EURONEXT CLEARING

Cassa di Compensazione e Garanzia S.p.A.
Financial Statements as of 31 December 2022

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.

CONTENTS

1. Financial Highlights

(amounts in thousands of euro)

Economic indicators	Year 2022	Year 2021
Revenue	39,172	96,482
Ebitda	61,819	68,925
Ebitda margin	157.8%	71.4%
Ebit	11,086	72,800
Ebit margin	28.3%	75.5%
Net profit	8,142	53,234
(as % of Revenue)	20.8%	55.2%
ROE	4.5%	25.1%
Dividends	7,733	50,573
Equity indicators	Year 2022	Year 2021
Shareholders' Equity	156,084	202,337
Net Fin. Position (- debt / + cash)	170,167	162,514
Efficiency indicators	Year 2022	Year 2021
Average number of employees and secor	87.0	78.0
Revenues/employees	450	1,237
Ebit/employees	127	933

2. Report on operations

The fiscal year ended December 31, 2022 was characterized by a global economy on the one hand still slowed by the aftermath of the COVID pandemic-related crisis and on the other heavily impacted by the consequences of the war between Russia and Ukraine in terms of increases in energy and food prices, as well as uncertainty about future supplies and logistical challenges related to border crossings, airspace restrictions, and the massive influx of Ukrainian refugees to EU countries.

The financial statements of Cassa Compensazione e Garanzia S.p.A. (CC&G or Euronext Clearing) for the year ended December 31, 2022 show a net profit of 8,142,244 euros (53,234,061 euros as of December 31, 2021).

The past year was marked by Euronext Clearing's contribution to enhancing the financial services provided by market infrastructures as well as the management of information and device flows with participants.

In February 2022, Euronext Clearing proceeded to open a special office - qualifying as a secondary office pursuant to Article 2197 of the Civil Code. - in France, with a view to greater internationalization of the company following its integration into the Euronext Group. At this office, garrisons were set up relating to the Operations function - with specific expertise in commodities - and the Sales & Relationship Management function. In addition, a new function ("Product") was established for the development of the line of cash equity and derivative instruments subject to clearing and for monitoring innovations that may emerge at the industry level, as well as for the scope of implementation of related projects.

On this occasion, the commercial name of Euronext Clearing was also adopted - leaving the company name of Cassa di Compensazione e Garanzia S.p.A. unchanged - in order to offer customers a name that reflected the new and larger operational dimension of the company, which will eventually go on to offer clearing services to all cash and derivatives markets of the Euronext group and thus continental scale, while at the same time reinforcing in communication the sense of appearance to the Euronext group.

As a result of the sudden change in the monetary policy adopted by the European Central Bank and the consequent rise in interest rates, the investment strategy typically adopted (floating-rate funding and fixed-rate investment) had to be realigned with the new macroeconomic scenario; with a view to containing risks, therefore, a policy of limiting exposure was adopted by proceeding during July to sell the part of the portfolio with a relatively higher duration, so as to contain the possible future impacts of further increases in rates, reducing both the duration (from 0.96 to 0.5 years) and the overall size (from 4.76 to 2.56 billion euros) of the portfolio.

According to Euronext's "Growth for Impact 2024" strategic plan, Euronext Clearing will become Euronext's central counterparty of choice for its equity, listed derivatives and commodities markets. Euronext Clearing will enable Euronext to directly manage a key service for clients and create value through a harmonized clearing framework across Euronext locations. This project is aimed at serving Euronext's customers and meeting the needs of participants in different local markets. The migration strategy has been developed by actively involving clients in order to achieve the expected changes such as: innovation, transparency, robustness and harmonization. In addition, Euronext Clearing will leverage Euronext Securities Milan in order to optimize settlement flows for CCP through T2S.

The year was also marked by the armed conflict between Russia and Ukraine, which led to both an increase in market volatility from the start of the war (Feb. 24) and an increase in energy and commodity prices on agricultural commodities. With regard to Fixed Income products, 2022 was characterized by a continued rise in Central Bank and Market rates as well as inflation. However, in both Equity and Fixed Income markets, the increase in volatility did not reach the peaks seen during the first phase of the Covid-19 pandemic in 2020. The conservative approaches put in place by Euronext Clearing have ensured a 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 law by Euronext Clearing's Risk Appetite Framework.

With the objective of continuous refinement of the risk management solutions offered, project activities aimed at further increasing the efficiency of the margining models employed were continued and consolidated during the year.

In particular, these activities involved, together with the interoperable CCP, the go-live of the new margining model for the Bond Portfolio, belonging to the family of "Value at Risk" models (FIRE - Fixed Income Risk Engine). The model came into effect on June 20, 2022, and performs margin calculation functions for Italian, Spanish, Portuguese and Irish Government bonds. For government bonds of the remaining countries and corporate bonds, the MVP model remains in effect.

The Company, as part of a broader and more general process of integration into the Euronext Group, migrated its accounting data into the group administrative system effective October 1, 2022. The transition was completed with full integrity of the transferred balances and data and without a break in business continuity.

2.1 Events of the year ended 31 December 2022

Central counterparty services

Participants in the clearing and guarantee system as of 31 December 2022 totalled 151 (154 at 31 December 2021), represented for the most part by banks (83) and investment firms (61), 4 state-controlled company, 1 CCP and 1 central bank and 1 public administration system.

Of these with direct membership were 87 including 63 banks, 17 securities firms, 4 state-owned companies, 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 (19 EU), accounting for 30.16% of the total number of banks, and EU securities firms (14 EU), accounting for 82.35%.

Derivative segments (IDEM Equity, IDEX and AGREX)

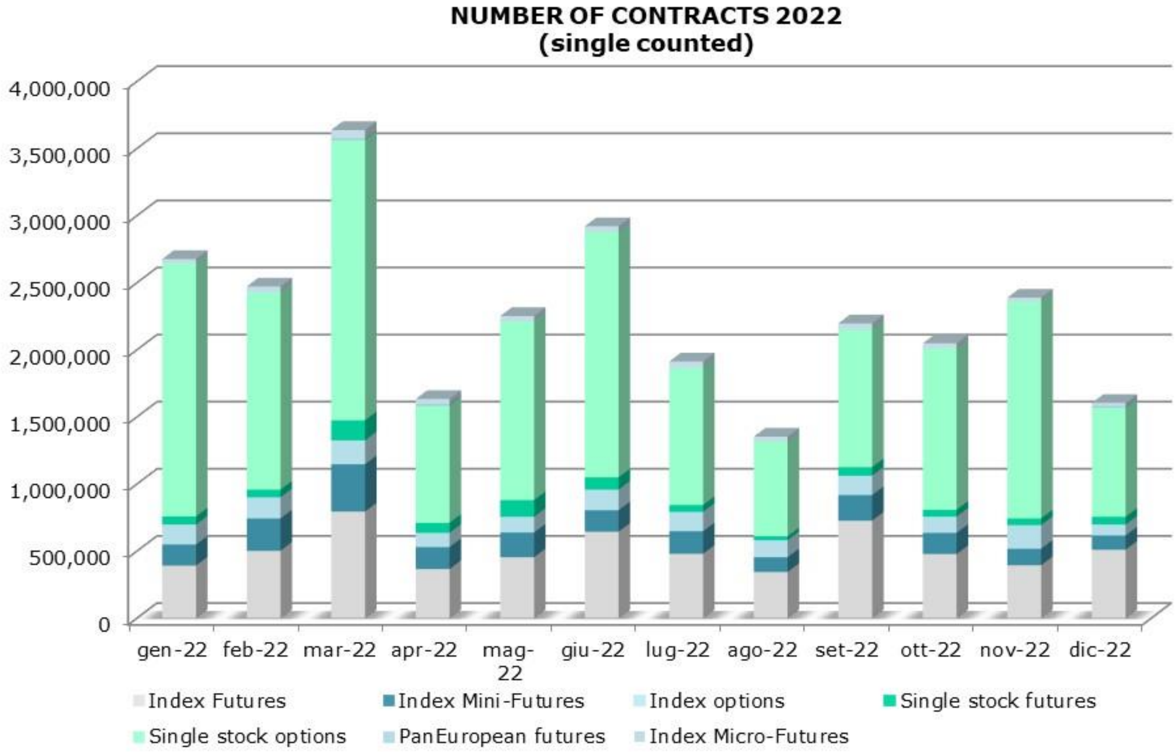
There were 27,103,615 cleared contracts on the IDEM Equity Market at 31 December 2022, compared to 25,020,342 at 31 December 2021 (+8.3%). The daily average was 105,873 contracts, compared to 97,735 in the previous year.

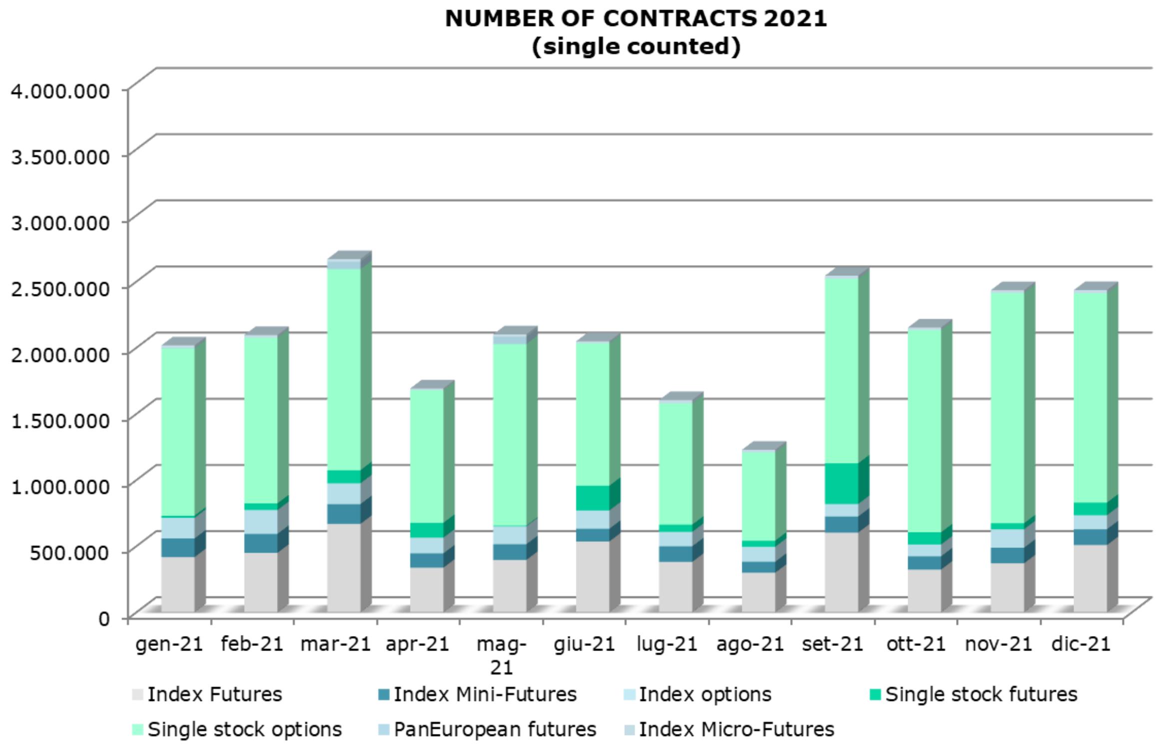
There were increases compared to the same period of the previous year on the following instrument:

- single stock options went from 15.3 million contracts in 2021 to 15.9 million contracts in 2022 (+3.9%);
- Micro Futures on stock market indices introduced in 2020, went from 0.2 million contracts in 2021 to 0.5 million contracts in 2022 (> 100%);
- Options on stock market indices increased from 1.5 million contracts in 2021 to 1.7 million contracts in 2022 (+13.3%);
- minifutures on stock market indices increased from 1.4 million contracts in 2021 to 2.1 million contracts in 2022 (+50.0%);
- stock market index futures, increased from 5.3 million in 2021 to 6.1 million in 2022 (+15.1%).

