes. The amortisation is calculated based on the effective interest rate method, which considers these costs/income;
- profits/losses from a concession.

The amortised cost method is not used for short-term receivables where the discounting effect would be negligible. A similar criteria is adopted for receivables without a definite expiry or demand receivables.

At the close of each financial period or interim position, financial assets measured at amortised cost are subject to impairment with the recognition of the expected credit losses (over a 12 month time frame or based on the financial instrument's entire life, should the credit risk rise significantly in relation to the financial asset's initial recognition – lifetime expected losses).

Financial assets measured at amortised cost, are classified under three categories (defined as stages) for impairment purposes, in ascending order according to the deterioration in credit quality.

The first category – stage 1 – includes financial instruments that have not undergone a significant increase in the credit risk since initial recognition.

The second category – stage 2 – includes financial instruments that have undergone a significant increase in credit risk, which is measured by taking into account the indicators set by the accounting standard and the relevance these have for the company.

The third category – stage 3 – includes all impaired positions.

Expected credit losses over a 12 month time frame are recognised for financial instruments in the first category. For financial instruments in the other two categories, expected losses are determined over the course of the financial instrument's entire life cycle (lifetime expected losses).

<u>Receivables/Payables due to clearing members</u>

These are trade receivables/payables whose maturity does not exceed thirty days and, therefore, are not discounted back, and are recorded at their nominal value net of any ancillary collection costs.

<u>Receivables/payables due to clearing members for CCP activities</u>

This item includes receivables/payables originated from clearing member's activities in the derivative, share and bond segments. These include amounts to be received/delivered for initial margins, variation margins and option premiums. These receivables/payables are settled the day after the determination of the receivable and therefore are not discounted back, and represent the fair value, calculated by Cassa di Compensazione e Garanzia, on the basis of procedures that reflect operational risks.

Operational risks mean risks attributable to the correct functioning of the margining system, also taking into account:

- Equity/technical and organisational risks adopted by CC&G for the selection of members;

- The organisational structure and the internal audit system.

This item also includes the value of repurchase agreement (repo) transactions made by bond market participants using the company's clearing and guarantee service. They represent the countervalue of transactions already settled on a spot basis and not yet settled on a forward basis. This item, measured at amortized cost, was valued by allocating pro-rata temporis the yield of the PCT itself (coupon accrued during the year and differential between spot and forward prices). Since the company is perfectly balanced in its asset and liability positions, this valuation has no effect on the result for the year. This item also includes receivables for collateral pledged in securities.

Please refer to "Part D - Other information" for the details.

Property, plant and equipment

Property, plant and equipment items are entered at purchase cost inclusive of directly attributable ancillary expenses and the amounts are shown net of depreciation and any impairment losses[8].

Maintenance costs relating to improvements are attributed to the asset to which they relate and are depreciated over the remaining useful life of the asset.

Rights of use

In accordance with the provisions of the standard IFRS 16, which came into force and was adopted starting from 1 January 2019, the Company accounts for a right of use when it holds control over an asset it does not own for a period of not less than 12 months and when this asset is not of "low value". The corresponding fixed asset is initially recognised at cost and amortised on a straight line basis along the shorter time period between the duration of the leasing contract and the estimated useful life. The cost is calculated as the financial liability for the leasing, plus all other ancillary costs and net of any incentives received. The duration of the leasing is instead equal to the non-modifiable term of the contract, plus any option for extension or reduction due to interruption clauses which, on the basis of the management's judgement, are reasonably likely to be exercised.

The financial liability for the leasing is calculated as the net present value of the future payments that will be made on the basis of the terms provided for in the leasing contract. If the contract provides for extension or interruption clauses, the management uses its judgement to determine whether these are reasonably likely to be exercised.

The net present value of future payments was calculated using the interest rate of 3.7% for contracts stipulated starting from January 2023 and 1.4% for those stipulated previously.

The financial liability thus determined corresponding to the payments provided for within the next year was classified among current liabilities, while the remainder among non-current liabilities.

The main quantitative information related to rights of use and financial liabilities recognised in the Company's financial statements in application of the standard IFRS 16 is presented below:

[8] The depreciation periods for each category of tangible fixed assets are as follows:

- Automatic data processing systems	three years
- Plant and equipment	five years
- Furniture and fittings	three years

Right-of-use assets

€ 000	Right-of-use 2023	Acc. depn. 2023	Net Book Value 2023
HW_server no.06	31,472	25,115	6,357
HW_server no.07	6,395	2,878	3,517
HW_server no.08	739	104	635
Total	**38,606**	**28,097**	**10,509**

Finance lease liabilities

€ 000	2023
Maturity analysis - contractual undiscounted cash flows	
Less than one year	253
One to five years	-
More than five years	-
Total undiscounted cash flows	**253**
Total lease liabilities	**247**
Current	247
Non Current	-

Amounts recognized in the income statement

€ 000	2023
Interest on lease liabilities	4
Interest on lease liabilities	6
Interest on lease liabilities	1
Depreciation	541
Depreciation	234
Depreciation	79
Annual amount relating to short term leases	-
Annual amount relating to leases of low value assets	-

Intangible Assets

Intangible assets are recorded under assets when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably measured. These assets are recorded at purchase cost, net of impairments and amortised on a straight-line basis over the asset's estimated useful life[9].

Impairment of assets

The Company reviews the book value of its tangible and intangible assets to determine whether there are signs that these assets have suffered any impairment.

[9] They refer to:
- software licences, amortised over three years;
- costs for the development of application software, amortised over three years;
- ongoing intangible assets and payments on account relating to costs incurred for the development of specific application software and the purchase of software licences for projects not yet completed; no amortisation has been calculated on this item.

If it is not possible to individually estimate the recoverable amount of an asset, the company estimates the recoverable value of the cash flow generating unit to which the asset belongs[10].

Impairment is recorded if the recoverable amount is below the book value. This impairment loss is reversed in the event that the reasons that led to impairment no longer exist, up to the maximum amount of the original value.

Other assets/liabilities

They are valued at cost, which is representative of the recoverable value of the assets. Since these are generally short-term items, they are not discounted. The item includes receivables related to bankruptcy proceedings as a result of market insolvencies, which are matched on the liabilities side by payables to participants in the Guarantee Funds. For the latter, these are receivables and payables with long maturities that cannot be offset and should be valued following impairment testing and then discounted. Considering the relevance that these items have for the participants in the Guarantee Funds and, also considering that from such bankruptcy proceedings the company will not bear losses under any circumstances, it was deemed appropriate not to make an impairment loss. In addition, it includes the receivable/payable from the Parent Company (pro-tempore consolidating company) as a result of joining the domestic tax consolidation.

Financial assets and liabilities subject to offsetting in the financial statements

As from the year ended 31 December 2017, in accordance with IAS 32, paragraph 42, the Company chose to provide more information on the presentation of net or gross financial assets and liabilities (so-called offsetting).

In particular, IAS 32 requires the presentation of financial assets and financial liabilities on a net basis if this representation reflects the future cash flows that the entity expects to obtain from the settlement of two or more separate financial instruments.

There are essentially two criteria for such compensation:

1. a criterion whereby an entity has the legal right to offset amounts recognised in the accounts;
2. a criterion by which an entity intends to settle the net residual amount, or to realise the asset and simultaneously settle the liability.

The net amounts represent financial assets and liabilities offset by a contractual position in accordance with the provisions of Cassa Compensazione e Garanzia S.p.A. regulations.

Operationally, the concept of a contractual position corresponds to an ISIN data item, a member data item and an account item.

Please refer to “Part D - Other information” for the details.

Employee severance indemnity

The employee severance indemnity (TFR) pursuant to article 2120 of the Italian Civil Code is subject to an actuarial valuation, based on assumptions regarding the employees' seniority of service and the remuneration received during a certain period of service. The entry in the financial statements of defined benefit plans requires an estimate - by means of actuarial techniques - of the amount of employees' contributions for the work carried out during the current and previous years and the discounted value of such contributions, in order to determine the present value of

[10] The recoverable value of an asset is the higher of its current value less costs to sell and its value in use. Where the current value is the consideration obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties and the value in use of an asset is calculated by discounting estimated future cash flows, gross of taxes, at a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

the company's commitments. The calculation of the current value of the company's commitments is performed by an external expert according to the Projected Unit Credit Method considering only accrued seniority at valuation date, the years of service at the valuation reference date and the total average seniority at the time the benefit liquidation is expected. Moreover, the aforementioned method entails the consideration of future salary increases, regardless of the reason (inflation, career progress, contracts renewals, etc.) until the termination of the employment.

Regulation No 475/2012 endorsed the amendments to IAS 19, as approved by the IASB on 16 June 2011, with the objective of rendering the financial statements understandable and comparable, above all with regard to defined benefit plans. The most important amendment refers to the elimination of different admissible accounting treatments for recognising defined benefit plans and the consequent introduction of a single method that provides for the immediate recognition in the statement of comprehensive income of the discounted profits/losses deriving from the evaluation of the obligation. In relation to the previous accounting layout adopted, the principal effects consist of the elimination of the recording in the income statement, with immediate recognition in the statement of comprehensive income and, therefore, in the shareholders' equity, of the changes in value of the obligations and of the assets servicing the plan.

Share-based payments

Share-based payments to employees, granted by the parent company Euronext N.V., are accounted for by recognizing at cost in the income statement the accrued portion of the value of the share grant plan, determined on the basis of the fair value at the date of grant of the plan itself and taking into account the terms and conditions under which these instruments were granted. The debit counterpart, on the other hand, is recorded in a special equity reserve in accordance with IFRS 2 for Share-Based Payments identified as Equity-Settled.

Revenue and costs recognition

For the purposes of recognising revenue, IFRS 15 is based on the principle of transferring control, and not only the transfer of risks and benefits.

The new standard requires that the contract identifies all performance obligations, where applicable, each with its own revenue recognition model. An analysis of the performance obligations therefore forms the basis for the recognition of each revenue component relating to the different products and/or services offered.

Services are deemed to have been transferred once the customer gains control thereof.

Revenue arising from the rendering of services is not recognised in the income statement while there is a strong possibility that a significant reversal could occur.

Costs are recognised at the time they are incurred.

Interest payable/receivable and similar income and expenses

Financial income and expenses are recorded, using the effective interest rate, as they accrue on the basis of interest accrued on the relevant financial assets and liabilities.

Taxes

Current taxes are recognised on the basis of the estimate of the taxable income in accordance with the current rules and taking into account the applicable exemptions and the tax credits due in the context of the national tax consolidation.

In the case of negative taxable incomes the tax income on these losses is recognised, only in the case of verified capacity on the part of the national tax consolidation.

Income taxes related to previous years, including any monetary sanctions and interest accrued, are included in the income tax expense of the year.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount of the assets and liabilities and the corresponding value attributed to them for tax purposes, adopting the tax rates expected to be applicable in the years in which the temporary differences mature.

Deferred tax assets are shown net of deferred tax liabilities, or vice versa, if this offsetting is possible, on the basis of the type and maturity of the differences that originated them.

Deferred tax assets are recognised when there is reasonable certainty of their realisation through adequate taxable incomes in the years in which the deductible temporary differences will mature.

The tax benefit connected with the retainable tax losses is recognised only when there are, at the same time, the following conditions:

- there is reasonable certainty of their recovery on the basis of the capacity of the Company or of the Group national tax consolidation, as a result of the option related to the "tax consolidation", to produce future taxable incomes;
- the tax losses in question derive from clearly identified circumstances and it is reasonably certain that these circumstances will not be repeated.

The deferred tax assets and liabilities related to a transaction or a fact recognised directly in Equity are recognised adjusting the corresponding equity item.

Guarantees and commitments

Regarding items recorded as guarantees and commitments referred to in part D - "Other information", we can note that:

- third party securities deposited as collateral and securities to be received/delivered for transactions to be settled are recorded at their nominal value;
- sureties deposited as guarantee are recorded at their nominal value;
- securities to be received/delivered for transactions to be settled are recorded at the nominal value of open interest positions at the balance sheet reference date.

No guarantees were issued by the company in favour of third parties.

Use of estimates

The preparation of the financial statements and of the relevant notes pursuant to International Accounting Standards requires the use of estimates and assumptions which impact the value of assets and liabilities in the financial statements and in the information related to potential assets and liabilities at the reporting date. Final results could differ from the estimates made.

Estimates and assumptions are periodically reviewed and the effects of the changes are recorded in the income statement.

In particular, see the "risk management" section, part D "Other information" of the Explanatory Notes, for an illustration of the methods adopted for the calculation of margins and default funds, as elements of the risk management system of CC&G as central counterparty.

A.3 Information on transfers between portfolios of financial assets

There were no reclassifications of financial assets during the year.

A.4 – Fair value disclosure

Information of a qualitative nature

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

There are no assets and/or liabilities measured at fair value related to level 2 and level 3, on a recurring basis[11].

Fair value measurements are classified according to hierarchy of levels that reflects the significance of the inputs used in the measurements. As CC&G operates exclusively on regulated markets, assets and financial liabilities at fair value are only "Level 1" and that is - as defined by IFRS 13 - they refer to quoted prices (unadjusted) in an active market for the assets or liabilities to be measured.

A.4.2 Processes and sensitivity of evaluations

Cassa di Compensazione e Garanzia uses no fair value levels other than level 1 in the hierarchies provided for in IFRS 13. However, conventionally, as provided by Circular no. 262 of 22 December 2005 of the banks, to which in absence of other regulations the Central Counterparty as financial intermediary makes reference, for assets secured by repos, as well as receivables/payables in the financial statements and available cash, uses level 3 fair value for indicating the amortized cost or real value of what deposited.

A.4.3 The fair value hierarchy

Financial instruments are measured at fair value in accordance with the classes required by IFRS 13, as follows:

- Livello 1. prices (without adjustments) on the active market as defined by IFRS 13 for assets or liabilities to be measured.
- Livello 2. Inputs other than quoted prices included in the preceding paragraph, that are observable either directly (as prices) or indirectly (derived from prices) on the market.
- Livello 3. Inputs that are not based on observable market data.

A.4.4 Other information

Reference is made to paragraphs A.4.1 and A.4.2 above.

Disclosure of quantitative information

A.4.5 The fair value hierarchy

The following table shows the breakdown of financial portfolios based on the above-mentioned levels of fair value. There are no assets/liabilities classified as level 2 or level 3.

11 With reference to receivables and payables, valued in the financial statements at amortised cost in accordance with IAS 39, it is considered that this valuation reasonably approximates the fair value of these items for which a hierarchy of fair value of category 3 is indicated in the tables in the Explanatory Notes to the financial statements.

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

	31/12/2023			31/12/2022		
Assets/Liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss						
a) financial assets held for trading	14,019,233,205			7,486,730,738		
b) financial assets designated at fair value						
c) other financial assets with mandatory measurement at fair value	2,819,805,287			21,103,707		
	-			-		
2. Financial assets measured at fair value through other comprehensive income	237,437,210			1,851,767,490		
Total	**17,076,475,702**	**-**	**-**	**9,359,601,935**	**-**	**-**
1. Financial liabilities held for trading	14,019,233,205			7,486,730,738		
2. Financial liabilities measured obligatorily at fair value	2,703,023,817			8,295,577		
Total	**16,722,257,022**	**-**	**-**	**7,495,026,315**	**-**	**-**

Key:

L1= Level 1

L2= Level 2

L3= Level 3

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

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2023				31/12/2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	150,714,066,363			150,714,066,363	143,984,861,111			143,984,861,111
Total	**150,714,066,363**	**-**	**-**	**150,714,066,363**	**143,984,861,111**	**-**	**-**	**143,984,861,111**
1. Financial liabilities measured at amortised cost	167,064,075,775			167,064,075,775	159,397,587,287			159,397,587,287
Total	**167,064,075,775**	**-**	**-**	**167,064,075,775**	**159,397,587,287**	**-**	**-**	**159,397,587,287**

Key:

BV = Book Value

L1= Level 1

L2= Level 2

L3= Level 3

A.5 Disclosure of so-called "day one profit/loss"

This section has not been completed, since at the date of the financial statements in question, there were no balances attributable to the items in question.

ANALYSIS OF THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

Part B – Information on the Balance Sheet

BALANCE SHEET- ASSETS

Section 1 - Cash and cash equivalents - Item 10

This item amounted to 16,177,314,450 euros, of which 179,131 euros related to the French Branch (13,673,926,265 euros as of Dec. 31, 2022) and consisted of cash on hand, amounting to 54 euros (54 euros as of Dec. 31, 2022), and current accounts and demand deposits, amounting to 16,177,314,396 euros (13,673,926,211 euros as of Dec. 31, 2022).

Breakdown of item 10 "Cash and cash equivalents"

Items/Values	**Total 31/12/2023**	**Total 31/12/2022**
Cash	**54**	**54**
Bank accounts and sight deposits	**16,177,314,396**	**13,673,926,211**
Cash deposited by participants held at Central Bank (1) (2)	*15,404,507,393*	*13,609,922,602*
Cash from own funds held at Central Bank (1)	*24,605,468*	*2,800,832*
Cash from own funds held in bank accounts (2)	*146,236,426*	*59,402,942*
Cash deposited by participants held in bank accounts (2)	*601,965,109*	*1,799,835*
Totale	**16,177,314,450**	**13,673,926,265**

(1) The legislation, in art. 47 paragraph 4 of EU Regulation 648/2012 (EMIR) governs the investment policy of CCPs for which the cash deposits of a CCP must be established through highly secure mechanisms with authorized financial institutions or alternatively through the use of deposits with National Central Banks.

(2) This item includes also interest income accrued on bank current accounts and not yet paid, entered in the current account availability on an accrual basis.

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

Item 20a - Financial assets held for trading for CCP activities

This item, related to derivative transactions, amounted to 14,019,233,205 euros (7,486,730,738 euros in the previous year) and refers to the net countervalue of open positions (so-called "open interest") of financial assets held for trading for CCP activities. It represents the "fair value" valuation of open transactions (open interest) on the derivatives market (IDEM Equity, IDEX and Agrex), in which the Company is present as Central Counterparty.

2.1 Financial assets held for trading: breakdown by product

Items/Values	Total 31/12/2023			Total 31/12/2022		
	L1	L2	L3	L1	L2	L3
B. Derivative financial instruments	**14,019,233,206**			**7,486,730,738**		
1. Financial derivatives	14,019,233,206			7,486,730,738		
1.1 for trading	14,019,233,206			7,486,730,738		
FTSE stock market index derivatives:	*12,537,742,832*			*5,935,720,836*		
- Futures	*11,539,658,925*			*5,152,136,830*		
- Mini Futures	*76,368,954*			*30,529,826*		
- Options	*921,714,953*			*753,054,180*		
Single stock derivatives:	*1,481,490,374*			*1,551,009,902*		
- Futures	*420,157,758*			*437,304,477*		
- Options	*1,061,332,616*			*1,113,705,425*		
Commodities derivatives	*0*			*0*		
Total	**14,019,233,206**	**0**	**0**	**7,486,730,738**	**0**	**0**

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

2.2 Derivative financial instruments

Underlying assets/type of derivatives	Total 31/12/2023				Total 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With clearing agreements	Without clearing agreements			With clearing agreements	Without clearing agreements	
2. Equities and share indices				**14,019,233,206**				**7,486,730,738**
- Fair Value				14,019,233,206				7,486,730,738
5. Goods				**-**				**-**
- Fair Value				-				-
Total	**0**	**0**	**0**	**14,019,233,206**	**0**	**0**	**0**	**7,486,730,738**

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

Items/Values	Total 31/12/2023	Total 31/12/2022
B. DERIVATIVE INSTRUMENTS	**14,019,233,206**	**7,486,730,738**
a) Central Counterparties	-	-
b) Others	14,019,233,206	7,486,730,738
Total	**14,019,233,206**	**7,486,730,738**

Item 20c - Other financial assets with mandatory measurement at fair value for CCP activities

This item, which refers to non-derivative financial instruments transactions, amounted to € 2,819,805,286 (€ 21,103,707 in the previous year).

2.6 Other financial assets with mandatory measurement at fair value: breakdown by type

Items/Values	**Total 31/12/2023**			**Total 31/12/2022**		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	**122,782,727**			**4,403,598**		
Financial instruments traded but not yet settled (1):	6,013,522			4,014,278		
- Government bonds	*6,013,522*			*4,014,278*		
Financial instruments in the portfolio (2):	116,769,205			389,320		
- Government bonds	*116,769,205*			*389,320*		
2. Equities	**2,697,022,559**			**16,700,109**		
Financial instruments traded but not yet settled (1):	2,697,010,295			4,281,299		
- Equity instruments	*2,697,010,295*			*4,281,299*		
Financial instruments in the portfolio (2):	12,264			12,418,810		
- Equity instruments	*12,264*			*12,418,810*		
Total	**2,819,805,286**	**0**	**0**	**21,103,707**	**0**	**0**

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

(1) This item represents the difference between the trading value and the market value, as at the date of the financial statements, for instruments already traded but not yet settled.

(2) This item represents the value of the securities withdrawn from the T2S and ICSD settlement systems, which have been delivered to the respective buyers after the close of the financial year; these values incorporate the valuation at market prices at the date of the financial statements.

<u>Section 3 -Financial assets measured at fair value impacting the comprehensive income - Item 30</u>

This item includes all investments in secured assets paid in cash by members of the central counterparty system. Investments linked to the Company's equity were also included to meet the requirements of Regulation (EU) no. 648/2012 (EMIR), Article 47, paragraphs 1 and 2 in terms of Regulatory Capital invested in secured assets.

3.1 Financial assets measured at fair value impacting on comprehensive income: composition breakdown

Items/Values	Total 31/12/2023			Total 31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	**237,437,210**			**1,851,767,490**		
1.1 Structured instruments	-			-		
1.2 Other debt instruments	237,437,210			1,851,767,490		
of which: securities purchased through equity financing	*121,151,460*			*97,956,000*		
of which: securities purchased with contributions of the participants	*116,285,750*			*1,753,811,490*		
Total	**237,437,210**	**0**	**0**	**1,851,767,490**	**0**	**0**

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

The total investment amounts to euro 237,437,210, corresponding to a purchase value of euro 236,321,064 and a nominal value of euro 238,000,000 of the securities in the portfolio, adjusted for interest still not accrued as of the date for euro 19,752 and euro -582,542 as the effect of valuing the securities at fair value as of the balance sheet date.

The portion of securities representing the Company's own funds, included in the above total, amounts to euro 121,151,460 corresponding to a purchase value of euro 121,341,419 and a nominal value of euro 122,000,000, adjusted for interest still not accrued as of the date for euro -248,962 and euro –599,578 as an effect arising from the valuation of securities at fair value as of the balance sheet date.

Part of the Company's own funds are, in fact, invested in securities in compliance with Emir regulations on capital requirements for central counterparties.

Currently, the investment in secured assets consists of Government Securities issued by the States of Belgium, France, Germany, Italy, the Netherlands, Portugal and Spain; and Sovereign Securities issued by the European Stability Mechanism and the European Financial Stability Facility, as well as securities issued by French government agencies (Caisse d'Amortissement de la Dette Sociale). These securities were recorded at fair value and valued at public market prices as of the date of these financial statements. The counterpart of the valuation is recorded in Equity in the Balance Sheet, item 160, net of deferred tax assets and liabilities that have no economic impact as they reflect only theoretical taxation on equity items. These deferred tax assets and deferred tax liabilities are found in item 100 B in the Balance Sheet Assets and item 60 B in the Balance Sheet Liabilities.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtors/issuers

	Total 31/12/2023	Total 31/12/2022
1. Debt instruments	**237,437,210**	**1,851,767,490**
- Governments and Central Banks	237,437,210	1,700,316,000
- Other issuers	0	151,451,490
Total	**237,437,210**	**1,851,767,490**

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

Item 40a - Receivables from banks

This item amounted to € 989,586,184 (€ 762,152,214 in the previous year).

4.1 Financial assets measured at amortised cost: breakdown by type of receivables from banks

Breakdown	**Total 31/12/2023**						**Total 31/12/2022**					
	Book Value			**Fair Value**			**Book Value**			**Fair Value**		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
3. Loans	**10,084,486**					**10,084,486**	**10,011,111**					**10,011,111**
3.1 Repurchase agreements (1)	10,084,486					10,084,486	10,011,111					10,011,111
5. Other assets	**979,501,698**					**979,501,698**	**752,141,103**					**752,141,103**
Receivables guaranteed by securities (2)	972,913,386					972,913,386	623,383,966					623,383,966
Receivables from participants for margins and premiums	2,267,364					2,267,364	126,085,064					126,085,064
Clearing commissions on contracts entered into in relevant month (3)	4,021,071					4,021,071	2,431,013					2,431,013
Commissions on securities deposited as collateral (3)	301,249					301,249	241,060					241,060
Other receivables for services	(1,372)					(1,372)	-					-
Total	**989,586,184**					**989,586,184**	**762,152,214**					**762,152,214**

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

(1) The rule provided for in Article 45, paragraph 2 of the Delegated Regulation No 153/2013 (ESMA) states that, if cash is not deposited with the Central Bank, but is kept overnight, no less than 95% of that cash will be deposited into collateralised deposits, including repurchase agreements. CC&G intended to use triparty agents (the principal international CSDs) in order to comply with such rules.

(2) These represent the amounts of initial margins due by banks, for open interest positions at the close of the financial year and not yet paid in cash since guaranteed by the prior deposit of securities.

(3) These amounts were collected on the first day of market trading of the month following the reference month.

Item 40b – Receivables from financial companies

This item amounted to € 5,011,963,886 (€ 8,971,389,886 in the previous year).

4.2 Financial assets measured at amortised cost: breakdown by type of receivables from financial companies

Breakdown	**Total 31/12/2023**						**Total 31/12/2022**					
	31/12/2022			**Fair Value**			**Book Value**			**Fair Value**		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
3. Other assets:	**5,011,963,886**					**5,011,963,886**	**8,971,389,886**					**8,971,389,886**
Receivables from other clearing and guarantee systems (1)	5,005,413,647					5,005,413,647	8,953,364,414					8,953,364,414
Receivables guaranteed by securities (2)	14,681,512					14,681,512	2,394,958					2,394,958
Clearing commissions on contracts entered into in relevant month (3)	963,891					963,891	373,780					373,780
Commissions on securities deposited as collateral (3)	7,229					7,229	1,500					1,500
Receivables from participants for margins and premiums	-10,544,572					-10,544,572	13,356,921					13,356,921
Other receivables for services (4)	1,442,179					1,442,179	1,898,313					1,898,313
Total	**5,011,963,886**					**5,011,963,886**	**8,971,389,886**					**8,971,389,886**

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

(1) Corresponds to the margins paid to LCH SA for the interoperability link in place with the French central counterparty on the MTS market; specifically, the balance is divided into 3,850,942,055 euros for initial margins, 1,093,000,000 euros for Initial Additional Margin as well as an interest receivable of 61,471,582 euros.

(2) They represent the amount of initial margins owed by participating financial companies from open positions at the close of the fiscal year and not paid in cash because they are secured by the prior deposit of securities.

(3) These amounts were collected on the first day of market trading of the month following the reference month.

(4) These trade receivables mainly refer to receivables for invoices issued and yet to be issued to the Austrian CCP for consulting services and invoices to be issued for clearing services.

Item 40c – customer receivables

This item amounts to € 69,231,802 (€ 76,970,580 in the previous year).

4.3 Financial assets valued at amortized cost: breakdown by type of customer receivables

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book Value			Fair Value			Book Value			Fair Value		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
3. Other assets:	**69,231,802**					**69,231,802**	**76,970,580**					**76,970,580**
Clearing fees for contracts entered into in the reference month (1)	552,055					552,055	232,758					232,758
Receivables from participants for margins and premiums	68,679,747					68,679,747	76,726,614					76,726,614
Other receivables for services	0					0	11,208					11,208
Total	**69,231,802**					**69,231,802**	**76,970,580**					**76,970,580**

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

(1) These sums were collected on the first day of market opening of the month following the reference month.

Item 40d – Other receivables

This item amounted to € 144,643,284,490 (€ 134,174,348,431 in the previous year).

4.7 Financial assets measured at amortised cost: breakdown by type of other receivables

Breakdown	Total 31/12/2023						Total 31/12/2022					
	Book Value			Fair Value			Book Value			Fair Value		
	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3	First and second stage	Third stage	of which: acquired or originated impaired	L1	L2	L3
3. Other assets:	**144,643,284,490**					**144,643,284,490**	**134,174,348,431**					**134,174,348,431**
Receivables from repo transactions for CCP activities (1)	144,640,319,791					144,640,319,791	134,172,307,449					134,172,307,449
Receivables for interest on cash deposited by participants (2)	-					-	-					-
Receivables from participants in the settlement system T2S and ICSD	2,964,699					2,964,699	2,040,982					2,040,982
Total	**144,643,284,490**					**144,643,284,490**	**134,174,348,431**					**134,174,348,431**

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

(1) This represents, like the corresponding item 10 in the liabilities, the value of repo transactions carried out by members using the CCP service.

(2) These represent interest owed to the members on the cash deposited to cover initial margins and default funds. As of 31 December 2023, the rate applied to deposits is equal to the "Depo rate" decided by the European Central Bank minus 35 basis points for initial guarantee margins and minus 30 basis points for deposits of Participants as Default Funds.