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

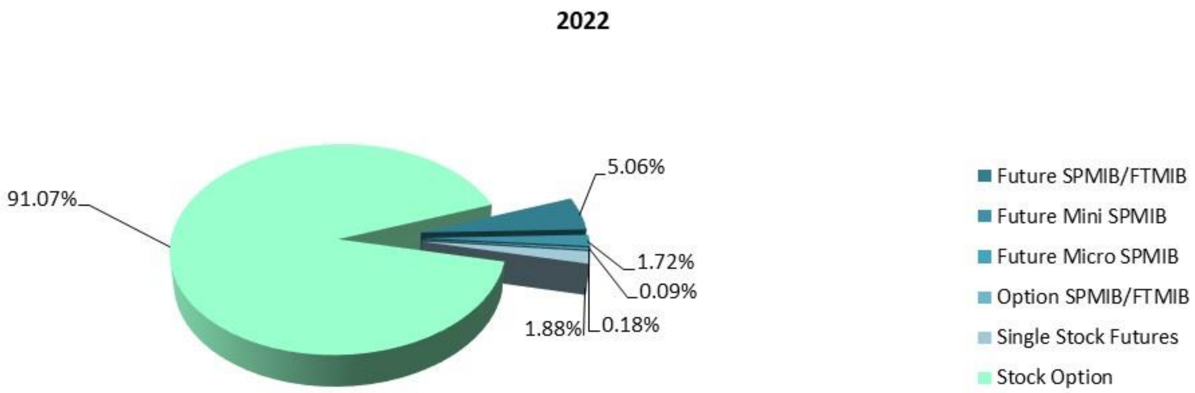
- pan-European futures, from 0.1 million in 2021 to 0.05 million contracts in 2022 (-100%);
- single stock futures, down from 1.1 million in 2021 to 0.9 million contracts in 2022 (-18.2%).

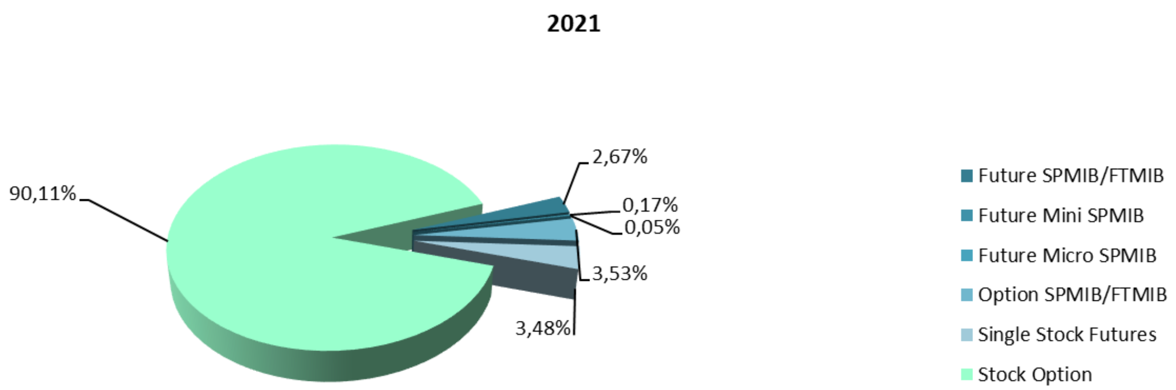

NUMBER OF CONTRACTS 2022
(single counted)
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
gen-22
feb-22
mar-22
apr-22
mag-22
giu-22
lug-22
ago-22
set-22
ott-22
nov-22
dic-22
Index Futures
Index Mini-Futures
Index options
Single stock futures
Single stock options
PanEuropean futures
Index Micro-Futures


NUMBER OF CONTRACTS 2021
(single counted)
4.000.000
3.500.000
3.000.000
2.500.000
2.000.000
1.500.000
1.000.000
500.000
0
gen-21
feb-21
mar-21
apr-21
mag-21
giu-21
lug-21
ago-21
set-21
ott-21
nov-21
dic-21
Index Futures
Index Mini-Futures
Index options
Single stock futures
Single stock options
PanEuropean futures
Index Micro-Futures

The open positions as of 31 December 2022 (so called open interest) were 5,406,583, 11.0% less than at 31 December 2021 (6,728,706).

OPEN POSITIONS
(% number of contracts)





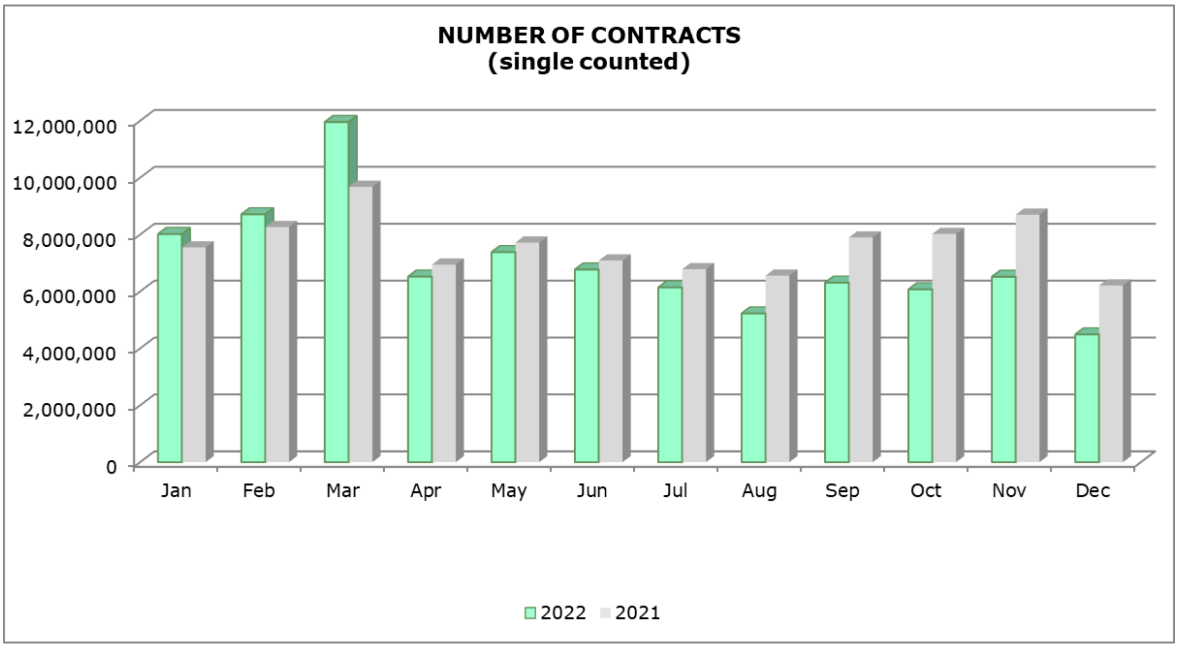
In the year ended 31 December, 2022, there were no volumes of the IDEX and AGREX derivative segments.

At 31 December, 2022, there were 35 direct participants in the Equity Derivatives sector (36 at December 31, 2021), of which 25 General and 10 Individual; those of the Energy Derivatives sector were 5 (6 at December 31, 2021), all members of General, while those of the Agricultural

Commodities Derivatives sector were 2 (in line with the previous year), all members of General. The IDEM, IDEX and AGREX markets respectively are guaranteed in these sub-funds.

Equity sector

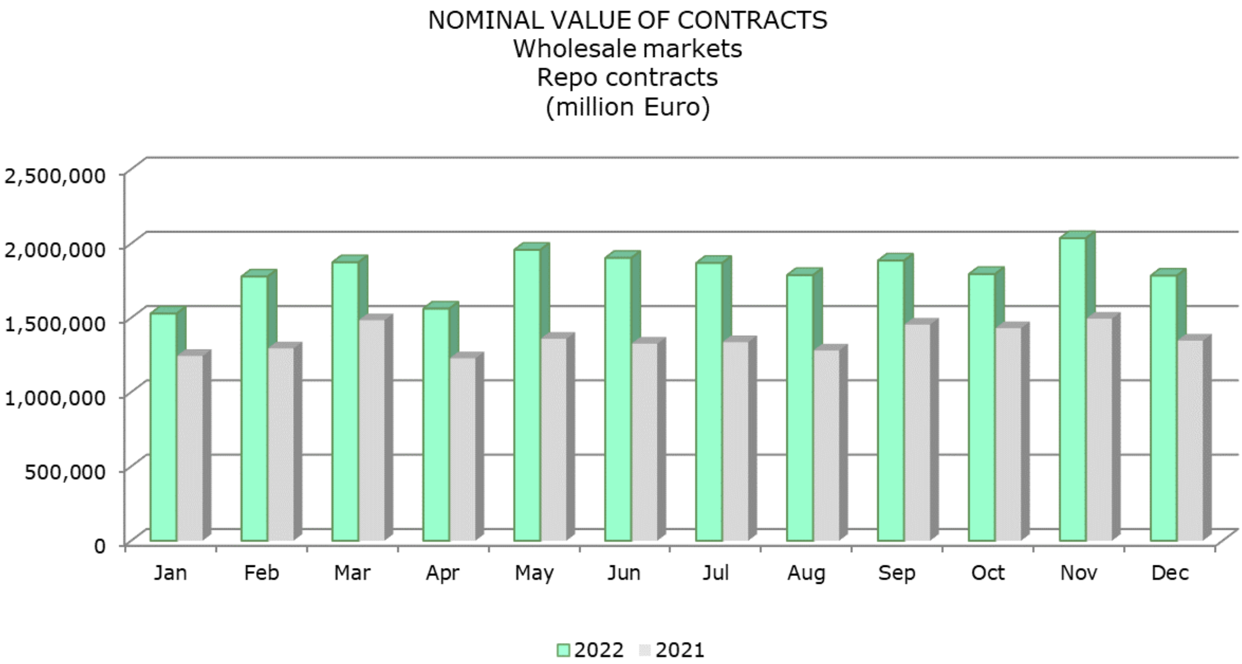
On the stock markets of the Italian Stock Exchange, the contracts covered by the guarantee were 84,125,615 with a decrease of 8.0% compared to the previous year (91,408,310 contracts); the daily average was 328,616 contracts compared to 357,064 contracts the previous year.