Receivables for which operationally it was not possible to make the distinction between loans to banks, loans to financial companies and loans to customers required by Bank of Italy Circular 140 of February 11, 1991, "Instructions Concerning the Classification of Customers," are reclassified under this item.

Section 8 - Property, plant and equipment - Item 80

8.1 Property, plant and equipment held for operating purposes: breakdown of assets measured at cost

Assets/values	**Total 31/12/2023**	**Total 31/12/2022**
1. Owned assets	**6,212,836**	**1,828,331**
c) furniture	67,479	692
d) electronic systems	6,145,357	1,827,639
e) other	0	0
2. Rights of use acquired with leasing	**258,308**	**1,090,531**
b) buildings	0	0
d) electronic systems	258,308	1,090,531
e) other	0	0
Total	**6,471,144**	**2,918,862**

During this financial year hardware were purchased for € 5.9 millions, for the Clearing migration project. The decreases are due to depreciation for the year.

8.6 Property, plant and equipment held for operating purposes: annual changes

	Furniture	Electronic systems	Long-term hires	**Total**
A. Gross opening balance	**668,059**	**11,398,635**	**3,899,697**	**15,966,391**
A.1 Total net value reductions	(667,367)	(9,570,996)	(2,809,166)	(13,047,529)
A.2 Net opening balance	**692**	**1,827,639**	**1,090,531**	**2,918,862**
B. Increases	**(598,817)**	**5,995,372**	**(6,292)**	**5,390,263**
B.1 Purchases	58,656	5,337,899	-	5,396,555
B.3 Value recovery	-	-	21,978	21,978
B.7 Other changes	(657,473)	657,473.00	(28,270)	(28,270)
C. Decreases	**665,604**	**(1,677,654)**	**(825,931)**	**(1,837,981)**
C.1 Sales	-	-	-	-
C.2 Amortisation and depreciation	(1,639)	(1,010,288)	(854,201)	(1,866,128)
disposals	(123)	-	28,270	28,147
C.7 Other changes	667,366	(667,366)	-	-
D. Net closing balance	**67,479**	**6,145,357**	**258,308**	**6,471,144**
D.1 Total net value reductions	(1,763)	(11,248,650)	(2,660,731)	(13,911,144)
D.2 Gross closing balance	**69,242**	**17,394,007**	**2,919,039**	**20,382,288**

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown

Items/Measurement	Total 31/12/2023		Total 31/12/2022	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
2. Other intangible assets:	**24,994,250**		**13,412,649**	
2.1 own assets	24,994,250		13,412,649	
- other	24,994,250		13,412,649	
2.2 Rights of use acquired with leasing	0		0	
Total	**24,994,250**		**13,412,649**	

9.2 Intangible assets: annual changes

	Total
A. Opening balance	**13,412,649**
B. Increases	**30,331,221**
B.1 Purchases	13,422,750
B.4 Altre variazioni	16,908,471
C. Decreases	**(18,749,620)**
C.2 Amortisation and depreciation	(1,841,149)
C.5 Altre variazioni	(16,908,471)
D. Final balance	**24,994,250**

During this financial year, 30.3 million euros were capitalized, relating to the development costs of the new software platform for Clearing. The decreases are due to depreciation for the year.

Section 10 – Tax assets and tax liabilities – Item 100 under assets

At 31 December 2023, the balance of tax assets was € 7,009,524 mainly due to current tax assets.

10.1 "Tax assets: current and deferred": breakdown

Items/breakdown	Total 31/12/2023	Total 31/12/2022
Tax assets:		
a) current	6,449,968	8,964,426
b) deferred	559,556	2,609,700
Total	**7,009,524**	**11,574,126**

Current tax assets, of € 6,449,968 at 31 December 2023, were made up of the higher taxes paid for IRES Surcharge pursuant to art. 1, paragraph 65, Italian Law no. 208/2015 and IRAP for the years from 2018 to 2020 because the Company should have been considered as an "industrial/commercial company" and not as a financial intermediary, in accordance with the response to a ruling request received by the company on 24 February 2021.

10.3 Changes in deferred tax assets (counter entry in income statement)

	Total 31/12/2023	Total 31/12/2022
1. Opening balance	**286,129**	**264,496**
2. Increases	**-**	**21,633**
2.1 Deferred tax liabilities recognised during the year	-	21,633
a) related to previous FYs	-	-
c) other		21,633
3. Decreases	**(20,712)**	**-**
3.1 Deferred tax liabilities cancelled during the year	(20,712)	-
a) reversals	-	-
c) other	(20,712)	-
4. Final amount	**265,417**	**286,129**

Deferred taxes for the financial year

Increases for deferred tax assets recognised during the year

Items/Technical forms	Amounts	IRES	IRAP	TOTAL
Non-deductible CC&G amortisations	1,288,714	309,291	-	309,291
Unpaid directors' fees	80,000	19,200	-	19,200
Amount set aside to provisions for leavers	125,000	30,000		30,000
Provision for bad debts exceeding the deductible amount	40,921	9,821		9,821
Allocation to provisions for impairment of receivables	48,901	11,736	2,323	14,059
Total	**1,583,537**	**380,049**	**2,323**	**382,372**

Reductions for deferred tax assets cancelled during the year

Items/Technical forms	Amounts	IRES	IRAP	TOTAL
Unrealized exchange gains	327,980	78,715	-	78,715
Deferred tax assets on employee severance indemnity for the year	159,334	38,240	-	38,240
Total	**487,314**	**116,955**	**-**	**116,955**

10.5 Changes in deferred tax (counter item in the shareholders' equity)

	Total 31/12/2023	**Total 31/12/2022**
1. Opening balance	**2,323,571**	**679,323**
2. Increases	**-**	**1,644,248**
2.1 Deferred tax liabilities recognised during the year	-	-
c) other		1,644,248
3. Decreases	**(2,029,431)**	**-**
3.1 Deferred tax liabilities cancelled during the year	-	-
c) other	(2,029,431)	-
4. Final amount	**294,140**	**2,323,571**

The values shown in table above refer to deferred taxes on securities in the portfolio measured at fair value with balancing item in the shareholders' equity.

Section 12 - Other assets - Item 120

This item amounted to 1,403,568 euros, of which 164,396 euros related to the French Branch (15,431,258 euros in the previous year).

12.1 Other assets: breakdown

Breakdown	Total 31/12/2023	Total 31/12/2022
Receivables from Group companies (1)	-	14,812,777
Receivables relating to bankruptcy procedures (2)	38,508	38,508
Other receivables (3)	1,365,060	579,973
Total	**1,403,568**	**15,431,258**

(1) For a detailed examination of the item Receivables from group companies please see the section "Related-party transactions" in Part D – Other information of this document.

(2) These amounts refer exclusively to certain "traders/negotiators" participating in guarantee funds, which were declared bankrupt in previous years and in relation to which CC&G, as fund manager, took action, pursuant to the applicable provisions of laws and regulations, in order to recover the disbursement in relation to the insolvent parties in the interest of the members that made the disbursement. Any minor collections of these claims will not lead to losses for the Company, because should that be the case, minor debts will arise in relation to members in the funds. The receivable and payable items for bankruptcy proceedings still under way remain outstanding.

(3) Other receivables amounting to euro 1,356,060 mainly refer to euro 609,130 in prepaid expenses for costs incurred and not yet accrued, euro 534,411 related to withholding tax on bank interest.

BALANCE SHEET – LIABILITIES

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

This item amounted to € 159,339,650,774 (€153,577,292,189 in the previous financial year).

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

Items	Total 31/12/2023				Total 31/12/2022			
	due to banks	due to financial companies	due to costumers	others	due to banks	due to financial companies	due to costumers	others
1. Loans								
1.1 Repurchase agreements								
2. Leasing payables (1)				**247,503**				**1,104,823**
3. Other payables	**8,156**	**7,520,953,785**	**203,463,060**	**159,339,403,271**	**8,156**	**5,754,772,286**	**65,514,656**	**153,576,187,366**
Due for repo transactions for CCP activities (2)				144,640,319,791				134,172,307,449
Payables to participants for margins and premiums				8,789,743,664				12,816,387,407
Amounts due to participants in Default funds				5,154,916,722				5,909,844,000
Due to other clearing and guarantee systems (3)		7,520,953,785		-		5,754,772,286		-
Due to participants for advance account deposits				753,331,566				652,189,669
Payables to the shareholder for dividends (4)								
Interest payable (5)	8,156		203,463,060		8,156		65,514,656	
Payables to participants in MIC		-		-				-
Payables to participants in the securities settlement system T2S and ICSD				1,091,528				25,458,841
Total	**8,156**	**7,520,953,785**	**203,463,060**	**159,339,650,774**	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**
Fair value - level 1								
Fair value - level 2								
Fair value - level 3	**8,156**	**7,520,953,785**	**203,463,060**	**159,339,650,774**	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**
Total Fair value	**8,156**	**7,520,953,785**	**203,463,060**	**159,339,650,774**	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**

(1) These are financial payables connected with the application of IFRS 16.

(2) This amount includes, as for the corresponding item 40 of the assets, the value of repurchase agreements (repos) entered into by members that use the company's CCP guarantee service.

(3) Corresponds to margins paid by LCH SA for the interoperability link in place with the French central counterparty on the MTS market. The item consists of euro 6,411,789,142 for initial margins, euro 1,098,000,000 for additional initial margin, and euro 11,164,643 for margins for hedging positions in fails.

(4) This amount includes the amount related to interest accrued against participants for cash deposited as margin and default funds.

Section 2 - Financial liabilities held for trading for CCP activities - Item 20

This item amounted to € 14,019,233,206 (€ 7,486,730,738 in the previous year) and can be broken down as follows:

2.1 - Financial liabilities held for trading: breakdown by type

Type of transaction/Securities	Total 31/12/2023					Total 31/12/2022				
	NV	Fair Value			Fair value*	NV	Fair Value			Fair value*
		L1	L2	L3			L1	L2	L3	
B. Derivative instruments		**14,019,233,206**					**7,486,730,738**			
1. Financial derivatives		14,019,233,206					7,486,730,738			
S&P stock market index derivatives:	x	*12,537,742,832*			x	x	*5,935,720,836*			x
- Futures	x	*11,539,658,925*			x	x	*5,152,136,830*			x
- Mini Futures	x	*76,368,954*			x	x	*30,529,826*			x
- Options	x	*921,714,953*			x	x	*753,054,180*			x
Single stock derivatives:	x	*1,481,490,374*			x	x	*1,551,009,902*			x
- Futures	x	*420,157,758*			x	x	*437,304,477*			x
- Options	x	*1,061,332,616*			x	x	*1,113,705,425*			x
Commodities derivatives	x	-			x	x	-			x
Total		**14,019,233,206**					**7,486,730,738**	**-**	**-**	

L1= level 1
L2= level 2
L3= level 3
NV= nominal/notional value
FV* = Fair value calculated excluding changes in value due to changes in the creditworthiness of the issuer from the date of issue.

This item includes the "fair value" of the open interest positions on the derivative market in which the company operates as Central Counterparty.

2.4 Details of financial liabilities held for trading: derivative financial instruments

Underlying assets/type of derivatives	Total 31/12/2023				Total 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without Central Counterparties			Central Counterparties	Without Central Counterparties		
		With clearing agreements	Without clearing agreements			With clearing agreements	Without clearing agreements	
2. Equities and share indices				**14,019,233,206**				**7,486,730,738**
- Fair Value				14,019,233,206				7,486,730,738
Total	**-**	**-**	**-**	**14,019,233,206**	**-**	**-**	**-**	**7,486,730,738**

Section 3 -Financial liabilities measured at fair value for CCP activities - Item 30

This item amounted to € 2,703,023,818 (€ 8,295,577 in the previous year) and includes:

3.1 Financial liabilities measured at fair value: breakdown by type

Liabilities	Total 31/12/2023					Total 31/12/2022				
	NV	*Fair Value*			FV*	NV	*Fair Value*			FV*
		L1	L2	L3			L1	L2	L3	
2. Debt instruments		**2,703,023,818**			**x**		**8,295,577**			**x**
Bonds		6,013,522					4,014,278			
Financial instruments traded but not yet settled										
- Government bonds		*6,013,522*			x		*4,014,278*			x
Financial instruments in the portfolio										
- Valuation on Government bonds (1)		-			x		-			x
Other securities		2,697,010,296			x		4,281,299			x
Financial instruments traded but not yet settled:										
- Equity instruments		*2,697,010,296*			x		*4,281,299*			x
Financial instruments in the portfolio:										
-Measurement of equity instruments		-			x		-			x
Total		**2,703,023,818**					**8,295,577**			

L1= Level 1
L2= Level 2
L3= Level 3
NV= nominal/notional value
Fair Value*= Fair value calculated excluding changes in value due to changes in the creditworthiness of the issuer from the date of issue

(1) This value relates to the valuation at market prices on the reporting date of bonds withdrawn from the T2S and ICSD Links settlement systems for instruments which were delivered to the respective purchasers after the closing date of the financial year.

Section 8 - Other liabilities - Item 80

The amount of euro 23,550,564, of which euro 400,440 related to the French Branch (euro 12,256,886 in the previous year), is composed as follows:

8.1 Other liabilities: breakdown

Items	Total 31/12/2023	Total 31/12/2022
Intercompany payables (tax consolidation)	11,822,811	-
Due to intercompany suppliers (1)	1,854,381	3,905,483
Due to suppliers (2)	4,415,343	4,059,630
Sundry payables (3)	3,519,280	2,594,612
Due to social securities and insurance institutions	1,285,894	1,035,017
Due for recoveries from bankruptcy proceedings (4)	648,686	648,686
Deferred income	-	-
Tax payables	4,169	13,459
Due to customers	-	-
Total	**23,550,564**	**12,256,887**

(1) Payables to intercompany suppliers were recognised in relation to group companies for invoices to be paid and for invoices to be issued. For a more complete examination of the item Payables to intercompany suppliers please see the section "Related-party transactions" in Part D – Other Information of this document.

(2) Such debt is related to generic suppliers of services rendered and goods purchased for the operational management of the Company.

(3) This item consists of amounts due to employees for deferred salaries, payables for bonus payments, payables for withholding taxes levied on employment salaries and payables arising from fees to the members of the Board of Directors and the Board of Statutory Auditors.

(4) These are recorded exclusively against receivables due to insolvencies, declared in previous years, of some "negotiators" participating in the guarantee funds; the corresponding asset item is recorded under "Other assets" in the amount of 39 thousand euros. The difference between the amount entered under liabilities and the amount entered under assets is attributable to collections received, but not yet disbursed to the participants pending developments in the ongoing procedures. There remain credit and debit items for bankruptcy proceedings still open to date.

Section 9- Employee severance indemnity provision - Item 90

This item incorporates the liabilities relating to the severance indemnity for employees, adequately discounted back, according to the appraisal of the independent actuary, on the basis of the rates shown below.

9.1 Employee severance indemnity provision: annual changes

	Total 31/12/2023	Total 31/12/2022
A. Opening balance	**772,049**	**1,134,093**
B. Increases	**731,409**	**416,953**
B1. Provision for the year	373,334	263,535
B2. Other increases	358,075	153,418
C. Decreases	**(518,564)**	**(778,997)**
C1. Settlements made		(14,754)
C2. Other decreases	(518,564)	(764,243)
D. Final balance	**984,894**	**772,049**

9.2 Other information
Assumptions for actuarial valuation

Assumptions adopted for actuarial valuation	Value as at 31/12/23	Value as at 31/12/22
Weighted-average assumptions to determine defined benefit obligation		
Discount rate	3.40%	3.90%
Salary increase rate	3.00%	3.00%
Pensions-in-payment increase rate	N/A	N/A
Price inflation rate	2.00%	2.00%
Duration (in years)	7.99	6.27
Weighted-average assumptions to determine defined benefit cost		
Discount rate	3.90%	0.77%
Salary increase rate	3.00%	2.20%
Pensions-in-payment increase rate	N/A	2.40%
Price inflation rate	2.00%	1.20%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 10+ index at the last useful date was taken as reference for the value of the said parameter.

For the choice of the annual inflation rate reference was made to the document on the inflation forecast measured by the IPCA index for the years 2021 – 2024, published by ISTAT on 4 June 2021 and assuming also for the subsequent years to 2024 the constant value of 1.20%.

Below is the sensitivity analysis carried out on the main variables adopted in the actuarial calculation of the Severance Fund (net of the portion referring to deferred compensation).

Sensitivity analysis of Past Service Liability

Tasso di attualizzazione		Incrementi salariali		Tasso annuo d'inflazione	
25 bps	-25 bps	50 bps	-50 bps	50 bps	-50 bps
1,014,000	969,000	981,000	1,002,000	972,000	1,012,000

Section 11 - Assets - Items 110 - 150 - 160 - 170

The shareholders' equity at the reporting date amounted to € 196,866,744 (€ 156,083,669 in the previous year). For an analytical breakdown of changes in shareholders' equity, reference must be made to the relevant statement.

The share capital of Cassa di Compensazione e Garanzia S.p.A. is composed of 5,500 shares, with face value of € 6,000 each, for a total value of € 33,000,000.

11.1 Capital: breakdown

Type	Amount
1. Share capital	**33,000,000**
1.1 Ordinary shares	33,000,000

11.5 Other information - Item 150 "Reserves" and item 160 "Valuation reserves"

	Legal reserve	Extraordinary reserve	Regulatory reserves	Share Awards	Reserve for FTA	Reserve for IAS19	Valuation reserve	Other	Total
A. Opening balance	**6,600,000**	**2,518,414**	**21,020,848**	**2,284,708**	**55,509**	**1,218,936**	**(5,468,462)**	**86,711,471**	**114,941,425**
B. Increases	**-**	**-**	**2,118,684**	**-**	**-**	**-**	**5,053,808**	**-**	**7,172,492**
B1. Allocation of income	-	-	-	-	-	-	-	-	-
B2. Other increases	-	-	2,118,684	-	-	-	5,053,808	-	7,172,492
C. Decreases	**-**	**-**	**-**	**54,689**	**-**	**53,200**	**-**	**1,749,142**	**1,857,031**
C1. Settlements made	-	-	-	-	-	-	-	1,749,142	1,749,142
C2. Other decreases	-	-	-	54,689	-	53,200	-	-	107,889
D. Final balance	**6,600,000**	**2,518,414**	**23,139,532**	**2,230,019**	**55,509**	**1,165,736**	**(414,654)**	**84,962,329**	**120,256,885**

These reserves comprise the fully paid up legal reserve pursuant to Article 2430 of the Italian Civil Code, an extraordinary reserve allocated by the company over the years, reserves from First Time Adoption and therefore not distributable, valuation reserves on financial assets measured at fair value through other comprehensive income, in the portfolio at 31 December 2023 - shown in item 30, BS Assets - and other reserves.

The item Other reserves includes a strategic capital reserve (Strategic Buffer) of € 20,300,000.00 established in order to strengthen the Company's shareholders' equity. The definition of the method of calculating the said reserve (to be revalued annually at the moment of proposing the allocation of the profits for the year) was decided by the Board of Directors on 22 October 2019.

In the Regulatory Reserves, 14,192,008 euros were allocated corresponding to the Skin in the Game (corresponding to 25% of the Regulatory Capital that according to European regulations must be allocated to unavailable reserves) following the modification by the Shareholders' Meeting of April 27, 2023 of the previous reserve of 18,520,848 euros (a decrease of 4,328,840 euros compared to the previous year).

It should be noted for the purposes of the reconciliation of the balance of regulatory reserves of 23,139,532 euros that an additional reserve, amounting to 1,000,000 euros, earmarked for possible loss coverage (Internal Buffer) was approved by the Shareholders' Meeting of November 6, 2013.

On January 26, 2023, the establishment of an unavailable reserve pursuant to article 9, paragraph 14 of EU Regulation no. 23/2021 for the amount of euros 10,371,675.00 ("Second Skin in The Game") was approved by the Board of Directors. On the basis of the CCP Recovery and Resolution Regulation, the establishment of the second Skin In The Game became mandatory starting from 12 February 2023. The amount, calculated in accordance with the aforementioned legislation, became equal to euros 7,947,524.

The reserve pursuant to IAS 19 corresponds to the portion of actuarial gains and losses taken to reserves in this financial year.

Analysis of the breakdown of Shareholders' Equity items

Nature/description	Amount	Possibility of utilisation	Portion available for distribution	Summary of drawdowns made	
				To cover losses	For other reasons
Share capital	**33,000,000**				
Income reserves:	**120,256,885**				
Legal reserve	6,600,000	B			
Extraordinary reserve	2,518,414	A, B, C	2,518,414		
Revaluation reserve, of					
- *revaluation of securities*	(414,654)	D			
- *severance indemnity*	1,165,736	D			
Regulatory reserves (*)	23,139,532	B, D			
Other reserves (**)	84,962,329	A, B, C	84,962,329		
Reserve from transition to	55,509	A, B, C			
Provision for the purchase	2,230,019	D			
Profit (Loss) for the year	43,609,859		43,609,859		
Total	**196,866,744**		**131,090,602**	0	0

(*) Skin in the game, Second Skin in the game and Internal Buffer
(**) includes the Strategic Buffer reserve

Key

A: to increase capital
B: to cover losses
C: for distribution to shareholders
D: unavailable reserve

Part C – Information on the Income Statement

<u>Section 1 - Interest- Items 10 and 20</u>

Interest receivable and similar revenues - Item 10

This item amounted to € 9,620,768,785 (€ 2,150,834,765 in the previous year) and can be broken down as follows:

1.1 Interest receivable and similar income: breakdown

Items/Technical forms	Debt instruments	Loans	Other transactions	Total 31/12/2023	Total 31/12/2022
2. Financial assets measured at fair value through other comprehensive income (1)	**3,751,300**			**3,751,300**	**(12,153,763)**
3. Financial assets measured at amortised cost:		**534,401,842**	**9,082,615,643**	**9,617,017,485**	**2,162,988,528**
3.1 Receivables from banks		534,401,842		**534,401,842**	**18,250,664**
- on deposits with commercial banks (2)		*2,048,151*		***2,048,151***	***(16,282)***
- on deposits with the National Central Bank (3)		*532,353,691*		***532,353,691***	***18,814,606***
- on Repos assets (4)					***(547,660)***
3.2 Receivables from financial companies			246,053,968	**246,053,968**	**7,926,028**
- on deposits with other clearing and guarantee systems (5)			246,053,968	**246,053,968**	**7,926,028**
3.3 Receivables from costumers			8,836,561,675	**8,836,561,675**	**2,136,811,836**
- on Repos for CCP activities (6)			8,836,561,675	**8,836,561,675**	**2,136,811,836**
Total	**3,751,300**	**534,401,842**	**9,082,615,643**	**9,620,768,785**	**2,150,834,765**

(1) This item includes interest accrued on securities in the portfolio at 31 December 2023 for € 3,751,300 (€ -12,153,763 at 31 December 2022).

(2) The item includes interest accrued on on-demand bank deposits equal to € 2,048,151 at 31 December 2023 (€ -16,282 at 31 December 2022).

(3) The item includes positive interest accrued on deposits with the National Central Bank, amounting to euros 532,353,691 as of December 31, 2023, which were settled at the end of the various maintenance periods (the schedule for which for the Eurosystem is published annually by the ECB). During 2023, the ECB adopted for deposits with central banks by FMIs, a positive interest rate. This rate, as of December 31, 2022, was 4 percent. As of December 31, 2022, the negative interest accrued was 18,814,606 euros.

(4) The item includes interest payable accrued on investments in repos that CC&G carries out in fulfilment of Article 45 of Delegated Regulation No 153/2013.

(5) The item includes negative interest accrued on amounts deposited with LCH SA for initial margins and the Additional Initial Margin.

(6) The item includes the valorisation of repos as at 31 December 2023 for central counterparty activities.

Interest expenses and similar charges- Item 20

This item amounted to a total of € 9,570,147,276 (€ 2,107,709,791 in the previous financial year) and can be broken down as follows:

1.3 Interest and similar expenses: breakdown

Items/Technical forms	Payables	Bonds	Other transactions	Total 31/12/2023	Total 31/12/2022
1. Financial liabilities measured at amortised cost	733,545,150		8,836,561,675	**9,570,106,825**	**2,107,678,503**
1.1 Due to banks	(317,839)			**(317,839)**	**(1,917,369)**
- on Repos assets (1)	*(317,839)*			***(317,839)***	***(1,917,369)***
1.2 Due to financial companies	541,796,814			**541,796,814**	**(13,276,073)**
- on deposits with other clearing and guarantee systems (2)	*541,796,814*			***541,796,814***	***(13,276,073)***
1.3 Due to customers:	192,066,175		8,836,561,675	**9,028,627,850**	**2,122,871,945**
- on deposits by clearing members (3)	*192,066,175*			***192,066,175***	***(13,939,891)***
- on Repos for CCP activities (4)			*8,836,561,675*	***8,836,561,675***	***2,136,811,836***
4. Other liabilities (5)			40,451	**40,451**	**31,288**
Total	**733,545,150**		**8,836,602,126**	**9,570,147,276**	**2,107,709,791**
of which: interest expense related to leasing payables			10,451	10,451	21,998

(1) This item includes interest accrued on repo funding contracts entered into by Cassa Compensazione e Garanzia during the period.

(2) The item includes interest accrued on the amounts that LCH SA deposited with CC&G for initial margins and the Additional Initial Margin.

(3) This item includes interest payable by participants on cash deposited as initial margin and default fund. As of 31 December 2023, the rate applied to deposits is equal to the "Depo rate" decided by the European Central Bank minus 35 basis points for initial guarantee margins and minus 30 basis points for deposits of Participants as Default Funds.

(4) The item includes the valorisation of repos as at 31 December 2023 for central counterparty activities.

(5) The item includes interest expense related to payables for leasing fees and interest expense deriving from the actuarial valuation of employee severance indemnity.

Section 2 - Commissions - Items 40 and 50

Commission receivable - Item 40

This item includes commissions received for services performed, amounting to € 49,473,329 (€ 45,390,390 in the previous financial year), as shown in the following table:

2.1 Commission receivables: breakdown

Breakdown	**Total 31/12/2023**	**Total 31/12/2022**
e) services:	35,957,973	33,245,692
- others	35,957,973	33,245,692
- clearing activities	*35,957,973*	*33,245,692*
h) other commissions:	13,515,356	12,144,698
- other clearing commissions	*4,916,133*	*5,562,667*
- shareholdings	*4,830,195*	*3,714,376*
- commissions on guarantees deposited	*3,769,028*	*2,867,655*
Total	**49,473,329**	**45,390,390**

Commissions payable - Item 50

2.2 Commissions payable: breakdown

Breakdown/Sectors	**Total 31/12/2023**	**Total 31/12/2022**
d) other commissions	1,644,831	1,260,091
- bank commissions	*1,644,831*	*1,260,091*
Total	**1,644,831**	**1,260,091**

This item amounts to euro 1,644,831, of which euro 456 related to the French Branch (euro 1,260,091 in the previous year) and includes commission expenses for credit lines (amounting to euro 551,756) and expenses incurred for banking services.

Section 3 - Dividends and similar income - Item 70

This item represents the amount of dividends collected on withdrawn securities cum-dividend, delivered in subsequent gross settlement cycles, ex-dividend due to the effect of CC&G's direct intervention in the settlement system. This item must be offset with item 110 of the Income Statement, Capital losses on dividends.

3.1 Dividends and similar income: breakdown

Items/Income	**Total 31/12/2023**		**Total 31/12/2022**	
	Dividends	Similar income	Dividends	Similar income
B. Other financial assets obligatorily measured at fair value	-	-	4,105	-
Total	**-**	**-**	**4,105**	**-**

Section 4 – Net income from trading activities – Item 80

4.1 Net income from trading activities: breakdown

Transactions/Income components	Capital gains (A)	Gains from trading (B)	Capital losses (C)	Losses from trading (D)	Net result [(A+B) - (C+D)]
4. Derivative instruments:		**18,161,487,236**		**18,161,487,236**	
4.1 Financial derivatives		18,161,487,236		18,161,487,236	
Variation margins for CCP activities		*13,351,760,181*		*13,351,760,181*	
Option premiums for CCP activities		*4,809,727,055*		*4,809,727,055*	
Total	**-**	**18,161,487,236**	**-**	**18,161,487,236**	**-**

This item represents the gains and losses which, at 31 December 2023, the Company obtained as the result of trading activities. Since Cassa di Compensazione e Garanzia operates as a central counterparty, there is obviously an equal exposure of both gains and losses, with a net result of zero (as shown above in the income statement summary).

Section 6 – Profit (Loss) from sale or repurchase – item 100

6.1 Profit (Loss) from sale or repurchase: breakdown

Items/Income components	Total 31/12/2023			Total 31/12/2022		
	Gains	Losses	Net result	Gains	Losses	Net result
A. Financial assets	**-**	**-**	**-**	**814,479**	**(48,950,731)**	**(48,136,252)**
2. Financial assets measured at fair value through other comprehensive income	-	-	-	814,479	(48,950,731)	(48,136,252)
2.1 Debt instruments	-	-	-	*814,479*	*(48,950,731)*	*(48,136,252)*
Total Assets (A)	**-**	**-**	**-**	**814,479**	**(48,950,731)**	**(48,136,252)**

The item refers to profit and losses from the sale of securities made during the year. The securities, included in item 30 of BS Assets, are normally held by CC&G until maturity in order to invest in secured assets on participants' margins.