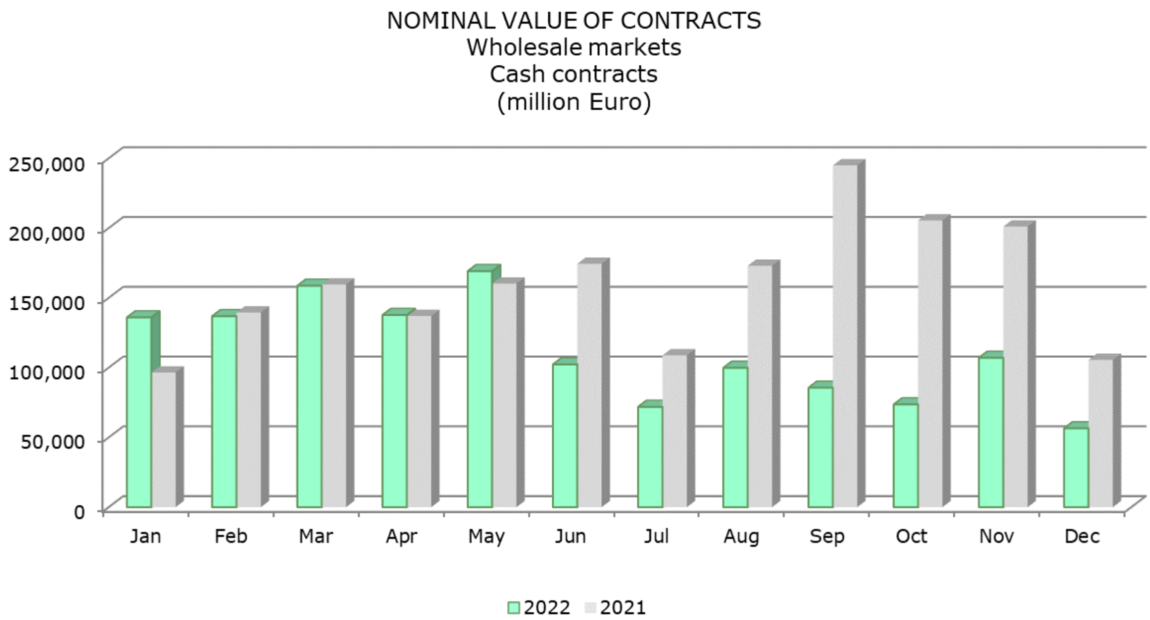


At 31 December 2022, there were 27 direct participants in the Equity sector (28 at December 31, 2021), of which 17 General and 10 Individual. The MTA, ETF plus, MIV and BIT Equity MTF markets are guaranteed in this sub-fund.

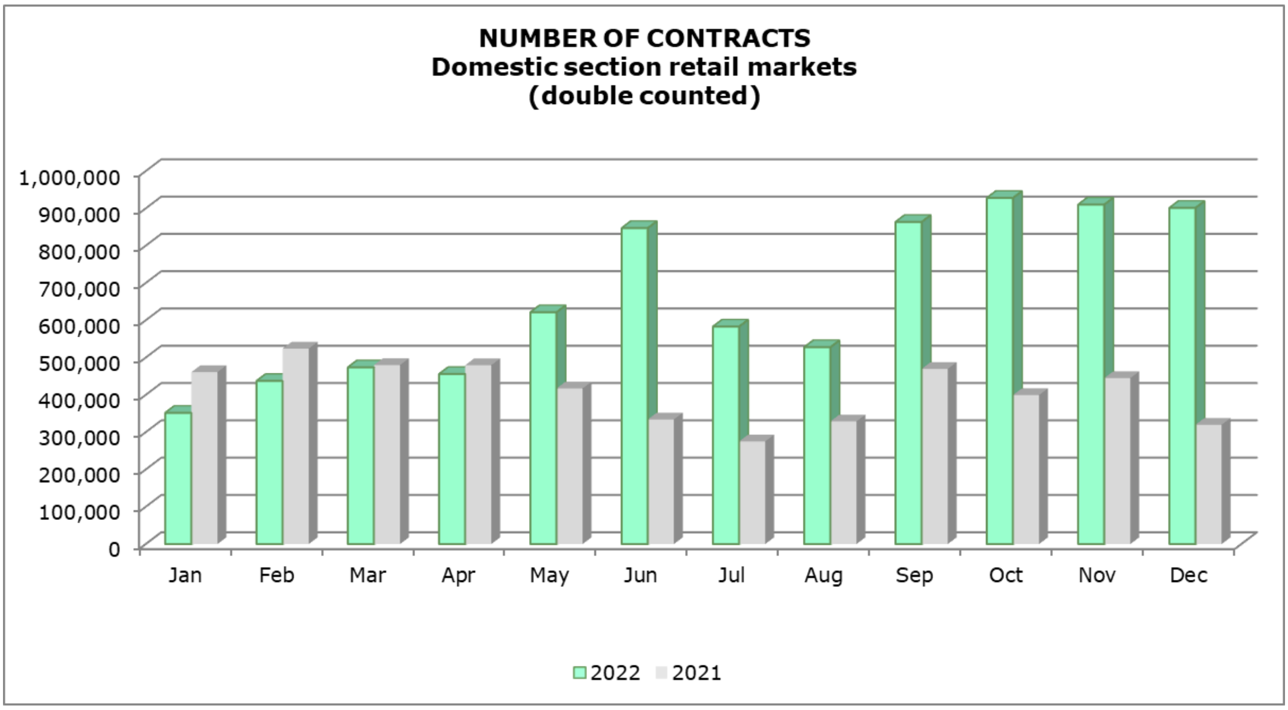
Bonds segment

The value of the contracts covered by the guarantee, negotiated on the wholesale bond sector, was higher than the previous year for Repos (nominal € 21,763.9 billion compared to € 16,275.2 billion with a change of +33.7%), and was lower than the previous year for Cash transactions (nominal 1,335.4 billion euro against 1,906.1 billion, -29.9%).





As regards the retail bond sector, the international sector (ICSD) was higher than in the same period of the previous year (696,665 contracts compared to 542,179 contracts with a change of +28,5% than the previous year), also the domestic sector was higher than in the same period of the previous year (7,902,122 contracts compared to 4,933,336 contracts with a variation of +60.2% than the previous year).



The direct participants in the Bond Section as of 31 December 2022 were 62 (64 as of 31 December 2021), of which 14 General and 48 Individual. The Cassa di Compensazione e Garanzia S.p.A. markets are guaranteed in this sector. 10 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.

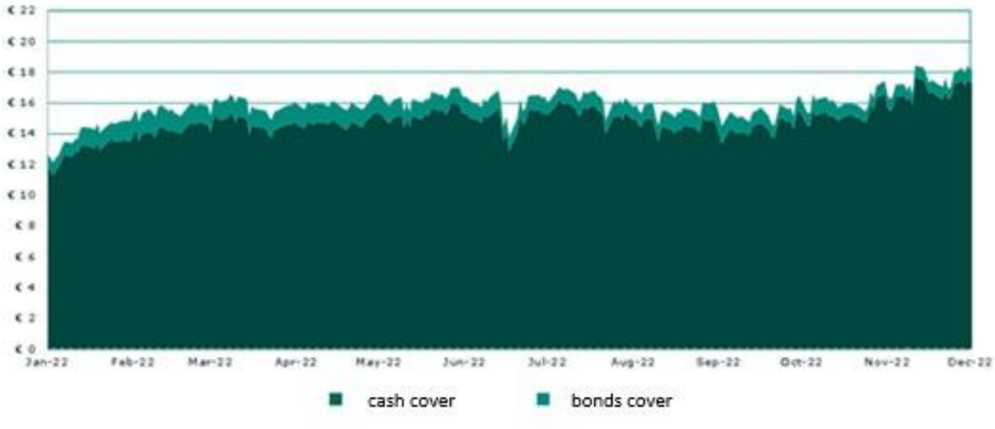
The direct participants in the ICSD Bond Section as at 31 December 2022 were 28 (29 as at 31 December 2021), of which 12 General and 16 Individual. The Euro MOT, Extra MOT and Hi MTF markets are guaranteed in this sector.

Risk management

During the period under review, 309 new instruments were listed on the Equity sector, of which 293 are ETFs, 15 shares on ENX and 1 warrants. In the Equity Derivatives sector, 5 SSDFs were listed respectively.

The average daily amount of initial margins went from 13.5 billion euros in January 2022 to 17 billion euros in December 2022 (the latest month in which the maximum value of the average occurred). Compared to the daily average of last year (11.9 billion euros), there was an increase of 29.4 percent to 15.4 billion euros. The deposit of collateral against initial margins took place, on average for the period under review, 93.7 percent in cash and 6.3 percent in Government Securities.

INITIAL MARGINS
(millions of euro)



The monitoring of counterparty risk, carried out by verifying members' exposures on an ongoing basis, resulted in 16,967 requests for intraday additional margins for a total of € 126 billion.

The default funds at 31 December 2022 amounted to:

- € 1,700 million (€ 2,400 million at the end of the previous year, -29%) for the equity markets (Cash and Derivatives),
- € 4,200 million for the Bond segment (€ 4,500 million in the previous year, -7%),
- € 0.35 million for the Energy Derivatives segment (€ 0.7 million in the previous year, -50%),
- € 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

<u>Penalties for settlement failures in secured transaction settlement systems</u>

As of February 1, 2022, following the entry into force of the penalty regime of Regulation (EU)909/2014 (CSDR), known as Settlement Discipline, Euronext Clearing will collect and redistribute among its participants the penalties, related to secured transactions, calculated and reported by the Settlement Systems.

In this context, Euronext Clearing distributes the amounts resulting from the penalty mechanism only to the extent of what is actually collected, and in the event of a participant's failure to pay the penalties, it proportionately reduces the amounts subject to redistribution.

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)

	31/12/2022	31/12/2021
Net interest income	**43,125**	**46,796**
Net commission income	44,130	43,448
Dividends and similar income	4	5
Net income from financial assets/liabilities	176	2
Intermediation margin	**87,436**	**90,250**
Administrative expenses	(27,056)	(23,240)
Other operating income	1,439	1,916
Gross operating margin (EBITDA)	**61,819**	**68,925**
Net value adjustments for impairment	7	(55)
Amortisation and depreciation	(2,604)	(2,304)
Operating income	**59,222**	**66,566**
Result of financial management	(48,136)	6,234
Net operating margin (EBIT)	**11,086**	**72,800**
Income taxes	(2,944)	(19,566)
Profit for the year	**8,142**	**53,234**

Cassa di Compensazione e Garanzia S.p.A. ended the financial year to 31 December 2022 with a net profit of € 8.1 million (€ 53.2 million at 31 December 2021). The intermediation margin was € 87.4 million, divided between net interest income of € 43.1 million, and net fee income of € 44.1 million. At 31 December 2021 the intermediation margin was € 90.3 million, divided between net interest income of € 48.8 million, and net fee of € 43.4 million.