Section 7 – Net income from other financial assets and liabilities measured at fair value impacting the income statement– Item 110

This item amounted to € 39,488 (€ 176,413 in the previous year).

7.1 Net changes to other financial assets and liabilities measured at fair value Through profit or loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income components	Capital gains (A)	Gains on disposals (B)	Capital losses (C)	Losses from disposals (D)	**Net result [(A+B) - (C+D)]**
1. Financial assets	**(8,842,896)**	**39,488**			**(8,803,408)**
1.1 Debt instruments	(6,013,522)	39,488			**(5,974,034)**
1.2 Equity securities	(2,829,374)				**(2,829,374)**
2. Financial liabilities			**(8,842,896)**		**8,842,896**
2.1 Debt instruments			(6,013,522)		**6,013,522**
2.2 Payables			(2,829,374)		**2,829,374**
Total	**(8,842,896)**	**39,488**	**(8,842,896)**	**-**	**39,488**

The capital gains and capital losses items mainly refer to the change deriving from the fair value measurement of the securities traded and not yet settled on the equity and bond markets and of financial instruments in the portfolio withdrawn from the settlement system T2S and ICSD. In consideration of the perfect balancing of the contractual positions undertaken by the Company, the overall economic impact is null.

Section 8 – Net value adjustments for credit risk– Item 130

The balance of the item amounts to € 5,145 (€ 7,204 in the previous year) and represents the provision to the bad debt provision due to the impairment on customer loans made in accordance with the provisions of the IFRS 9 accounting standard.

8.1 Net value adjustments for credit risk of financial assets measured at amortised cost: breakdown

Operations/ Income components	Write down (1)						Write back (2)				Totale	Totale
	First stage	Second stage	Third		Impaired		First stage	Second stage	Third stage	Impaired acquired o originated	31/12/2023	31/12/2022
			Write-off	Others	Write-off	Others						
3. Receivables from customers	**0**						(5,145)				**(5,145)**	**(7,204)**
− other receivables	0						(5,145)				**(5,145)**	**(7,204)**
Totale	**0**						(5,145)				**(5,145)**	**(7,204)**

Section 10 - Administrative expenses- Item 160

The total balance of the item amounted to € 35,199,800 (€ 27,056,322 in the previous year).

10.1 Personnel expenses: breakdown

Type of expense/values	Total 31/12/2023	Total 31/12/2022
1. Employees:	**11,883,853**	**7,325,113**
a) Wages and salaries	8,015,610	4,622,839
b) Social security charges	2,513,550	1,697,790
d) Welfare costs	181,071	138,422
e) Provisions for employee severance indemnities (1)	554,256	423,126
h) Other employee benefits (2)	619,366	442,936
2. Other employees in service (3)	**882,998**	**1,229,018**
3. Directors and Auditors (4)	**244,097**	**213,151**
Total	**13,010,948**	**8,767,282**

This item amounted to 13,010,948 euros, of which 1,619,647 euros related to the French Branch.

(1) The item Other employee benefits includes mainly training expenses, meal allowance indemnity and insurance policies.

(2) The "Other employees in service" item includes costs relating to employees seconded at CC&G by Borsa Italiana S.p.A. after deducting the costs for CC&G personnel seconded to Borsa Italiana S.p.A.

(3) In the item Directors and Auditors the remunerations have been included of the directors and of the board of auditors, as per circular No. 0101799/10 of 8 February 2010 of the Bank of Italy having for its subject "Normativa in materia di bilanci bancari e finanziari".

Changes in the number of employees during the financial year were as follows:

10.2 Average number of employees by category

Category	**31/12/2022**	Recruitments	Resignations	Transfers	**31/12/2023**	Average
Executives	11	1	(3)		9	10
Middle managers	34	16	(2)	1	49	42
Administrative staff	40	27	(5)	(1)	61	51
Total employees	**85**	**44**	**(10)**	**-**	**119**	**102**
Seconded in	11	-	(9)	-	2	7
Seconded out	-	-	-	-	-	
Total employees and secondments	**96**	**44**	**(19)**	**-**	**121**	**109**

10.3 Other administrative expenses: breakdown

Items/Sectors	**Total 31/12/2023**	**Total 31/12/2022**
IT Services (1)	12,280,992	9,191,019
Other expenses (2)	3,449,781	3,629,219
Professional services (3)	1,408,038	1,227,870
Expenses for Company offices (4)	1,101,126	1,209,893
Contributions to Authorities (5)	763,467	623,330
Telematic and data transmission services	1,308,443	1,223,501
EMIR Compliance and Trade Repository (6)	1,620,084	913,860
Insurance costs	256,921	270,348
Total other administrative expenses	**22,188,852**	**18,289,040**

This item amounted to 22,188,852 euros, of which 79,143 euros related to the French Branch.

(1) This item includes costs for hardware and software support and maintenance fees for computer systems, technology services, and integration costs provided by the group.

(2) The item includes non-deductible VAT on goods and services.

(3) The item includes the costs of legal, tax, notary and auditing consultancy services provided by external professionals and expenses re-charged by Group companies for support services supplied during the year.

(4) Company office expenses refer to the costs of leasing the company headquarters in Rome and Milan and ancillary costs.

(5) The item mainly includes the CONSOB contribution of € 687,000 and the AGCM contribution of € 76,467.

(6) It includes all expenses incurred for the adjustment to the EMIR.

Section 12 - Net value adjustments on property, plant and equipment - Item 180

This item amounted to € 1,866,127 at 31 December 2023 (€ 1,493,319 in the previous year) and is entirely composed of the depreciation rates for the year relating to assets classified under the asset item "Tangible assets".

12.1 Net value adjustments on property, plant and equipment: breakdown

Assets/Income components	Depreciation (a)	Value adjustments for impairment (b)	Write-backs (c)	**Net result (a+b-c)**
A. Property, plant and equipment	1,866,127			**1,866,127**
A.1 for functional use	1,866,127			**1,866,127**
- Owned by the company	1,011,926			**1,011,926**
- Rights of use acquired with leasing	854,201			**854,201**
Total	**1,866,127**	**-**	**-**	**1,866,127**

Section 13 - Net value adjustments on intangible assets - Item 190

This item amounts to € 1,841,149 (€ 1,110,192 in the previous year) and is entirely composed of the depreciation charges for the year relating to assets classified under the asset item "Intangible assets".

13.1 Net value adjustments to intangible assets: breakdown

Assets/Income components	Amortisation (a)	Value adjustments for impairment (b)	Write-backs (c)	Net result (a+b-c)
1. Intangible assets other than goodwill	**1,841,149**			**1,841,149**
of which: software				
1.1 own assets	1,841,149			1,841,149
1.2 rights of use acquired with leasing	-			-
Total	**1,841,149**	**-**	**-**	**1,841,149**

Section 14 - Other operating expenses and income - Item 200

This item amounting to € 709,698 (€ 1,439,045 in the previous financial year) refers to expenses for € 491,524 and income for € 1,201,222.

14.1 Other operating expenses: breakdown

Items/Sectors	Total 31/12/2023	Total 31/12/2022
Negative rounding up	-	-
Exchange losses	4,164	-
Other non-deductible costs	487,360	1,395
Total operating expenses (A)	**491,524**	**1,395**

14.2 Other operating income: breakdown

Items/Sectors	Total 31/12/2023	Total 31/12/2022
Sundry income (intercompany re-charging)	175,943	178,334
Other operating income	1,025,279	1,260,674
Exchange gains	-	1,432
Other income	-	-
Total operating income (B)	**1,201,222**	**1,440,440**
Total other operating expenses and income (B-A)	**709,698**	**1,439,045**

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

This item amounted to € 16,687,403 (€ 2,943,711 in the previous year) of which 43,882 euros relating to the French branch.

19.1 Income taxes for the financial year on continuing operations: breakdown

	Total 31/12/2023	**Total 31/12/2022**
1. Current taxes (-)	16,769,935	2,968,933
2. Change in current taxes of previous years (+/-)	(103,244)	(3,589)
5. Changes in deferred tax liabilities (+/-)	20,712	(21,633)
6. Taxes for the period (-) (-1+/-2+/-5)	**16,687,403**	**2,943,711**

Current taxes, amounting to a total charge of 16,769,935 euros as of December 31, 2023, consist of:
- for € 14,172,357 of the expense for IRES deriving from the transfer of taxable income to the Group national tax consolidation;
- for € 2,553,697 of the expense for IRAP of the year;
- for € 43,882 relating to the French branch.

Below is the reconciliation between theoretical and actual charges for IRES and IRAP purposes:

19.2 Reconciliation between theoretical tax charges and actual tax charges in the financial statements

	Total 31/12/2023
Profit before taxes	**60,297,263**
Theoretical IRES	14,450,951
Effect of increases	75,108
Effect of decreases	(85,891)
ACE deduction	(267,812)
Actual IRES	**14,172,356**
Irap	2,553,697
Branch tax	43,882
Adjustments of previous years	(103,244)
Deferred taxes	20,712
Total tax burden	**16,687,403**

Part D - Other information

<u>Financial assets and liabilities subject to offsetting in the financial statements</u>

As shown in the section on accounting policies, following discussion at Group level, it was decided to provide more information on the offsetting of financial assets and liabilities pursuant to IAS 32, paragraph 42 as from the financial statements for the year ended 31 December 2017.

The tables below provide the financial assets and liabilities that were offset in accordance with IAS 32, paragraph 42.

The 'Gross amount of assets' and 'Gross amount of liabilities' columns indicate the amounts of financial assets and financial liabilities, gross of offsets carried out in accordance with IAS 32, paragraph 42.

The "Amount of financial liabilities/assets cleared in the financial statements" column indicates the amounts that were cleared in accordance with IAS 32, paragraph 42.

The "Net amount of assets reported in the financial statements" and "Net amount of liabilities reported in the financial statements" columns show the net balances reported in the balance sheet.

Items/Values	Total 31/12/2023			Total 31/12/2022		
	Gross amount (a)	Offset amount (b)	Net amount (c)=(a)-(b)	Gross amount (a)	Offset amount (b)	Net amount (c)=(a)-(b)
Derivative financial instruments (item 20a)	27,838,819,390	13,819,586,185	14,019,233,205	22,371,041,418	14,884,310,680	7,486,730,738
Government Bonds (item 20c)	7,616,294	1,602,772	6,013,522	5,952,991	1,938,713	4,014,278
Equity instruments (item 20c)	5,817,142,200	3,120,131,905	2,697,010,295	11,823,585	7,542,286	4,281,299
Receivables from repo transactions for CCPactivities (item 40d)	159,532,976,672	14,892,656,881	144,640,319,791	145,460,677,387	11,288,369,938	134,172,307,449
Totale	**193,196,554,556**	**31,833,977,743**	**161,362,576,813**	**167,849,495,381**	**26,182,161,617**	**141,667,333,764**

Items/Values	Total 31/12/2023			Total 31/12/2022		
	Gross amount (a)	Offset amount (b)	Net amount (c)=(a)-(b)	Gross amount (a)	Offset amount (b)	Net amount (c)=(a)-(b)
Derivative financial instruments (item 20)	27,838,819,390	13,819,586,185	14,019,233,205	22,371,041,418	14,884,310,680	7,486,730,738
Government Bonds (item 30)	7,616,294	1,602,772	6,013,522	5,952,991	1,938,713	4,014,278
Equity instruments (item 30)	5,817,142,200	3,120,131,905	2,697,010,295	11,823,585	7,542,286	4,281,299
Payables from repo transactions for CCPactivities (item 10)	159,532,976,672	14,892,656,881	144,640,319,791	145,460,677,387	11,288,369,938	134,172,307,449
Totale	**193,196,554,556**	**31,833,977,743**	**161,362,576,813**	**167,849,495,381**	**26,182,161,617**	**141,667,333,764**

The assets and liabilities subject to offsetting are:

- Financial assets and liabilities held for trading for central counterparty activities: this item includes the fair value measurement of open transactions not settled at the date of the financial statements (IDEM, IDEX and AGREX open interest);
- Financial assets and liabilities measured at fair value for central counterparty activities: in particular, financial assets and liabilities measured at fair value that are traded and not yet settled on the equity (MTA) and bond (MTS, MOT) markets are offset;
- Financial assets and liabilities measured at amortised cost to clearing members for central counterparty activities: these are offset in particular by repurchase agreements (repo) carried out by bond market members who use the company's clearing and guarantee service.

<u>Guarantees and commitments</u>

These are represented by the following items:

- "Third-party securities deposited as collateral" (EUR 1,774.4 million) shows the nominal value of government securities (EUR 1,773.3 million) and shares deposited as collateral for short call positions in options (EUR 1.1 million) deposited by CCP participants.
- "Securities to be received/delivered for transactions to be settled," -€90,637.9 million and €90,909.0 million, constitutes the nominal countervalue of open positions in markets where CC&G provides central counterparty activities, including securities withdrawn under

the T2S and ICSD settlement systems; the difference between the amount of securities to be received and those to be delivered represents what has already been withdrawn in the T2S and ICSD Links settlement process.

Long term incentive plan share based

The information required by IFRS 2 regarding share-based payments or share option plans is reported below.

"10 Shares For All Plan"

On November 18, 2021, on May 23, 2022 and on May 22, 2023, Euronext awarded 10 shares of Euronext N.V. free of charge to each employee of the Group in possession of the following eligibility requirements at that date:

- hired for an indefinite period (including part time) as of 30 September 2021;
- active duty in any of the companies of the Borsa Italiana Group (excluding apprentices, employees suspended in the notice period, on long-term leave).

The assigned shares are registered in an account with BT, Banque Transatlantique, the manager of the equity plan, for a period of three years, which is referred to as the vesting period.

The shares will vest and become the property of the employee 3 years after the grant date, provided that:

- he is still a Euronext employee;
- that the company remains profitable.

"PSP-Performance Share Plan"

On November 18, 2021, on May 23, 2022 and on May 22, 2023, Euronext awarded a group of executives and senior managers selected by the Managing Board the opportunity to receive Euronext N.V. shares free of charge. upon the satisfaction of certain performance conditions to be verified at the end of a period of three years from the grant date.

The shares assigned are divided into two equal parts and the respective performance conditions are measured separately, with reference to:

- performance of the Total Shareholder Return of Euronext N.V. compared to the STOXX Europe 600 Financial Services index;
- EBITDA.

The shares will vest and become the property of the employee 3 years after the grant date, provided that:

- the performance results have been achieved;
- that the employee is still part of the selected executives and senior managers.

The movements of the plans during the year 2023 are shown below:

31/12/2023	**CC&G**		
no. shares	Ten Share	LTIP	**Total**
Opening balance 01/01/23	1,170	5,287	**6,457**
Granted	840	5,627	**6,467**
Vested			**-**
Cancelled	- 130	- 2,712	**- 2,842**
Transferred			**-**
Closing balance 31/12/23	**1,880**	**8,202**	**10,082**

The cost charged to fiscal year 2023 is 94,075 euros.

The fair value of shares granted during the year was determined using a probabilistic valuation model. The main valuation assumptions used in the model are as follows:

	Ten Share	**Ten Share**	**Ten Share**	**LTI performance**	**LTI no performance**	**LTI performance**	**LTI no performance**	**LTI performance**	**LTI no performance**	**LTI performance**	**LTI no performance**
Date of grant	18-Nov-21	23-May-22	22-May-23	19-May-21	19-May-21	18-Nov-21	18-Nov-21	23-May-22	23-May-22	22-May-23	22-May-23
Grant date share price	92,25 €	78,90 €	66,55 €	85,60 €	85,60 €	92,25 €	92,25 €	78,90 €	78,90 €	66,50 €	66,50 €
Expected life	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Dividend yield				2,09%	2,09%	1.72%	1.72%	1,71%	1,71%	2,45%	2,45%
Risk-free interest rate				0,00%	0,00%	0,00%	0,00%	0,48%	0,48%	2,56%	2,56%
Volatility				28,99%	28,99%	28.16%	28.16%	29,15%	29,15%	24,67%	24,67%
Fair value TSR				74,84 €	79,98 €	71,72 €	86,64 €	78,59 €	72,72 €	57,21 €	59,99 €

Relationships with related parties

Intercompany relations

Details of "non-typical" transactions with related parties during the year are shown below, with balance sheet balances as of December 31, 2023 outstanding with them.

(Amounts in Euro)

	REVENUE	RECEIVABLES
Borsa Italiana SpA		
- Custody, administration and Settlement	48,412	
- Services rendered and costs recharged		2,115
Euronext NV		
- Services rendered and costs recharged		36
Monte Titoli Spa		
- Fees for services	107,528	
Mts SpA		
- Fees for services	20,003	

(Amounts in euro)

	COSTS	PAYABLES
Borsa Italiana Spa		
- Fees for services	633,581	
- Seconded personnel	288,319	
- Services rendered and costs recharged		132,818
Company Webcast BV		
- Fees for services	4,100	
EuroMTS Ltd	37,585	
- Fees for services		
Euronext Amsterdam NV		
- Fees for services	3,956,645	
- Services rendered and costs recharged		184,689
Euronext NV		
- Fees for services	381,404	
- Services rendered and costs recharged		165,685
Euronext Holding Italia Spa		
- Rent and service charges	929,577	
- Fiscal Consolidation		11,822,811
- Group VAT		541,350
Euronext Paris S.A.		
- Services rendered and costs recharged		52,377
- Fees for services	98,841	
- Seconded personnel	541,944	
Euronext Technologies SAS		
- Fees for services	625,307	
- Services rendered and costs recharged		(49,955)
Euronext Technologies S.r.l.		
- Fees for services	11,520	
GateLab Srl		
- Fees for services	45,124	
Interbolsa SA		
- Fees for services	17,762	
- Services rendered and costs recharged		8,424
Monte Titoli SpA		
- Fees for services	5,406,732	
- Services rendered and costs recharged		791,347
Mts SpA		
- Fees for services	2,400	
- Services rendered and costs recharged		6,356

Relations with Group companies are regulated on the basis of specific contractual relationships, at fees in line with market rates.

Remunerations of the members of corporate bodies

As required by IAS 24, the indication is shown below of the amount of the fees payable in the financial year just ended to the members of the Board of Directors, Board of Statutory Auditors and to the Key managers of the Company:

Directors and Key Managers	638,609
Auditors	74,784
Total	**713,393**

With regard to executives with strategic responsibilities, the breakdown of remuneration categories is detailed below:

a. Short-term employee benefits	537,288
b. Post-employment benefits	14,637
c. Other long-term benefits	-
d. Severance benefits	28,898
e. Share-Based Payments	57,786
Total	**638,609**

The amount for key managers represents the total cost borne by the company, including any supplementary element. The key managers category includes managers with strategic responsibilities, i.e., with powers and responsibilities for planning, directing and controlling business activities (CEO and General Manager).

The amount of long term incentive share plan proposed but not yet awarded (May 2024) is 175,000 euros.

No loans were disbursed or guarantees issued in favor of directors and auditors.

<u>Management and coordination</u>

It should be noted that as of the reporting date of December 31, 2023, the Company is subject to the management and coordination of Euronext Holding Italia S.p.A.

Pursuant to Article 2497-bis of the Italian Civil Code, the key figures of the latest approved financial statements of Euronext Holding Italia S.p.A. are provided below. For an adequate and complete understanding of the balance sheet and financial position, as well as the economic result achieved in the year ended December 31, 2022, please refer to the reading of the financial statements, which, accompanied by the Independent Auditors' Report, are available in the form and manner required by law.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

(Amounts in €/1000)	**31-Dec-22**
Assets	
Non-current assets	1,446,901
Total current assets	49,231
TOTAL ASSETS	**1,496,132**
Liabilities	
Non-current liabilities	1,194
Current liabilities	58,519
TOTAL LIABILITIES	**59,713**
NET ASSETS	**1,436,419**
Equity	
Share capital	350,000
Reserves	927,374
(loss)/profit of the period	159,044
TOTAL EQUITY	**1,436,419**

STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2022

(Amounts in €/1000)	**31-Dec-22**
Revenues	171,543
TOTAL REVENUES	**171,543**
Employee's costs	765
Service costs	3,931
Depreciation and amortization	6,370
Operating expenses	301
TOTAL OPERATING COSTS	**11,367**
Finance income	490
Finance expense	657
PROFIT BEFORE TAX	**160,009**
Taxes	965
NET INCOME	**159,044**
Other elements with an impact on Shareholder's Equity	16
TOTAL NET INCOME	**159,060**

Disclosure of auditing fees and fees for services other than the audit

Pursuant to art. 2427, paragraph 1, number 16 bis, of the Civil Code, which implements the provisions of art. 37, paragraph 16 of Legislative Decree 27 January 2010, n. 39, the following table is shown:

Tipologia di servizi	Soggetto che eroga il servizio	Compensi (euro)
Revisione legale dei conti	EY S.p.A.	89,091
Altri servizi di verifica (Reporting Package)	EY S.p.A.	40,790
Servizi di attestazione	EY S.p.A.	2,613
Totale		**132,494**

Capital Requirements

The European Banking Authority approved in December 2012 Delegated Regulation No 152 supplementing Regulation No 648/2012 (EMIR) concerning technical rules governing the capital requirements of central counterparties. Pursuant to Article 2, a central counterparty must have capital (inclusive of undistributed profits and reserves) that must be, at any time, sufficient to cover the total exposure to the following risks:

- risks relating to the liquidation or restructuring of assets,
- credit, counterparty's and market risks (not covered by specific financial resources pursuant to Articles 41 to 44 or EMIR Regulation),
- operational and legal risks,
- business risks.

The capital thus identified must be invested in secured assets for the purpose of complying with the provision of Article 47 of the EMIR. On the date of approval of these financial statements, CC&G has invested its Regulatory Capital in Government Bonds.

If the capital held by the central counterparty decreases below 110% equity requirements ("notification threshold"), the CCP must notify the competent Authority immediately, keeping it up to date until the amount of said capital increases and exceeds the above-mentioned notification threshold.

Moreover, pursuant to Article 35 of Delegated Rule no. 153 (ESMA), the central counterparty must hold and show separately in its balance sheet, an amount of equity resources ("Skin in the Game") to be used as defence line in the event of default by the members ("Default Waterfall"). This amount is calculated as 25% of the minimum capital (TCR). The CCP must notify the competent authority immediately if the amount of the Skin in the Game to be held for Default Waterfall decreases below the mandatory minimum amount.

Article 45, paragraph 4 of EU Regulation No. 648/2012 requires a CCP to have a share equal at least to 25% of the Regulatory Capital allocated to a restricted reserve (Skin in the Game).

From this the need derives to comply with these provisions of law and to allocate a share of the reserves represented by profits to the Skin in the Game. This reserve must be changed every year, at the time of approval of the Financial Statements, depending on the Company’s levels of risk.

In addition, for the purpose of having additional coverage in support of the Regulatory Capital, Cassa di Compensazione e Garanzia has created an additional reserve, equal to € 1,000,000.00, intended to cover any losses (Internal Buffer), pursuant to the resolution of the Shareholders' Meeting of 6 November 2013.

Furthermore, the most recent EU Regulation n.23/2021 (“CCPRRR”) has imposed, in article 9, paragraph 14, the central counterparties to adopt and implement within their rules an additional level of pre-financed own resources (“ Second Skin in The Game”) to be used to cover losses following: (i) an event of default by a participant; (ii) an event other than insolvency.

According to this regulation, the CCPs independently calculate the amount of the SSITG, according to the methodology set out in the Delegated Regulation adopted on 25 November 2022 by the EU Commission which supplements the CCPRRR. The concrete quantification of these pre-financed own resources was carried out by applying a percentage equal to 13% of the regulatory capital amount ("Total Capital Requirement").

From a management point of view, the calculation of the Regulatory Capital of Cassa di Compensazione e Garanzia - which takes into account business, market, counterparty and operational risks - shows, as at 31 December 2023, a Skin in The Game equal to euro 12,713,046.00 (25% of the total regulatory capital equal to € 50,852,185.00), 10% lower than the same figure as at 31 December 2022, equal to € 14,192,008.00. The Second Skin in the Game is equal to Euro 6,610,784.00 (13% of the total regulatory capital equal to Euro 50,852,185.00).

Below is the calculation of the Regulatory Capital as at 31 December 2023 which shows the value of the Skin in the Game, the Second Skin in the Game and the Internal Buffer.

Total Shareholders Equity *(amounts in euro)*	**31/12/2023**
Capital	33,000,000
Reserves	120,256,885
Net profit allocated to reservers	2,183,859
Total Shareholder's Equity	**155,440,744**
Intangible assets	(24,994,250)
FVOCI and FTA reserves	(1,221,245)
Share awards	(2,230,019)
Total Shareholder's Equity after prudential filter	**126,995,230**
Skin in the game (SITG)	12,713,046
Second Skin in the game (SSITG)	6,610,784
Total "NET" Shareholder's Equity	**107,671,400**

Capital Requirement as per art. 16 EMIR Regulation *(amounts in euro)*	**31/12/2023**
Winding down/restructuring requirement	18,027,000
Credit, Market and Counterparty risk	614,979
Operational risk	11,916,848
Business Risk	20,293,358
Total Capital Requirement (TCR)	**50,852,185**
Notification threshold (10%)	5,085,219
TCR + Notification threshold	**55,937,404**
Internal Buffer (IB)	1,000,000
TCR + Notification threshold + IB	**56,937,404**

The Shareholders' Equity available from the Regulations, as at 31 December 2023, amounts to 126,995,230.00 Euros (out of a total of Shareholders' Equity at the same date equal to 155,440,744.00 Euros including the profit for the year allocated to Reserves), having the company sterilized the impact of the reserves from First Time Adoption, Ias 19 reserves and Share Awards as well as the total of intangible fixed assets present in the balance sheet assets at the date of these financial statements.

Following the Regulatory Capital requirements, the Company has calculated, according to the parameters provided by EU Regulation No 152/2013 of the Commission of 19 December 2012:

- the requisite of winding down and restructuring.
- Credit, Counterparty and Market risks.
- Operational risk.
- Business risk.

These risks, assessed on the basis of the corporate structure and solidity with respect to the market, have been calculated at € 50,852,185.00 (Regulatory Capital). A 10% notification threshold was then applied to these risks, pursuant to Article 1 of the aforementioned EU Regulation.

On the value of the Regulatory Capital only, excluding the notification threshold, the 25% guarantee threshold (Skin in the Game) was also applied which will be allocated (subsequent to the approval of the Shareholders' Meeting of 23 April 2024), to reserve unavailable up to the amount of Euro 12,713,046.00. In addition, the 13% guarantee threshold (Second Skin in the Game) was applied which will be allocated (subsequent to the approval of the Shareholders' Meeting of 23 April 2024) to the unavailable reserve up to the amount of euro 6,610,784.00. The Internal Buffer reserve, equal to 1,000,000.00 euro, was allocated to an unavailable reserve by the Shareholders' Meeting of 6 November 2013.

On 22 October 2019 the Board of Directors approved the method for calculating a strategic capital reserve (Strategic Buffer) to be established annually when the proposal for allocation of the profit is made. This reserve (available and distributable) was set aside initially with the approval of the 2019 annual financial statements and for an amount of € 20,300,000 and has as its purpose the consolidation of the capital resources strengthening CC&G's equity structure through the creation of an incremental capital buffer also to cover future growth of the business. The amount of the Strategic Buffer was revalued on preparation of the said annual financial statements and an increase in its amount is required, from the actual amount of € 20,300,000 up to € 20,800,000.

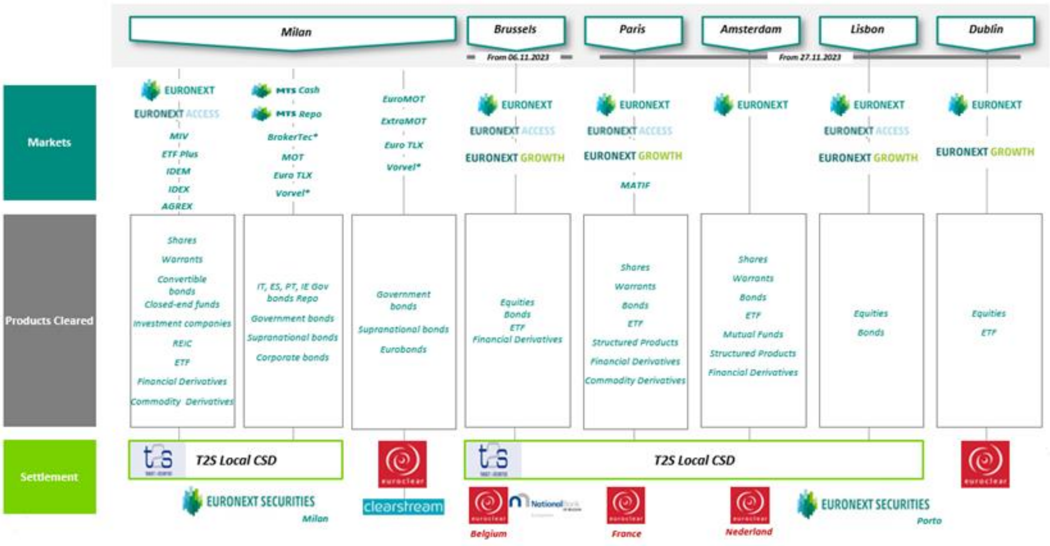
Risk management

Introduction

Cassa di Compensazione e Garanzia S.p.A. manages the central counterparty (CCP) guarantee system on a broad range of markets.