Administrative expenses amounted to a total of € 27.1 million. Amortisation and depreciation amounted to € 2.6 million whilst other sundry operating revenues amounted to approximately € 1.4 million. As a result of the above, EBIT was 11.1 million euros, heavily impacted by the negative result of 48.95 million euros related to the sale of part of the portfolio with high duration so as to contain the future impacts of possible further increases in rates, anticipating further consequences of the monetary policy adopted by the European Central Bank. Taxes for the year, including the provision for deferred taxes, amounted to 3 million euros.

The Balance Sheet shows total assets increasing from EUR 138.0 billion as of December 31, 2021 to EUR 167.0 billion as of December 31, 2022. Of particular note are the asset items matched on the liability side: financial assets/liabilities held for trading for CCP activities of EUR 7.5 billion (EUR 11.1 billion as of December 31, 2021) and assets/liabilities measured at amortized cost of EUR 144.0/159.4 billion (EUR 111.7/126.6 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 1.9 billion euros.

In receivables, which total 144.0 billion euros, 762 million euros are recorded for loans to banks, 9 billion euros for loans to financial companies, and 134 billion euros for other loans. In payables, which total 159.4 billion euros, 5.8 billion euros are recorded for amounts due to financial companies, 66 million euros for amounts due to customers and 153.0 billion euros for other payables.

The Company's equity, equal to € 156.1 million is made up for € 33.0 million of the share capital, for € 6.6 million of the legal reserve, for € 108.3 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 € 8.1 million of the profit for the year.

The cash flow statement reports net cash generated of 11.2 million euros (as of December 31, 2021, it reported net cash absorbed of 39.0 million euros).

2.3 Information relating to employees and the environment

At 31 December 2022 the organizational structure was made up of a total of 85 (67 at 31 December 2021) employees, 11 of which are Senior Managers, 34 Middle Managers and 40 clerical staff as well as 11 resources seconded from other Group companies. The average age is 42.1 years and 36.4% of the workforce is female. The average length of service is 10 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. Since the start of the pandemic (COVID-19), the company has adopted a safety protocol aimed at protecting its employees through the use of structural remote working, which after the emergency period has morphed into the adoption of an Agile Working policy that offers a permanent hybrid work mode.

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.

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, making use of, among other things, a modular software, MoVE, created in-house, 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 (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 Euronext Group and the initiation of a process of internalization of the clearing of related markets, the consolidation and further strengthening activities outlined in the Group's objectives, which also leverages expertise in Risk Management practices, continues.

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 technology organization adopted in CC&G was further successfully tested during 2022 when managing the aftermath of the COVID-19 pandemic. Here, in fact, the company managed the gradual reopening of offices while supporting a share of remote work with the right technology tools. The experiences made in 2020-2021 and the countermeasures included in its business continuity plans and the remote work mode ensured full operation in each work area and the adequacy of cyber security measures despite a very uncertain epidemic environment.

During the current year, the planned infrastructural developments were all completed: in particular, the "Platform Integration" project, which included the activation of the prerequisites for the Internalization project on the IBM Power, RedHat, OpenShift platform, was completed on schedule.

The internal projects relating to:

- Primary Storage implementation with ENX Domain NAS integration for VMWare platforms;
- Preparation SWIFT Test Environment for T2S Consolidation and ESMIG Migration;
- Implementation of Openshift Cluster on IBM Power Systems for compensation migration;
- Introducing infrastructure balancers on F5 technology;
- DDOS technology implementation for ENXC network;
- Completion of protocol migration from FTP to SFTP for all Participants;
- DevSecOps Pipeline implementation for the Clearing Migration project;
- Implementation of LSEG Systems and Network migration to ENX;
- Implementation of CCP Romania Test Environment;
- Strengthening VPN, Jump Server and VDesk facilities for Clearing Migration project;
- Network enhancement and new connectivity for Clearing Migration;
- Installing New File Transfer Solutions for Clearing Migration;
- Preparation and initial external PKI configuration for Clearing Migration;
- Preparation of IAM solutions for Clearing Migration;
- Introducing two additional new IBM Power10s for the Clearing Migration project;
- Code Review systems upgrade with programming language extension.

In addition, the IT Governance & Cyber Security team was involved in:

- Documentary adjustment and renewal of ISO 22301 and 27001 certifications of Integrated Management Systems;
- Compliance a nuovi requisiti regolamentari in ambito del Perimetro di Sicurezza Nazionale Cibernetica – ACN;
- Preparation of transposition 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 ENXC integration;
- Analysis integration and update Service Management Processes and Standards;
- Organization Meetings with CAN;
- Participation in events organized by the authorities;
- Participation in the CertFin exercises;
- Information Security Training & Awareness to Board and Management;
- ISO27001 lead auditor certifications for colleagues;
- Workshop organization and joint work of group CISOs in Rome;
- Managing participant and Authority requests in terms of new threats to Cyber Security and Business Continuity;
- Updating Business Continuity technologies and operating modes;
- SOC h24/7 monitoring enhancement with external vendor integration and group process alignment;
- Preparation for SDLC training for Clearing Migration through external vendors;
- 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 areas of responsibility;
- Updating and measuring operational risks in line with the new Group taxonomy;
- Planning and management of business continuity and cybersecurity testing;
- Periodic monitoring of IT suppliers and related SLAs".

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.

As per the Board-approved test plans, we conducted the simulations of unavailability of the entire Rome site rather than the cyber attack scenarios.

The specific part of Cyber Security is constantly aligned with best practices, and therefore also this year the necessary technological implementations and punctual Vulnerability Assessment checks were carried out both through independent systems and therefore autonomously on a restricted cadence, and through specialized partners who also carried out Penetration Test activities according to different methods agreed upon in advance. All findings were 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:

<u>Release of the SaaS solution for CCP.A</u>

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.

<u>Regulatory technology</u>

In the second quarter of 2022 following the publication of the new EMIR Refit standards, work began on the analysis of the new regulatory requirements and gap analysis against the current regulations. In coordination with other CCPs, a joint response to the ESMA public consultation was formulated with the aim of refining the new regulatory framework and raising the necessary critical issues on the implementation proposals.

In the third quarter in agreement the NCA (Consob) new quality control of data reported under Art. 9 of Regulation 648/2021/EU (EMIR) was refined and implemented, which aimed not only to overcome divergences in datasets in the availability of Consob and Euronext Clearing but especially in calculating more accurately the PKIs of the reporting process.

In the fourth quarter also on the basis of the results produced by the quality oversight and supported by the Italian and Dutch NCAs, Euronext Clearing strongly increased the PKI of Pairing by supporting the release of the reporting system under EMIR of the counterparty that absorbed more unparing in percentage terms. This experience then allowed this practice to be extended to other counterparties that impacted reporting PKIs.

Treasury Management

Migration to the Euronext Group Accounting System, Microsoft D365, was successfully carried out. The project required the restructuring of the company chart of accounts, and the management of new accounting rules and interfaces. A FAH (Financial Accounting Hub) component was implemented in which every accounting event detail is recorded, which is subsequently aggregated through a logical key, for the generation of General Ledger entries sent to the Group Accounting System.

In line with the requirements that emerged during the year, the component that deals with the actual and prospective calculation of Participant remuneration NTIs was made more flexible, adapting to Euronext Clearing's new Pricing Model requirements.

A tool has been released, available to Users of the "Investments & Liquidity Management" area within the "Web Treasury" portal, which highlights deviations between the individual components of NTIs and the amounts provided for in the Budget; enabling analysis with a greater level of granularity and useful for structuring corrective allocation strategies.

To enable greater visibility into trends related to securities portfolio performance, two additional scenarios for calculating Regulatory Capital have been implemented, the first provides a daily recalculation of Fair Value, and the second introduces a monthly revaluation of corporate Profit and Loss.

All the necessary tools have been released for the management of the new KRI on Expected Shortfall, which relates Green Capital no longer only to the risk measure, but also takes into account the daily portfolio revaluation and any losses from securities sales recorded during the year. The areas that operate the control and for which diversified tools have been structured are "Investments & Liquidity Management," "Corporate Accounting & Planning," and "Risk Policy."

During 2022, new features were introduced on the Clearing system in line with business demands. The most significant changes are briefly described below.

- Default Management
  In line with regulatory requirements and feedback from the annual exercise, new features related to the introduction of Close Out Agent (COA) were introduced such as: extension of Close Out Agents' master attributes, functionality of redistribution of applied discount, removal from margining of positions arising from Close Out Agents' activities related to insolvency management.
- Functionality for the participants
  Real time information distribution functionality has been extended with the addition of Fail and Buy-in positions. A new feature was also introduced to track the history of trades in the derivatives market.
- Features related to risk management
  As part of the initiative called Margin Model Enhancement, the most complex module was released, which deals with the calculation of participants' portfolio margins pertaining to trading in REPO (Counter Pronto Termini) products using a VAR model. The process of releasing the new software, executed in sync with LCH Clearnet, required a careful "non-

regression" phase performed during the go-live weekend. The process ended successfully, according to schedule; no problems were reported in the post-release phase itself.

- Features related to Clearing & Settlement management
  In line with regulatory requirements, the new functionality of aggregating, crediting and debiting penalties arising from participants' operations in settlement systems (T2S and ISCD) was introduced. The activity involved the receipt of flows, sent by CSDs to CCPs via ISO15022 swift messages, with detail at Settlement Agent level, aggregation of amounts at Clearing Member level, allocation in share of unbalanced amounts, distribution of information to participants, and sending of payment/collection instructions to the Target 2 system in Ancillary Sistem mode.
- Function to support daily operations
  Features pertaining to the typical activities of Counterparty system participants belonging to the institutional area have been automated. The possibility of using NEXT GEN type government bonds as collateral for margin hedging purposes has been extended.

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.

Employees who were due for periodic training related to occupational health and safety attended the relevant refresher session.

In a rapidly changing environment that requires continuous responsiveness to change and the ability to rely on excellent performance, the company's ability to attract top talent and retain key people also depends on the company's compensation policy, which is defined on the basis of professional profile, individual contribution level, and comparison with the relevant labor market. The inability to attract and retain key personnel can significantly affect business management, as the company may not be able to implement strategies effectively and timely. Therefore, in order to ensure the competitiveness of its remuneration policies, the Group and Cassa di Compensazione e Garanzia S.p.A. review the remuneration policy based on fixed pay, variable component, benefits and corporate welfare plans on an annual basis, also in comparison with the reference labor market. A performance management system, on the other hand, ensures annual monitoring and evaluation of the degree to which individuals contribute to the achievement of the company's objectives.

The Chief Executive Officer performs the functions of the Employer under worker health and safety regulations.

Proxies and appointments made by the Employer and its delegate in 2021 are still valid.