During 2023, in addition to the guarantee on Borsa Italiana markets of shares, option rights, warrants and convertible bonds listed on MTA, ETF and ETC listed on ETF Plus, futures and options on single stocks and index listed on IDEM Equity, futures on dividends, futures on electricity listed on IDEX, futures on durum wheat listed on AGREX, closed end funds, investment companies and real estate investment companies listed on MIV, Italian Government Bonds listed on MTS, EuroMTS, BrokerTec and Repo e-MID, Italian Government Bonds and bonds listed on MOT, EuroTLX and Hi-MTF, the guarantee of Euronext's legacy cash markets has also been added (shares, CFDs, synthetic CFDs, REITs, bonds, notes, ETFs, funds, certificates, option rights, warrants and corporate events).

CC&G avoids counterparty risk by becoming a contractual counterparty itself to members in organised markets and single Stock Exchange Group guarantor of the good outcome of the contracts acting as buyer in relation to the sellers and, vice-versa, operating in the capacity as seller in relation to the buyers.



CC&G activities are subjected to the supervision of the Bank of Italy and Consob, which approve its Regulations.

CC&G's financial protection system is based on 4 levels of protection:

1) membership requirements
2) margin system
3) default funds
4) equity and financial resources.

1. Membership requirements

Membership is Euronext Clearing's first line of defence, establishing who can be admitted to the system. It is possible to join Euronext Clearing as a Clearing, General or Individual Clearing Member (becomes a counterparty to Euronext Clearing), or as a Trading Client (becomes a counterparty to a General Clearing Member). Clearing Members must possess a minimum regulatory capital. Each Clearing Member must also have an organizational structure, as well as technological and IT systems, which guarantee the orderly, continuous and efficient management of the activities and relationships envisaged by the Euronext Clearing Regulation.

2. Margin system

The margin system is a fundamental risk management system adopted by Euronext Clearing.

Members must post sufficient guarantees to cover the theoretical liquidation costs that Euronext Clearing would incur in case of default, in order to close the member's position in the most unfavourable, reasonably possible, market scenario. All Direct Members are therefore required to pay margins on all open positions.

The margins applied to each category of financial instruments are determined on the basis of statistical analyses so as to provide for a prefixed coverage level compared to price variations actually recorded.

Margins are calculated using a VaR like methodology with regard to equity and equity derivatives markets, which came into force on 16 October 2023 for the Borsa Italiana markets and applied to the Euronext Legacy Cash markets, starting from 6 November 2023 for Euronext Brussels and from 27 November for all other Euronext markets (Amsterdam, Dublin, Lisbon and Paris).

As far as the bond markets are concerned, the methodology called FIRE - Fixed Income Risk Engine is used in a mutually exclusive manner for Italian, Spanish, Portuguese and Irish government bonds or the MVP methodology (Method for Portfolio Valuation) for all the other instruments of the same segment. Furthermore, the MMeL methodology is applied for the energy derivatives sector and MMeG for the agricultural commodity derivatives sector.

The above-mentioned methodologies are efficient, reliable and accurate margin calculation systems able to recognise the overall portfolio risk and enable the netting of risks between strictly correlated products.

Fundamental principles applying to equity and equity derivatives sections: VaR

Euronext Clearing has developed a new VaR type margin methodology for the Equity and Equity Derivatives sections, replacing the SPAN type methodology.

The risk measure adopted is Expected Shortfall (ES) with historical simulation.

The historical simulation modeling approach is a standard market practice that captures risk factors such as volatility and correlation by understanding market stress events.

Add-ons are also applied in order to correctly represent other types of risk such as liquidity, concentration and wrong-way risk.

Fundamental principles Bond Section: FIRE - Fixed Income Risk Engine (Italian, Irish, Portuguese and Spanish government bonds) and MVP (Other government bonds and corporate bonds)

The new 'Var-like' FIRE - Fixed Income Risk Engine methodology, is based on the calculation of the expected shortfall at the portfolio level and takes into account a number of additional components designed to capture the specific risks of the portfolio and the instruments it contains.

The 'Span-like' MVP methodology allows financial instruments that are significantly correlated with each other to be included in Classes based on their specific sensitivity to changes in interest rates, as measured by "Duration" or Life to Maturity, allowing risk offsets both between opposite sign positions of instruments that are part of the same Duration or Life to Maturity Class, and between instruments that are part of contiguous and well correlated Duration Classes.

Fundamental principles governing the energy derivatives section: MMeL

Derivative contracts traded on the IDEX are included in a single Integrated Portfolio valued on a unitary basis and then subject to Initial Margins also calculated on a unitary basis. The MMeL margining methodology provides for a structure of Classes, each of which includes all contracts of the same species (futures) having the same underlying asset (Settlement Price of the contract related to the Italy Area) and the same characteristics (Delivery Period and type of delivery: Baseload and Peakload).

Fundamental principles governing the derivatives section on agricultural commodities: MMeG

Derivatives contracts of Durum Wheat traded on AGREX are included in one single Integrated Portfolio and, therefore, Initial Margins are calculated at portfolio level.

MMeG margining methodology defines a structure of Classes comprising: delivery positions, and uncovered positions in delivery and matched delivery positions of the Withdrawing Counterparty and that in Delivery.

Collateral

The Initial Margins may be covered both in cash (euro) and/or in euro-denominated Government Bonds, traded on MTS and issued by countries of the Eurozone characterised by a low level of credit risk and market risk. The value of the guarantees deposited in securities usable to cover the initial margins is determined on the basis of the concentration limits.

The measurement methodology also involves each government bond deposited at CC&G to cover initial margins being evaluated daily, including intraday, applying a precautionary ‘haircut’ on the basis of the duration of the security. Starting from November 2023, the methodology has been further refined with the modification, on the Euronext Legacy cash markets relating to Wrong-

Way Risk: a multiplication factor (wrong-way-risk multiplier) is applied to haircuts, which varies depending on the risk of the country issuing the security, if there is coincidence between the country issuing the security and the country of residence of the participant who deposited it as collateral.

Intraday Margins can be hedged in cash (euro) and also through the use of government bonds.

3. Default Funds

CC&G has an additional protection that is added to the margins system, represented by Default Funds. The function of Default Funds is to hedge the risk, generated by extreme changes in market conditions, and not guaranteed by the margin system; the objective is to ensure the integrity of the markets also in the event of multiple defaults in extreme market conditions, in line with the provisions of the EMIR.

As regards the equity and equity derivatives segment, it should be noted that together with the introduction of the new VaR type margin model, a new calibration methodology for the Default Fund has been introduced in line with international best practices. The new target coverage has changed from Cover 3 to Cover 2, and the stressed exposure has changed from Non-Collateralized Exposure (NCE) to Stress loss over initial margins (SLOIM). In essence, the new Default Fund will be measured by calculating, in each stress test scenario, the SLOIM of each Banking Group, i.e. the difference between the losses calculated in each scenario and the stressed collateral available (without considering the surpluses).

Default Fund amounts are determined by Euronext Clearing based on the results of daily repeated "stress tests."

As of 31 December 2023 the Default Funds were made up as follows:

- Equity and Equity Derivatives Market: € 1,650 million;
- Bond Segment: € 3,500 million;
- Energy Derivatives Segment: € 0.25 million;
- Agricultural Commodity Derivatives Segment: € 0.2 million.

The adjustment of the default fund contribution portion for the participants is usually performed on a monthly basis, on the basis of the initial margins paid in the preceding month. For a general clearing member, the contribution quota to be deposited also includes those relating to its customer negotiators, if any.

The payment of the contribution quota to the default fund must be made in cash (Euro).

4. Equity and financial resources

As of December 31, 2023, Euronext Clearing's equity was 191.9 million euros. In addition, CC&G has adequate credit lines with major Italian banks to meet the needs related to the management of the liquidation phase (T2S and ICSD).

<u>Insolvency proceedings against a Member</u>

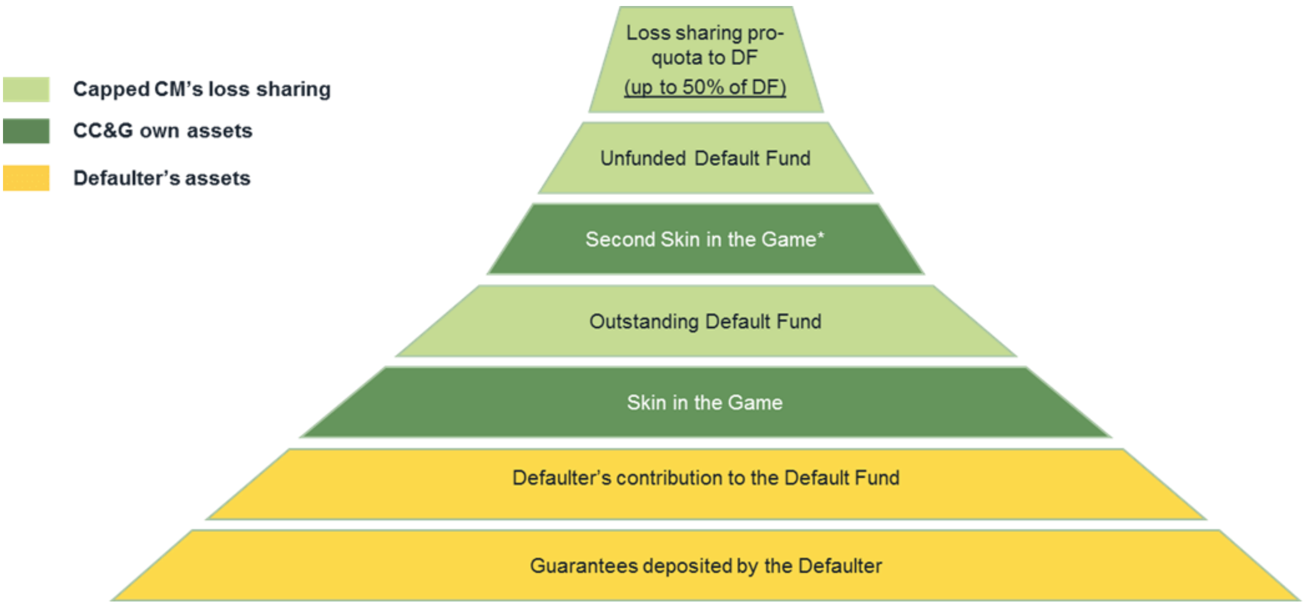
In case of default of a clearing member, for covering the losses CC&G uses the following resources:

a) the Margins set up by the Defaulting Participant;
b) the contributions to the Default Fund of the Defaulting Participant;
c) Euronext Clearing's own resources (Skin in the game), determined in compliance with the limits provided for in Article 45 of EMIR regulations;

d) the contributions to the Default Fund of the other Direct Participants in the Affected Sub-Fund, in proportion to the amount of the units paid in and limited to the losses related to the Affected Sub-Fund;
e) Euronext Clearing's own resources (Second Skin in the game), determined in compliance with the Article 9, paragraphs 14 and 15 of CCPRRR[12];
f) the contributions to the non-pre-funded Default Fund of the other unitholders, in proportion to the contributions to the Default Fund of the Fund concerned.

Where the default waterfall resources listed in (a)-(f) are insufficient, Euronext Clearing will proceed to distribute any remaining resulting losses pro rata according to the default fund's share of contribution among the participants in the affected sub-fund. In any case, the losses that may be allocated to non-defaulting participants will be subject to a maximum limit represented by 50% of the additional resource payment required under Article B.6.2.3(f) of the Regulations.

Upon completion of the above activities, Euronext Clearing, in order to ensure the business continuity of the other Sub-Funds and the interoperable CCP, after notifying the relevant Authorities, may order the closure of the Sub-Fund. For this purpose, Euronext Clearing may take into account, by way of example, the following elements: the relevance of counterparty risk mitigation for Participants, the number of Participants, the amount of countervalues secured.



The amount of the Skin-in-the-game, corresponding to 25% of the minimum regulatory capital was € 12,713,046.00 at 31 December 2023.[13]

CC&G Recovery Plan and changes in the management of a default

Euronext Clearing has been updating its Recovery plan by aligning it with the new EU 2021/23 "CCP RRR" regulation and related Level 2 provisions aimed at establishing a European Recovery and Resolution framework for CCPs.

The Recovery Plan was submitted on July 31, 2023 to the Bank of Italy and Consob and received formal approval, in coordination with the Supervisory College, on December 12, 2023.

The objective of the recovery plan is to define the information and procedures necessary to enable Euronext Clearing to continue to deliver its critical services even in the unlikely event that its survival is threatened. The recovery plan is structured to enable Euronext Clearing to readily

[12] Based on the CCP Recovery and Resolution Regulation, the establishment of the second Skin In The Game becomes mandatory as of February 12, 2023.
[13] This amount, resulting from the calculation of the regulatory capital at 31/12/2023, as shown in the current draft financial statements, following approval by the Board of Directors' Meeting and the Shareholders' Meeting, will replace the preceding value of € 14,192,008.00.

identify and employ the most appropriate tools to cope with such extreme stress conditions. This reduces the risks that the effectiveness of recovery actions will be diminished by a climate of uncertainty.

The 2023 Plan has been drafted and supplemented by a set of scenarios with the aim of identifying the various events (both related to the default of one or more Participants and related to a non-default situation) that may lead to a recovery situation. For each scenario, the preventive controls in place, the "early warning" indicators, and the "triggers" that determine the initiation of the recovery procedure are identified along with the related tools that can be used to deal with them.

The Plan identifies "critical" services in line with the definition in Article 2 of the Regulations by identifying them as those services that ensure the normal functioning of the most relevant markets served by Euronext Clearing and the safeguarding of financial stability. Next, potential scenarios that could impede the normal functioning of the CCP were identified.

Definition of risks

The main risks identified, monitored and actively managed by Euronext Clearing are the following:

i. country risk
ii. market risk
iii. credit risk
iv. issuer risk
v. liquidity risk
vi. interest rate risk
vii. exchange rate risk
viii. operational risk (including cyber risks).

The management of these risks is governed according to the "Investment Policy" and the risk appetite framework.

The definition of operational risks, as well as the consequent management and control methodology, is instead regulated by the "Operational Risk Manual".

Country risk

Country Risk is defined as the risk of potential losses to the Company arising from the deterioration of the creditworthiness or default of a sovereign country on whose issuance of financial instruments investments are made or to whose institutions or companies claims are made.

In order to mitigate this risk Euronext Clearing, in conducting its typical Central Counterparty business, calibrates its guarantees by considering the creditworthiness of the issuing country of the guaranteed government securities.

Finally, Euronext Clearing limits its investments to securities issued by sovereign countries in the European Union with high creditworthiness based on the "SRF" (Sovereign Risk Framework) methodology adopted for monitoring and managing country risk.