The Risk Assessment Document is being updated and the current date of the document is October 19, 2021.

The company has maintained, and updated, the Shared Protocol for Regulating Measures to Combat and Contain the Spread of Covid-19 Virus in the Workplace adopted as of March 14, 2020, which provides a series of measures (organizational and procedural) aimed at ensuring the health of employees, contractors and visitors.

Finally, the Safety Management Manual has been updated, which represents the Organizational Model pursuant to Article 30 of Legislative Decree 081/08 and constitutes, if effectively adopted, an exemption for the Company from liability arising (pursuant to Legislative Decree 231/01 as amended and supplemented) from the commission of the crimes of manslaughter and serious or very serious negligent injury.

The risk assessment document (DVR) was updated to also take into account Covid-19 risk, although it is not an occupational hazard for employees.

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

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 2022, the Board was made up of the following directors:

Renato Tarantola	Chairman
Giorgio Modica	Executive Director with delegated powers for Finance
Marco Polito	Chief Executive Officer
Anthony Davy Attia	Director
Simon Bartholemew Gallagher	Director
Hans- Ole Jochumsen	Indipendet Director
Alfredo Maria Magri	Independent Director
Paolo Marullo Reedtz	Indipendet Director

General Management

Marco Polito	General Manager

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	Statutory Auditor
Mauro Coazzoli	Statutory Auditor
Michela Haymar D'Ettory	Acting Auditor
Franco Carlo Papa	Acting Auditor

Risk Committee

The Risk Committee, established in compliance with EU Regulation 648/2012 (EMIR) is made up of 8 members, of which:

(a) two independent Directors of CC&G

(b) three representatives of the clearing members

(c) three representatives of the clients

Composition of the Risk Committee:

Alfredo Maria Magri	Chairman (Independent Director)
Paolo Marullo Reedtz	Vice Chairman (Independent Director)
Rocco Fanciullo	Representative of the clearing member Unicredit
Rita Gnutti	Representative of the clearing member Intesa San Paolo
Luca Lotti	Representative of the clearing member Cassa Depositi e Prestiti
Aurelien Martini	Representative of the customer Société Générale
Loubna Serrar	Representative of the customer BNP Arbitrage
Bertrand Lamoureux	Representative of the customer Natixis

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 Vice Chairman of the Board of Directors

(b) two non-executive independent directors

Composition of the Remunerations Committee as at 31 December 2022:

Giorgio Modica	Chairman
Alfredo Magri	
Paolo Marullo Reedtz	

Board of Arbitrators

The Board of Arbitrators[1], 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;
- 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;

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

- 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 Vice 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

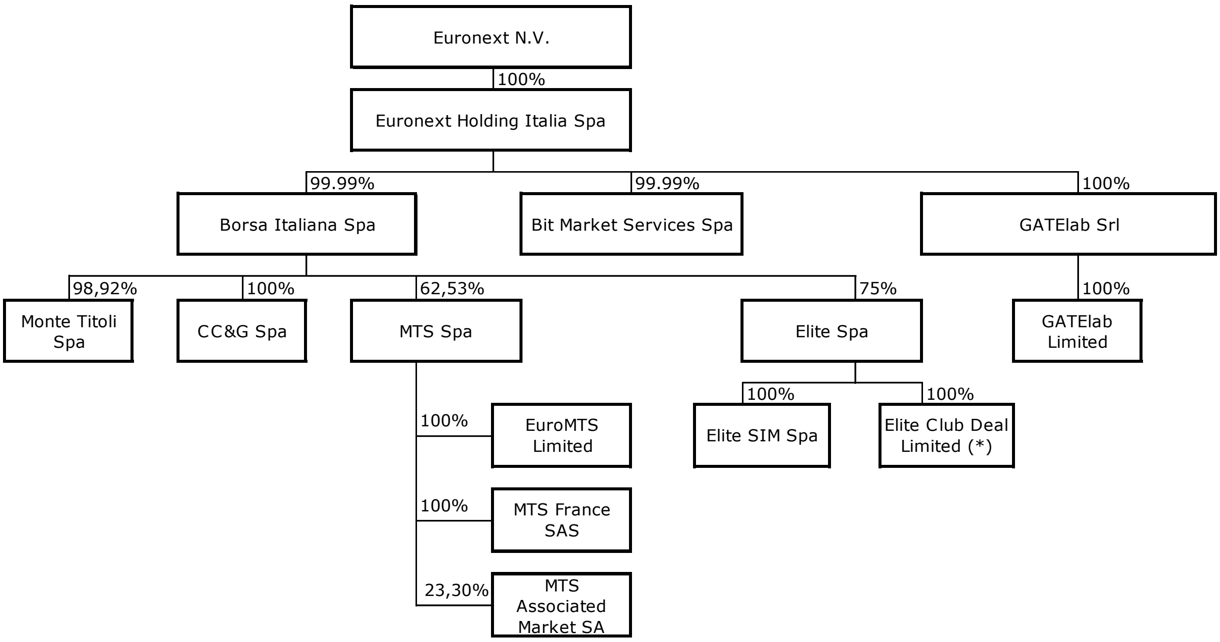
The share capital amounts to € 33,000,000.00, fully paid up. It is divided into 5,500 ordinary shares with a nominal value of € 6,000.00 each.

(f) Structure of the Group

Pursuant to Article 2497 et seq. of the Italian Civil Code, at 31 December 2022, 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, 2022 is shown below.



(*) In liquidazione

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

Last January 26, 2023, therefore, the Board of Directors approved, and subsequently ratified by the Shareholders' Meeting, the establishment of an unavailable reserve pursuant to Article 9, paragraph 14 of EU Regulation No. 23/2021 in the amount of €10,371,675.00 ("Second Skin in The Game"). This reserve will be adjusted annually according to the regulatory capital existing at the time of approval of the financial statements. This SSITG reserve took effect on February 12, 2023, through reduction of Other Reserves existing as of December 31, 2022.

Apart from the above, 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 2022 (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 € 8,142,243.53, as follows:

- to Shareholders, as a dividend equal to € 1,406.00 for 5,500 ordinary shares with a nominal value of € 6,000.00 each representing the Share Capital, for a total of € 7,733,000.00;
- to Reserves, the remaining profit of € 409,243 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 2022 amounted to € 18,520,848.00 - taking it to the new value calculated (pursuant to Regulation (EU) 648/2012) of € 14,192,008.00, allocating the difference to the item Other Reserves;
- to amend, based on the calculation of Regulatory Capital - as provided for in Regulation No. 648/2012 (EMIR) - reported in Part 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 January 26, 2023 was equal to 10,371,675.00 euros - by bringing it to the new calculated value (as per EU Regulation 23/2021) of 7,947,524.00 euros, allocating the difference from the item Other Reserves.

The dividend will be payable from 3 May 2023.

Rome, 20 March 2023

For the Board of Directors

The Chairman

Renato Tarantola

3. Financial statements for the year ending 31 December 2022

Balance Sheet

ASSETS

(Amounts in euro)

	Assets	31/12/2022	31/12/2021
10.	Cash and cash equivalents	13,673,926,265	10,540,778,657
20.	Financial assets measured at fair value through profit or loss	7,507,834,445	11,128,626,758
	a) financial assets held for trading (for CCP activities)	*7,486,730,738*	*11,123,681,590*
	c) other financial assets with mandatory measurement at fair value (for CCP activities)	*21,103,707*	*4,945,168*
30.	Financial assets measured at fair value through other comprehensive income	1,851,767,490	4,576,120,610
40.	Financial assets measured at amortised cost	143,984,861,111	111,720,484,832
	a) receivables from banks	*762,152,214*	*974,061,243*
	b) receivables from financial companies	*8,971,389,886*	*5,075,053,801*
	c) receivables from customers	*76,970,580*	*22,801*
	d) other receivables	*134,174,348,431*	*105,671,346,987*
80.	Property, plant and equipment	2,918,862	2,583,485
90.	Intangible assets	13,412,649	6,516,303
100.	Tax assets	11,574,126	9,134,661
	a) current	*8,964,426*	*8,190,842*
	b) deferred	*2,609,700*	*943,819*
120.	Other assets	15,431,258	2,905,157
	TOTAL ASSETS	**167,061,726,206**	**137,987,150,463**

LIABILITIES AND SHAREHOLDERS' EQUITY ITEMS

(Amounts in euro)

	Liabilities and shareholders' equity items	31/12/2022	31/12/2021
10.	Financial liabilities measured at amortised cost	159,397,587,287	126,648,374,953
	a) payables	*159,397,587,287*	*126,648,374,953*
20.	Financial liabilities held for trading (for CCP activities)	7,486,730,738	11,123,681,590
30.	Financial liabilities measured at fair value (for CCP activities)	8,295,577	4,126,425
80.	Other liabilities	12,256,886	7,495,954
90.	Employee severance indemnity provision	772,049	1,134,093
110.	Share capital	33,000,000	33,000,000
150.	Reserves	119,190,950	116,381,939
160.	Valuation reserves	(4,249,525)	(278,552)
170.	Profit (Loss) for the year	8,142,244	53,234,061
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**167,061,726,206**	**137,987,150,463**

Income statement

(Amounts in euro)

	Items	31/12/2022	31/12/2021
10.	Interest receivable and similar revenues	2,150,834,765	1,265,479,641
20.	Interest expenses and similar charges	(2,107,709,791)	(1,218,683,902)
30.	**NET INTEREST INCOME**	**43,124,974**	**46,795,739**
40.	Commissions receivable	45,390,390	44,697,593
50.	Commissions payable	(1,260,091)	(1,250,077)
60.	**NET COMMISSION INCOME**	**44,130,299**	**43,447,516**
70.	Dividends and similar income	4,105	4,821
80.	Net income from trading activities	-	-
100.	Profit (Loss) from sale or repurchase of:	(48,136,252)	6,233,913
	b) financial assets measured at fair value impacting on comprehensive income	*(48,136,252)*	*6,233,913*
110.	Net income from other financial assets and liabilities measured at fair value impacting the income statement	176,413	1,686
	b) other financial assets with mandatory measurement at fair value	*176,413*	*1,686*
120.	**INTERMEDIATION MARGIN**	**39,299,539**	**96,483,675**
130.	Net value adjustments for credit risk of:	7,204	(54,649)
	a) financial assets measured at amortised cost	7,204	(54,649)
150.	**NET FINANCIAL INCOME**	**39,306,743**	**96,429,026**
160.	Administrative expenses:	(27,056,322)	(23,240,365)
	a) personnel expenses	*(8,767,282)*	*(7,993,208)*
	b) other administrative expenses	*(18,289,040)*	*(15,247,157)*
180.	Net adjustments/write-backs on tangible assets	(1,493,319)	(1,263,203)
190.	Net adjustments/write-backs on intangible assets	(1,110,192)	(1,040,868)
200.	Other operating expenses and income	1,439,045	1,915,517
210.	**OPERATING COSTS**	**(28,220,788)**	**(23,628,919)**
260.	**PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAX**	**11,085,955**	**72,800,107**
270.	Income taxes for the financial year on current operations	(2,943,711)	(19,566,046)
280.	**PROFIT (LOSS) OF CURRENT OPERATIONS NET OF TAXES**	**8,142,244**	**53,234,061**
300.	**PROFIT (LOSS) FOR THE YEAR**	**8,142,244**	**53,234,061**

Statement of comprehensive income

(Amounts in euro)

	Items	31/12/2022	31/12/2021
10.	**Profit (Loss) for the year**	**8,142,244**	**53,234,061**
	Other comprehensive income, net of taxes, without reversal to income statement	**556,487**	**338,704**
70.	Defined benefit plans	556,487	338,704
	Other comprehensive income, net of taxes, with reversal to income statement	**(4,380,010)**	**(13,791,607)**
140.	Financial assets (other than equities) measured at fair value through other comprehensive income	(4,380,010)	(13,791,607)
170.	**Total other income components net of taxes**	**(3,823,523)**	**(13,452,903)**
180.	**Comprehensive income (Item 10+170)**	**4,318,721**	**39,781,158**

Statement of changes in Shareholders' Equity

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 December 2021

(Amounts in euro)

	Balances at 31/12/2020	Change to the opening balances	Balances at 01/01/2021	Allocation of the result of the previous financial year		Changes that occurred in the financial year							Shareholders' Equity at 31/12/2021
							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	Comprehensive income for the year 2021	
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	104,441,086		104,441,086	3,148,086									107,589,172
- profits/losses brought forward	-		-										-
- fund for the purchase of shares of parent company	2,082,568		2,082,568									54,690	2,137,258
- FTA reserve	55,509		55,509										55,509
Valuation reserves	13,229,041		13,229,041									(13,507,593)	(278,552)
Equity instruments	-		-										-
Own shares	-		-										-
Profit (Loss) for the year	62,988,086		62,988,086	(3,148,086)	(59,840,000)							53,234,061	53,234,061
Shareholders' Equity	222,396,290	-	222,396,290	-	(59,840,000)	0	-	-	-	-	-	39,781,158	202,337,448

Cash Flow Statement

DIRECT METHOD

(Amounts in euro)

A. OPERATING ACTIVITIES	Amount	
	31/12/22	31/12/21
1. Management	**95,341,148**	**39,558,728**
- interest income received (+)	71,017,353	(81,309,508)
- interest expenses paid (-)	66,712,900	121,645,140
- dividends and similar income (+)	4,105	4,821
- net commission income (+/-)	43,703,589	43,348,471
- personnel expenses (-)	(4,337,792)	(7,715,121)
- other expenses (-)	(67,351,867)	(10,107,075)
- other revenues (+)	2,500,229	2,956,385
- taxes (-)	(16,907,369)	(29,264,385)
2. Liquidity generated / absorbed by financial assets	**(4,261,106,593)**	**(4,572,280,969)**
- financial assets held for trading for CCP activities	0	0
- financial assets with mandatory measurement at fair value for CCP activities	(11,989,261)	(185,889)
- financial assets measured at fair value through other comprehensive income	2,655,873,418	1,445,284,070
- financial assets measured at amortised cost	(6,890,025,184)	(6,016,799,291)
- other assets	(14,965,566)	(579,859)
3. Liquidity generated / absorbed by financial liabilities	**4,287,966,990**	**4,590,381,126**
- financial liabilities measured at amortised cost	4,273,477,574	4,585,381,361
- financial liabilities held for trading for CCP activities	0	0
- financial liabilities with mandatory measurement at fair value for CCP activities	(126)	(10,476)
- other liabilities	14,489,542	5,010,241
Net liquidity generated/absorbed by operating activity	**122,201,545**	**57,658,885**
- INVESTMENT ACTIVITY		
1. Cash generated from	**-**	**-**
- sales of tangible assets	0	0
- sales of intangible assets	0	0
2. Cash absorbed by	**(9,835,234)**	**(3,838,619)**
- purchases of tangible assets	(1,828,696)	(866,000)
- purchases of intangible assets	(8,006,538)	(2,972,619)
Net liquidity generated/absorbed by investment activity	**(9,835,234)**	**(3,838,619)**
B. FUNDING ACTIVITY		
- distribution of dividends and other	(101,145,000)	(92,785,000)
Net cash generated/absorbed by funding activity	**(101,145,000)**	**(92,785,000)**
CASH GENERATED/ABSORBED IN THE YEAR	**11,221,311**	**(38,964,734)**

RECONCILIATION

	Amount	
	31/12/22	31/12/21
Cash and cash equivalents at beginning of the year	50,982,518	89,947,253
Total net cash generated/absorbed during the year	11,221,311	(38,964,734)
Cash and cash equivalents at year end	62,203,829	50,982,519

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 2021. 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 2022, 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[2], 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 29 October 2021, suitably adjusted to take into account specific activities carried out by the Company, and taking into account the Bank of Italy Communication of 21 December 2021. 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[3]. 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.

2 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.
3 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 21 December 2021 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 2022 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 London Stock Exchange Group Holdings 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 2022

In compliance with IAS 8, the following table shows the new international accounting standards, or the amendments to the standards already in force, with the related approval Regulations whose application has become mandatory from the financial period ended 31 December 2022:

EU Regulation and publication date	Subject of the document	Date of approval	Date of entry into force
(UE) 2021/1080 2 July 2021	Amendments to IAS 16, 37, and IFRS 3 (Annual Improvements to IFRSs 2018-2020 Cycle - amendments to IFRS 1, 9, 16 and IAS 41)	28 June 2021	1° January 2022

Amendments to IAS 16, 37 e 41 and to IFRS 1, 3, 9 - Annual Improvements to IFRSs 2018-2020 Cycle

The amendment to IAS 16 – Property, Plant and Equipment concern proceeds before intended use and prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. They also introduce some disclosure requirements in that respect.

The amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets concern costs of fulfilling a contract and apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments to IFRS 3 – Business Combinations add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments to IAS 41 – Agriculture concern the Taxation in Fair Value Measurements.

The amendment to IFRS 1 – First-time Adoption of International Financial Reporting Standards permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment to IFRS 9 - Financial Instruments clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

International accounting standards approved by the European Union applicable to financial statements after 2022

The following table shows the new international accounting standards, or the amendments to the standards already into force, with the related Regulations approved by the European Union, whose adoption will become mandatory starting from 1 January 2023 (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 approval	Date of entry into force
(UE) 2021/2036 23 November 2021	Amendments to IFRS 17	19 November 2021	1° January 2023
(UE) 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
(UE) 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
(UE) 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

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 20 March 2023 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 2022 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[4].

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.

Since the Company, as also the Group it belongs to, does not have external sources of financing, the net present value of the future payments was calculated using as the rate for discounting the interest rate of intragroup loans, 1.4%.

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:

[4] 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 2022	Acc. depn. 2022	Net Book Value 2022
Servers	2,897	1,807	1,091
Total	**2,897**	**1,807**	**1,091**

Finance lease liabilities

€ 000	2022
Maturity analysis - contractual undiscounted cash flows	
Less than one year	880
One to five years	236
More than five years	-
Total undiscounted cash flows	**1,116**
Total lease liabilities	**1,105**
Current	870
Non Current	235

The interest rate used for discounting the cash flows is 1.4% conventionally understood as the internal rate of return of cash and cash equivalents.

Amounts recognized in the income statement

€ 000	2022
Interest on lease liabilities - Servers	22
Interest on lease liabilities - Cars	-
Depreciation - Servers	859
Depreciation - Cars	3
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[5].

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.

[5] 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[6].

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, following discussions with the Group, it was decided to provide more information on the presentation of net or gross financial assets and liabilities (so-called offsetting), in accordance with IAS 32, paragraph 42.

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

[6] 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 current 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[7].

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.

7 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

	31/12/2022			31/12/2021		
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	7,486,730,738			11,123,681,590		
b) financial assets designated at fair value						
c) other financial assets with mandatory measurement	21,103,707			4,945,168		
at fair value	-			-		
2. Financial assets measured at fair value through other comprehensive income	1,851,767,490			4,576,120,610		
Total	**9,359,601,935**	**-**	**-**	**15,704,747,368**	**-**	**-**
1. Financial liabilities held for trading	7,486,730,738			11,123,681,590		
2. Financial liabilities measured obligatorily at fair value	8,295,577			4,126,425		
Total	**7,495,026,315**	**-**	**-**	**11,127,808,015**	**-**	**-**

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	31/12/2022				31/12/2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	143,984,861,111			143,984,861,111	111,720,484,832			111,720,484,832
Total	**143,984,861,111**	**-**	**-**	**143,984,861,111**	**111,720,484,832**	**-**	**-**	**111,720,484,832**
1. Financial liabilities measured at amortised cost	159,397,587,287			159,397,587,287	126,648,374,953			126,648,374,953
Total	**159,397,587,287**	**-**	**-**	**159,397,587,287**	**126,648,374,953**	**-**	**-**	**126,648,374,953**

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 13,673,926,265 euros, of which 92,111 euros related to the French Branch (10,540,778,657 euros as of Dec. 31, 2021) and consisted of cash on hand, amounting to 54 euros (54 euros as of Dec. 31, 2021), and current accounts and demand deposits, amounting to 13,673,926,211 euros (10,540,778,603 euros as of Dec. 31, 2021).

Breakdown of item 10 "Cash and cash equivalents"

Items/Values	Total 31/12/2022	Total 31/12/2021
Cash	**54**	**54**
Bank accounts and sight deposits	**13,673,926,211**	**10,540,778,603**
Cash deposited by participants held at Central Bank (1) (2)	*13,609,922,602*	*10,479,679,535*
Cash from own funds held at Central Bank (1)	*2,800,832*	*5,000,000*
Cash from own funds held in bank accounts (2)	*59,402,942*	*45,982,463*
Cash deposited by participants held in bank accounts (2)	*1,799,835*	*10,116,605*
Totale	**13,673,926,265**	**10,540,778,657**

(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 7,486,730,738 euros (11,123,681,588 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 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
B. Derivative financial instruments	**7,486,730,738**			**11,123,681,590**		
1. Financial derivatives	7,486,730,738			11,123,681,590		
1.1 for trading	7,486,730,738			11,123,681,590		
FTSE stock market index derivatives:	*5,935,720,836*			*9,724,660,709*		
- Futures	*5,152,136,830*			*8,907,128,510*		
- Mini Futures	*30,529,826*			*83,886,166*		
- Options	*753,054,180*			*733,646,033*		
Single stock derivatives:	*1,551,009,902*			*1,399,020,881*		
- Futures	*437,304,477*			*344,583,781*		
- Options	*1,113,705,425*			*1,054,437,100*		
Commodities derivatives	*0*			*0*		
Total	**7,486,730,738**	**0**	**0**	**11,123,681,590**	**0**	**0**

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

2.2 Derivative financial instruments

Underlying assets/type of derivatives	Total 31/12/2022				Total 31/12/2021			
	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				**7,486,730,738**				**11,123,681,590**
- Fair Value				7,486,730,738				11,123,681,590
5. Goods				**-**				**-**
- Fair Value				-				-
Total	**0**	**0**	**0**	**7,486,730,738**	**0**	**0**	**0**	**11,123,681,590**

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

Items/Values	Total 31/12/2022	Total 31/12/2021
B. DERIVATIVE INSTRUMENTS	**7,486,730,738**	**11,123,681,590**
a) Central Counterparties	-	-
b) Others	7,486,730,738	11,123,681,590
Total	**7,486,730,738**	**11,123,681,590**

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 € 21,103,707 (€ 4,945,168 in the previous year).