Deposits, or credits of any kind, that Euronext Clearing may have with institutions located in the country in question also contribute to committing these limits.

Market Risk

Market Risk is defined as the risk that Euronext Clearing will suffer losses due to changes in the value of financial instruments traded on markets for which the company exercises its function as

Central Counterparty or due to changes in the value of financial instruments in which the company has invested the collateral margins acquired from Participants or its own funds.

(a) Financial instruments traded on markets for which the company exercises its function as a Central Counterparty.

In conducting its typical activity as a Central Counterparty, Euronext Clearing does not incur market risks since the positions taken as buyer and seller with respect to all counterparties that have traded on the guaranteed markets are balanced in terms of amount, maturity and prices. In the event of default of a participant in the guarantee system, the risk is mitigated by the collection of collateral consisting of Initial Margins and Default Funds.

(b) Investments in margin instruments, default fund deposits or equity.

The Company's activities are governed by EU Regulation No. 648/2012 on OTC derivatives, central counterparties and trade repositories, as subsequently supplemented by EU Delegated Regulation No. 153/2013 issued on regulatory technical standards relating to central counterparty requirements.

Euronext Clearing, in compliance with the aforementioned regulations, invests its financial resources only in cash or highly liquid financial instruments with minimal market and credit risk.

Credit Risk

Credit Risk is the risk that CC&G may suffer losses that derive from a worsening of the creditworthiness or default of a counterparty:

a. of which (Member of the guarantee systems) the risks in the performance of the business mission of the central counterparty have been guaranteed. The risk is mitigated by the application of the admission criteria to the guarantee systems provided by the Company's regulations, approved by the Bank of Italy together with Consob, and by the right to request increased margins, including intraday, from members having a temporarily worsened creditworthiness.
b. at which amounts of money have been deposited from margins, Default Fund contributions or own resources. The risk is mitigated by strict limits specified in the CC&G Investment Policy for managing cash resources, and an internal method to assess the investment counterparty’s creditworthiness.
c. on which securities were deposited for custody and administration.

To mitigate this risk, CC&G deposits securities with the national central depositary Monte Titoli S.p.A. or with the International Central Securities Depositories or with the Central Bank, against intraday refinancing.

For trade receivables and contract assets Euronext Clearing follows the approach adopted by the Group. In particular, it takes a simplified approach to calculating expected losses. Therefore, it does not monitor changes in credit risk, but fully recognizes the expected loss at each reporting date. The Group has established a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of borrowers and their economic environment, as a tool for determining expected losses.

Euronext Clearing considers all financial assets valued at amortized cost that are classified in the best creditworthiness categories to be at low credit risk, thus all of its cash and cash equivalents and loans to the Central Bank.

CC&G considers a financial asset to be in default when contractual payments are two years past due. In some cases, Euronext Clearing may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to recover contractual amounts in full before considering the credit collateral it holds. A financial asset is derecognized when there is no reasonable expectation of recovery of contractual cash flows.

For assets represented by debt instruments measured at fair value recognized in OCI, Euronext Clearing applies the simplified approach allowed for low credit risk assets. At each reporting date, the Group assesses whether the debt instrument is considered to have low credit risk using all available information that can be obtained without undue cost or effort. In making this assessment, Euronext Clearing monitors the creditworthiness of the debt instrument. Financial assets represented by debt instruments held by Euronext Clearing measured at fair value through OCI include only listed bonds rated in the best creditworthiness category and, therefore, are considered low credit risk investments. It is Euronext Clearing's policy to measure expected losses over the next twelve months on these instruments on an annual basis.

However, when there has been a significant increase in credit risk, the Group fully recognizes expected losses that relate to the remaining term of the exposure. Euronext Clearing uses ratings from the major Agencies both to determine whether the credit risk of the debt instrument has significantly increased and to estimate expected losses that relate to the remaining duration of the exposure.

Issuer risk

Issuer Risk is the risk that the Company may suffer losses deriving from the worsening of the creditworthiness or default of an issuer of financial instruments in which the Company has invested. Reference is made to the "Credit risk” section.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to satisfy its payment obligations on the dates these fall due.

With regard to liquidity, the Company, in addition to the obligations deriving from its CCP core business, must take into account those deriving from its participation in the "Target II” securities settlement process managed by Monte Titoli and the securities settlement process managed by the "ICSDs" through Euroclear.

The monitoring of liquidity risk, in ordinary conditions as well as stress conditions, is performed according to the provisions of the liquidity plan approved by the Board of Directors, in line with the EMIR/ESMA regulatory requirements.

The mitigation factors of these risks provided by the liquidity plan comprise the following:

- the right to access intraday re-financing at the Central Bank;
- the availability of collateralised and non collateralised credit lines, granted by leading commercial banks;
- the option to enter into financing repurchase agreements with qualified counterparties in the tri-party platforms of Euroclear and Clearstream.

Interest rate risk

Rate Risk is defined as the risk that the Company may incur losses as a result of changes in the level of interest rates at which items on the assets and liabilities side of the balance sheet that are not phased in by maturity or by benchmark rate are treated.

As of 31 December 2023, the rate applied to deposits is equal to the "Depo rate" decided by the European Central Bank minus 35 basis points for initial guarantee margins and minus 30 basis points for deposits of Participants as Default Funds.

Any derivatives, i.e., rate swaps, can only be used to hedge risk. No derivative transactions were outstanding as of December 31, 2023.

From a financing and/or investment perspective, the Company has no outstanding bank loans.

Exchange Rate Risk (FX risk)

Exchange Rate or FX Risk is the risk that the Company may suffer losses from a fluctuation of the Euro exchange rates, in which its capital is denominated and its accounting books are expressed, or of other currencies in which items of the financial statements not balanced in equal currency are expressed. The Company has not operated under conditions that entailed an FX risk.

Operational Risk

Operational Risk is the risk that the Company may suffer losses caused by the operational activity of its employees, processes, electronic systems, external suppliers and unexpected events.

The management of operational risk, in general, is the responsibility of the Risk Policy Office, which prepares a quarterly update report for the Group Risk Department, the Board of Statutory Auditors and the Board of Directors.

The Operational Risks Committee works with an advisory function, in support of the Chief Executive Officer’s decisions, on the subject of assessments related to Operational Risks – other than those covered by the Risks Committee - to which Euronext Clearing is potentially exposed.The Risk Policy office also takes note of any problems or incidents linked to operations, coordinates the stages of communicating them and monitors the corrective actions necessary for the resolution or mitigation of the risk. Starting from October 2023, the incident management process at local level is supported by the support of Euronext Group procedures, tools and resources.

To supervise the Operational Risk, CC&G has arranged a mapping of all the processes relating to its business and of the risks connected thereto. For each process, "delicate" procedures and detailed policies have been realized, which are updated on a periodical basis.

The electronic system (Technology Risk) complies with the Guidelines of the Bank of Italy on the Business Continuity:

a. operations are guaranteed by an architectural configuration that envisages availability in two separate Data Centres at a distance of over 500 Km, linked by high-speed back-up lines and based on distinct Carriers, where the central processing systems and cyber connectivity and security devices are installed. Both centres have infrastructure with the same configuration, data aligned in real time and are permanently managed and maintained remotely by Euronext Clearing’s specialists from the BC&SM section and relevant SOC (Security Operations Centre);
b. the architecture provides a re-start option in disaster recovery situations within two hours;
c. disaster recovery and business continuity tests are conducted at least once a year;
d. external suppliers are selected according to the aforementioned Guidelines and are subject to specific SLA checks.

The whole plan is regularly tested, constantly updated and disseminated within the structure.

Rome, 27 March 2024

For the Board of Directors

The Chief Executive Officer

Roberto Pecora

4. Board of Statutory Auditors’ Report

CASSA DI COMPENSAZIONE E GARANZIA S.p.A.

Registered office in Rome – Via Tomacelli 146

Fully paid-up share capital € 33,000,000

Tax identification number and registration

in the Rome Business Register 04289511000

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Company subject to the management and coordination of

Euronext Holding Italia S.p.A.

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BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2023 PURSUANT TO ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

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To the Shareholders of Cassa di Compensazione e Garanzia S.p.A.

During the financial year ended 31 December 2023, our activity was inspired by the provisions of the law and the rules of conduct of the Board of Statutory Auditors of unlisted companies issued by the National Council of Chartered Accountants and Accounting Experts.
We inform you about this activity and the results achieved with this report.
The financial statements as of 31.12.2023 of Cassa di Compensazione e Garanzia S.p.A., prepared in accordance with the International Financial Reporting Standards adopted by the European Union, which shows an operating result of 43,609,859 euros, have been submitted for your examination.
The same was made available to us within the deadline provided by the law.
The Board of Statutory Auditors, which is not in charge of the statutory audit, carried out the supervisory activity over the financial statements as provided for by Rule 3.8. of the "Rules of conduct of the Board of Statutory Auditors of unlisted companies", consisting in an overall control aimed at verifying that the financial statements have been correctly prepared. The verification of compliance with the accounting data is in fact the responsibility of the firm in charge of the statutory audit.
The firm in charge of the statutory audit of the accounts EY S.p.A has delivered its report to us dated 8 April 2024 containing an opinion without exceptions.
From what is reported in the report of the firm in charge of the statutory audit, the financial statements at 31.12.2023 represent in a true and fair way the equity and financial position,

the economic result and the cash flows of your Company as well as being compliant with rules governing its drafting.
The Board of Statutory Auditors has ascertained that there has been no loss of the professional requirements envisaged in art. 2397 of the Civil Code nor situations of forfeiture pursuant to art. 2399 of the Civil Code by each member of the Board itself.

1) Supervisory activity pursuant to art. 2403 et seq. of the Italian Civil Code
We monitored the compliance with the law and the bylaws, the compliance with the principles of correct administration and, in particular, the adequacy of the organizational structure, the administrative and accounting system and their concrete functioning.
We participated in the shareholders' meetings and the meetings of the board of directors and, based on the information available, we have no significant findings to report.
We acquired from the administrative body also during the meetings held information on the overall management trend and its foreseeable evolution, as well as on the most important operations, due to their size or characteristics, carried out by the company and its subsidiaries and, based on the acquired information, we have no particular observations to report.
The information required by art. 2381 paragraph 5 of the Italian Civil Code, were provided by the managing director.
The Company, pursuant to art. 2497 et seq. of the Italian Civil Code, is subject to management and coordination by Euronext Holding Italia S.p.A., which is in turn directly controlled by Euronext N.V.
We promptly exchanged data and information relevant to the performance of our supervisory activity with the statutory auditor.
In carrying out the supervisory function, we verified the establishment of a specific channel for internal reporting of violations of national or European Union regulatory provisions (whistleblowing).
We met with the supervisory body and no critical issues with respect to the correct implementation of the organizational model that needed to be highlighted in this report emerged.
We acquired knowledge and monitored the adequacy of the organizational, administrative and accounting structure and its concrete functioning also through the collection of information from the heads of the corporate functions and in this regard we have no particular observations to report.
We acquired knowledge and monitored, to the extent of our competence, the adequacy and the functioning of the administrative-accounting system, as well as its reliability in correctly representing management events, by obtaining information from the heads of the corporate functions and examining company documents, and in this regard we have no particular observations to report.
During the year, intercompany agreements were defined for the supply of services, in order to achieve the integration into the Euronext Group.
No complaints have been received from the shareholders pursuant to art. 2408 of the Italian Civil Code and no complaints have been made pursuant to art. 2409, paragraph 7 of the Italian Civil Code.
We have not made any reports to the management body pursuant to and for the purposes of art. 25*octies* D.L. n. 14/2019.
We have not received any reports from public creditors pursuant to and for the purposes of art. 25*novies* D.L. n. 14/2019.
During the year, the Board of Statutory Auditors did not issue opinions and observations required by law.
During the supervisory activity, as described above, no other significant facts emerged such as to require mention in this report.

In its capacity as "committee for internal control and statutory audit" established pursuant to Legislative Decree 39/2010 and article 7 of the EMIR delegated regulation no. 153/2013, the Board carried out the supervisory functions envisaged by the article 19.

2) Comments on the financial statements

From what is reported in the report of the firm in charge of the statutory audit "the financial statements provide a true and fair view of the equity and financial position of Cassa di Compensazione e Garanzia S.p.A. as of 31.12.2023 and of the economic result and cash flows for the year ended as of that date in compliance with the International Financial Reporting Standards adopted by the European Union".

To the best of our knowledge, the directors, in preparing the financial statements, did not derogate from the provisions of the law pursuant to art. 2423 paragraph 5 of the Italian Civil Code.

The notes to the financial statements adequately illustrate the transactions with related parties.

Compliance with the law regarding the preparation of the directors' report has been verified and in this regard there are no observations that need to be highlighted herein. Furthermore, the independent auditors certified that the directors' report is consistent with the financial statements as of 31.12.2023, as well as its compliance with the law.

We recall your attention to what is stated in the management report regarding the uncertainty arising from geopolitical tensions, the persistence of high levels of inflation and increases in interest rates.

3) Observations and proposals regarding the approval of the financial statements

Considering the results of the activity carried out by us and the opinion expressed in the audit report issued by the firm in charge of the statutory audit, we find no grounds for objection to the shareholders' approval of the financial statements for the year ended 31 December 2023, as prepared by the directors.

Milan, 8 April 2024

For the Board of Statutory Auditors
The Chairman
(Roberto Ruozi)

This report has been translated into the English language solely for the convenience of the international readers. For the original signature please refer to the Italian version of the Financial Statements.

5. Auditors' Report

Cassa di Compensazione e Garanzia S.p.A.

Financial statements as at December 31, 2023

Independent auditor’s report pursuant to article 14 and 19-bis of Legislative Decree n. 39, dated 27 January 2010

EY S.p.A.
Via Meravigli, 12
20123 Milano

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ey.com

Independent auditor's report pursuant to article 14 and 19-bis of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Cassa di Compensazione e Garanzia S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cassa di Compensazione e Garanzia S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 43 of Legislative Decree n. 136, dated 18 August 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Statutory Audit Committee for the Financial Statements

The Directors are responsible for the preparation of the 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 n. 136, dated 18 August 2015 and, within the terms provided by the law, for such internal control as they 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, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.600.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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The Statutory Audit Committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company [the Group] to cease to continue as a going concern;
- we have 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 a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Cassa di Compensazione e Garanzia S.p.A. are responsible for the preparation of the Report on Operations of Cassa di Compensazione e Garanzia S.p.A. as at 31 December 2023, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Cassa di Compensazione e Garanzia S.p.A. as at 31 December 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Cassa di Compensazione e Garanzia S.p.A. as at 31 December 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 08 April 2024

EY S.p.A.
Signed by: Mauro Iacobucci, Auditor

This report has been translated into the English language solely for the convenience of international readers.