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

Items/Values	**Total 31/12/2022**			**Total 31/12/2021**		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	**4,403,598**			**4,232,870**		
Financial instruments traded but not yet settled (1):	4,014,278			3,889,863		
- *Government bonds*	*4,014,278*			*3,889,863*		
Financial instruments in the portfolio (2):	389,320			343,007		
- *Government bonds*	*389,320*			*343,007*		
2. Equities	**16,700,109**			**712,298**		
Financial instruments traded but not yet settled (1):	4,281,299			236,436		
- *Equity instruments*	*4,281,299*			*236,436*		
Financial instruments in the portfolio (2):	12,418,810			475,862		
- *Equity instruments*	*12,418,810*			*475,862*		
Total	**21,103,707**	**0**	**0**	**4,945,168**	**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 (mainly related to the MTS, MTA and MOT markets).

(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.

Section 3 -Financial assets measured at fair value impacting the comprehensive income - Item 30

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 31/12/2022**			**Total 31/12/2021**		
	L1	L2	L3	L1	L2	L3
1. Debt instruments	**1,851,767,490**			**4,576,120,610**		
1.1 Structured instruments	-			-		
1.2 Other debt instruments	1,851,767,490			4,576,120,610		
of which: securities purchased through equity financing	*97,956,000*			*115,712,150*		
of which: securities purchased with contributions of the participants	*1,753,811,490*			*4,460,408,460*		
Total	**1,851,767,490**	**0**	**0**	**4,576,120,610**	**0**	**0**

The total investment amounts to euro 1,851,767,490, corresponding to a purchase value of euro 1,873,961,952 and a nominal value of euro 1,841,500,000 of the securities in the portfolio, adjusted for interest still not accrued as of the date for euro 17,950,071 and euro -7,682,581 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 97,956,000 corresponding to a purchase value of euro 100,161,612 and a nominal value of euro 100,000,000, adjusted for interest still not accrued as of the date for euro -4,061 and euro -2,039,939 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 31/12/2022	**Total 31/12/2021**
1. Debt instruments	**1,851,767,490**	**4,576,120,610**
- Governments and Central Banks	1,700,316,000	3,744,849,500
- Other issuers	151,451,490	831,271,110
Total	**1,851,767,490**	**4,576,120,610**

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

Item 40a - Receivables from banks

This item amounted to € 762,152,214 (€ 974,061,243 in the previous year).

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

Breakdown	Total 31/12/2022						Total 31/12/2021					
	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	**10,011,111**					**10,011,111**	**175,000,000**					**175,000,000**
3.1 Repurchase agreements (1)	10,011,111					10,011,111	175,000,000					175,000,000
5. Other assets	**752,141,103**					**752,141,103**	**799,061,243**					**799,061,243**
5.1 Receivables guaranteed by securities (2)	623,383,966					623,383,966	796,160,290					796,160,290
5.2 Receivables from participants for margins and premiums	126,085,064					126,085,064	39,171					39,171
5.3 Clearing commissions on contracts entered into in relevant month (3)	2,431,013					2,431,013	2,617,494					2,617,494
5.4 Commissions on securities deposited as collateral (3)	241,060					241,060	244,288					244,288
Total	**762,152,214**					**762,152,214**	**974,061,243**					**974,061,243**

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 € 8,971,389,886 (€ 5,075,053,801 in the previous year).

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

Breakdown	Total 31/12/2022						Total 31/12/2021					
	31/12/2021			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:	**8,971,389,886**					**8,971,389,886**	**5,075,053,801**					**5,075,053,801**
Receivables from other clearing and guarantee systems (1)	8,953,364,414					8,953,364,414	5,070,777,959					5,070,777,959
Receivables guaranteed by securities (2)	2,394,958					2,394,958	2,026,014					2,026,014
Clearing commissions on contracts entered into in relevant month (3)	373,780					373,780	659,224					659,224
Commissions on securities deposited as collateral (3)	1,500					1,500	2,065					2,065
Receivables from Group financial companies (4)	-					-	27,328					27,328
Receivables from participants for margins and premiums	13,356,921					13,356,921	-					-
Other receivables for services (5)	1,898,313					1,898,313	1,561,211					1,561,211
Total	**8,971,389,886**					**8,971,389,886**	**5,075,053,801**					**5,075,053,801**

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 7,781,337,636 euros for initial margins, 1,145,000,000 euros for Initial Additional Margin as well as an interest receivable of 27,026,778 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) For a detailed examination of the item Receivables from group financial companies please see the section "Related-party transactions" in Part D – Other Information of this document.

(5) 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 € 76,970,580 (€ 22,801 in the previous year).

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

Breakdown	Total 31/12/2022						Total 31/12/2021					
	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:	**76,970,580**					**76,970,580**	**22,801**					**22,801**
Clearing fees for contracts entered into in the reference month (1)	232,758					232,758	11,401					11,401
Receivables from participants for margins and premiums	76,726,614					76,726,614	-					-
Other receivables for services	11,208					11,208	11,400					11,400
Total	**76,970,580**					**76,970,580**	**22,801**					**22,801**

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 € 134,174,348,431 (€ 105,671,346,987 in the previous year).

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

Breakdown	Total 31/12/2022						Total 31/12/2021					
	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:	**134,174,348,431**					**134,174,348,431**	**105,671,346,987**					**105,671,346,987**
Receivables from repo transactions for CCP activities (1)	134,172,307,449					134,172,307,449	105,638,952,565					105,638,952,565
Receivables for interest on cash deposited by participants (2)	-					-	31,926,579					31,926,579
Receivables from participants in the settlement system T2S and ICSD	2,040,982					2,040,982	467,843					467,843
Total	**134,174,348,431**					**134,174,348,431**	**105,671,346,987**					**105,671,346,987**

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. From 1 October 2020 the rate applied to deposits is equal to the daily "€STR" rate minus 21.5 basis points for initial guarantee margins and the daily "€STR" rate minus 16.5 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 31/12/2022**	**Total 31/12/2021**
1. Owned assets	**1,828,331**	**1,497,645**
c) furniture	692	10,585
d) electronic systems	1,827,639	1,487,060
e) other	0	0
2. Rights of use acquired with leasing	**1,090,531**	**1,085,840**
b) buildings	0	0
d) electronic systems	1,090,531	1,082,699
e) other	0	3,141
Total	**2,918,862**	**2,583,485**

During this financial year electronic systems were purchased for € 348 millions. 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**	**10,436,939**	**3,032,697**	**14,137,695**
A.1 Total net value reductions	(657,475)	(8,949,878)	(1,946,857)	(11,554,210)
A.2 Net opening balance	**10,584**	**1,487,061**	**1,085,840**	**2,583,485**
B. Increases	**-**	**961,696**	**867,000**	**1,828,696**
B.1 Purchases	-	961,696	-	961,696
B.7 Other changes	-	-	867,000	867,000
C. Decreases	**(9,892)**	**(621,118)**	**(862,309)**	**(1,493,319)**
C.1 Sales	-	-	-	-
C.2 Amortisation and depreciation	(9,892)	(621,118)	(862,309)	(1,493,319)
C.7 Other changes	-	-	-	-
D. Net closing balance	**692**	**1,827,639**	**1,090,531**	**2,918,862**
D.1 Total net value reductions	(667,367)	(9,570,996)	(2,809,166)	(13,047,529)
D.2 Gross closing balance	**668,059**	**11,398,635**	**3,899,697**	**15,966,391**

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown

Items/Measurement	Total 31/12/2022		Total 31/12/2021	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
2. Other intangible assets:	**13,412,649**		**6,516,303**	
2.1 own assets	13,412,649		6,516,303	
- other	13,412,649		6,516,303	
2.2 Rights of use acquired with leasing	0		0	
Total	**13,412,649**		**6,516,303**	

9.2 Intangible assets: annual changes

	Total
A. Opening balance	**6,516,303**
B. Increases	**9,361,123**
B.1 Purchases	8,006,538
B.4 Altre variazioni	1,354,585
C. Decreases	**(2,464,777)**
C.2 Amortisation and depreciation	(1,110,192)
C.5 Altre variazioni	(1,354,585)
D. Final balance	**13,412,649**

During this financial year electronic systems were purchased for € 8,006,538. The decreases are due to depreciation for the year.

Section 10 – Tax assets and tax liabilities – Item 100 under assets and Item 60 under liabilities

At 31 December 2022, the balance of tax assets was €11,574,126 due to current tax assets.

10.1 "Tax assets: current and deferred": breakdown

Items/breakdown(	Total 31/12/2022	Total 31/12/2021
Tax assets:		
a) current	8,964,426	8,190,842
b) deferred	2,609,700	943,819
Total	**11,574,126**	**9,134,661**

10.2 "Tax liabilities: current and deferred": breakdown

Items/Breakdown	Total 31/12/2022	Total 31/12/2021
Tax liabilities:		
a) current	-	-
b) deferred	-	-
Total	**-**	**-**

Current tax assets, of € 8,964,426 at 31 December 2022, 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 prepaid tax (counter entry in income statement).

	Total 31/12/2022	Total 31/12/2021
1. Opening balance	**-**	**-**
2. Increases	**-**	**-**
2.1 Deferred tax assets recognised during the year	-	-
d) other	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax assets cancelled during the year	-	-
a) reversals	-	-
4. Final amount	**-**	**-**

10.4 Changes in deferred tax liabilities (counter entry in income statement)

	Total 31/12/2022	Total 31/12/2021
1. Opening balance	**264,496**	**293,047**
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	**-**	**(28,551)**
3.1 Deferred tax liabilities cancelled during the year	-	(28,551)
a) reversals	-	-
c) other	-	(28,551)
4. Final amount	**286,129**	**264,496**

Deferred taxes for the financial year

Items/Technical forms	Amounts	IRES	IRAP	TOTAL
Non-deductible CC&G amortisations	1,393,545	289,849	-	289,849
Unpaid emoluments due to directors	0	0	-	0
Amount set aside to provisions for corporate restructuring	40,000	9,600	-	9,600
Allocation to provisions for impairment of receivables	100,877	24,211	2,323	26,534
Total	**1,534,422**	**323,660**	**2,323**	**325,983**

Items/Technical forms	Amounts	IRES	IRAP	TOTAL
alized exchange gains	(6,722)	(1,613)	-	(1,613)
Deferred tax assets on employee severance indemnity for the year	51,758	10,610	-	10,610
Deferred tax assets on employee severance indemnity OCI as at 31/03/2013	(203,545)	(48,851)	-	(48,851)
Total	**(158,509)**	**(39,854)**	**-**	**(39,854)**

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

	Total 31/12/2022	Total 21/12/2021
1. Opening balance	**679,323**	**(5,009,908)**
2. Increases	1,644,248	**5,689,231**
2.1 Deferred tax liabilities recognised during the year	-	5,689,231
c) other	1,644,248	5,689,231
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities cancelled during the year	-	-
c) other	-	-
4. Final amount	**2,323,571**	**679,323**

The values shown in table 10.6 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 15,431,258 euros, of which 44,115 euros related to the French Branch (2,905,157 euros in the previous year).

12.1 Other assets: breakdown

Breakdown	Total 31/12/2022	Total 31/12/2021
Receivables from Group companies (1)	14,812,777	1,644,336
Tax credits	-	
Receivables relating to bankruptcy proceedings	38,508	38,508
Guarantee deposits		2,500
Other receivables (3)	579,973	1,219,813
Totale	**15,431,258**	**2,905,157**

(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 579,973 mainly refer to euro 415,365 in prepaid expenses for costs incurred and not yet accrued, euro 42,127 related to withholding tax on bank interest, and euro 31,204 in receivables from the Banking and Insurance Fund for employee training courses co-financed by the fund.

BALANCE SHEET – LIABILITIES

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

This item amounted to € 159,397,587,287 (€126,648,374,953 in the previous financial Year).

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

Voci	Totale 31/12/2022				Totale 31/12/2021			
	verso banche	verso società finanziarie	verso clientela	altri	verso banche	verso società finanziarie	verso clientela	altri
1. Finanziamenti					**510,000,000**			
1.1 Pronti contro termine					510,000,000			
2. Debiti per leasing (1)				**1,104,823**				**1,099,146**
3. Altri debiti	**8,156**	**5,754,772,286**	**65,514,656**	**153,576,187,366**	**1,038,732**	**4,113,940,806**		**122,022,296,269**
Debiti per operazioni di pronti contro termine per attività di CCP (2)				134,172,307,449				105,638,952,565
Debiti verso partecipanti per margini e premi				12,816,387,407				9,061,321,319
Debiti verso partecipanti ai Default funds				5,909,844,000				6,910,839,000
Debiti verso altri sistemi di compensazione e garanzia (3)		5,754,772,286		-		4,113,940,806		-
Debiti verso partecipanti per depositi in c/anticipo				652,189,669				411,091,630
Debiti verso il socio per dividendi								
Debiti per interessi (4)	8,156		65,514,656		1,038,732			
Debiti verso partecipanti al MIC		-		-				-
Debiti verso partecipanti al sistema di regolamento titoli T2S e ICSD				25,458,841				91,755
Totale	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**	**511,038,732**	**4,113,940,806**		**122,023,395,415**
Fair value – livello 1								
Fair value – livello 2								
Fair value – livello 3	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**	**511,038,732**	**4,113,940,806**		**122,023,395,415**
Totale Fair value	**8,156**	**5,754,772,286**	**65,514,656**	**153,577,292,189**	**511,038,732**	**4,113,940,806**		**122,023,395,415**
	0		0		(0)			

(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 4,512,316,677 for initial margins, euro 1,140,000,000 for additional initial margin, and euro 102,455,609 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 amounting to 65,514,656 euros.

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

This item amounted to € 7,486,730,738 (€ 11,123,681,590 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 31/12/2022					Total 31/12/2021				
	NV	*Fair Value*			Fair value*	NV	*Fair Value*			Fair value*
		L1	L2	L3			L1	L2	L3	
B. Derivative instruments		**7,486,730,738**					**11,123,681,590**			
1. Financial derivatives		7,486,730,738					11,123,681,590			
S&P stock market index derivatives:	x	*5,935,720,836*			x	x	*9,724,660,709*			x
- Futures	x	*5,152,136,830*			x	x	*8,907,128,510*			x
- Mini Futures	x	*30,529,826*			x	x	*83,886,166*			x
- Options	x	*753,054,180*			x	x	*733,646,033*			x
Single stock derivatives:	x	*1,551,009,902*			x	x	*1,399,020,881*			x
- Futures	x	*437,304,477*			x	x	*344,583,781*			x
- Options	x	*1,113,705,425*			x	x	*1,054,437,100*			x
Commodities derivatives	x	-			x	x	-			x
Total		**7,486,730,738**					**11,123,681,590**	**-**	**-**	

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 Controparti Centrali**				**Total Controparti Centrali**			
	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				**7,486,730,738**				**11,123,681,590**
- Fair Value				7,486,730,738				11,123,681,590
5. Goods				**-**				**-**
- Fair Value				-				-
Total	**-**	**-**	**-**	**7,486,730,738**	**-**	**-**	**-**	**11,123,681,590**

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

This item amounted to € 8,295,577 (€ 4,126,425 in the previous year) and includes:

3.1 Financial liabilities measured at fair value: breakdown by type

Liabilities	Total 31/12/2022					Total 31/12/2021				
	NV	*Fair Value*			FV*	NV	*Fair Value*			FV*
		L1	L2	L3			L1	L2	L3	
2. Debt instruments		**8,295,577**			**x**		**4,126,425**			**x**
Bonds		4,014,278					3,889,989			
Financial instruments traded but not yet settled										
- Government bonds		*4,014,278*			x		*3,889,863*			x
Financial instruments in the portfolio										
- Valuation on Government bonds (1)		-			x		*126*			x
Other securities		4,281,299			x		236,436			x
Financial instruments traded but not yet settled:										
- Equity instruments		*4,281,299*			x		*236,436*			x
Financial instruments in the portfolio:										
-Measurement of equity instruments		-			x		-			x
Total		**8,295,577**					**4,126,425**			

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 settling both in Euro and in US Dollars which were delivered to the respective purchasers after the closing date of the financial year.

Section 6 - Tax liabilities - Item 60

Reference is made to section 100 under Assets "Tax assets and tax liabilities".

Section 8 - Other liabilities - Item 80

The amount of euro 12,256,886, of which euro 196,884 related to the French Branch (euro 7,495,954 in the previous year), is composed as follows:

8.1 Other liabilities: breakdown

Items	Total 31/12/2022	Total 31/12/2021
Due to intercompany suppliers (1)	3,905,483	1,223,339
Due to suppliers (2)	4,059,630	2,932,256
Sundry payables (3)	2,594,611	1,974,639
Due to social securities and insurance institutions	1,035,017	710,131
Due for recoveries from bankruptcy proceedings (4)	648,686	648,686
Deferred income	0	1,285
Tax payables	13,459	5,510
Due to customers	0	108
Total	**12,256,886**	**7,495,954**

(1) Payables to intercompany suppliers for a total of € 3,905,483 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 31/12/2022	Total 31/12/2021
A. Opening balance	**1,134,093**	**1,270,072**
B. Increases	**416,953**	**214,323**
B1. Provision for the year	263,535	82,611
B2. Other increases	153,418	131,712
C. Decreases	**(778,997)**	**(350,302)**
C1. Settlements made	(14,754)	(53,966)
C2. Other decreases	(764,243)	(296,336)
D. Final balance	**772,049**	**1,134,093**

This table represents the annual changes in the Company's severance indemnity provision.

The following table shows the assumptions assumed by the independent actuary for the purpose of valuing severance indemnity provision.

9.2 Other information
Assumptions for actuarial valuation

Assumptions adopted in actuarial valuation	Amounts at 31/12/22	Amounts at 31/12/21
Weighted average of assumptions for debt calculation		
Discount rate	3,90%	0,77%
Wage growth rate	3,00%	2,20%
TFR growth rate	N/A	2,40%
Inflation rate	2,00%	1,20%
Duration (in years)	6,27	N/A
Weighted average of assumptions for cost calculation		
Discount rate	0,77%	N/A
Wage growth rate	2,20%	N/A
TFR growth rate	2,40%	N/A
Inflation rate	1,20%	N/A

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

Yearly discount rate		Annual turnover rate		Annual inflation rate	
25 bps	-25 bps	50 bps	-50 bps	50 bps	-50 bps
825,455	789,226	799,197	815,224	790,586	823,678

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

The shareholders' equity at the reporting date amounted to € 156,083,669 (€ 202,337,448 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**	**22,285,092**	**2,137,258**	**55,509**	**809,900**	**(1,088,452)**	**82,785,666**	**116,103,387**
B. Increases	**-**	**-**	**-**	**147,450**	**-**	**409,037**	**-**	**3,925,805**	**4,482,292**
B1. Allocation of income	-	-	-	-	-	-	-	3,925,805	3,925,805
B2. Other increases	-	-	-	147,450	-	409,037	-	-	556,487
C. Decreases	**-**	**-**	**1,264,244**	**-**	**-**	**-**	**4,380,010**	**-**	**5,644,254**
C1. Settlements made	-	-	-	-	-	-	-	-	-
C2. Other decreases	-	-	1,264,244	-	-	-	4,380,010	-	5,644,254
D. Final balance	**6,600,000**	**2,518,414**	**21,020,848**	**2,284,708**	**55,509**	**1,218,937**	**- 5,468,462**	**86,711,471**	**114,941,425**

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 2022 - 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, 18,520,848 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, 2022 of the previous reserve of 19,785,092 euros (a decrease of 1,264,244 euros compared to the previous year).

It should be noted for the purposes of the reconciliation of the balance of regulatory reserves of 21,020,848 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. Then, on November 18, 2015, the establishment of a reserve, amounting to 1,500,000 euros in accordance with Article B.6.2.3 of the CC&G Regulations, intended to cover the expenses for the default procedure of a direct participant (Second Skin in the Game) was finalized, which was subsequently approved by the Board of Directors on December 2, 2015 and ratified by the Shareholders' Meeting on April 13, 2016.

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:	**114,941,425**				
Legal reserve	6,600,000	B			
Extraordinary reserve	2,518,414	A, B, C	2,518,414		
Revaluation reserve, of					
- *revaluation of securities*	(5,468,462)	D			
- *severance indemnity*	1,218,937	D			
Regulatory reserves (*)	21,020,848	B, D			
Other reserves (**)	86,711,471	A, B, C	86,711,471		
Reserve from transition to	55,509	A, B, C			
Provision for the purchase	2,284,708	D			
Profit (Loss) for the year	8,142,244		8,142,244		
Total	**156,083,669**		**97,372,129**	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

Section 1 - Interest- Items 10 and 20

Interest receivable and similar revenues - Item 10

This item amounted to € 2,150,834,765 (€ 1,265,479,641 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 31/12/2022	Total 31/12/2021
2. Financial assets measured at fair value through other comprehensive income (1)	**(12,153,763)**			**(12,153,763)**	**(16,776,832)**
3. Financial assets measured at amortised cost:		**18,250,664**	**2,144,737,864**	**2,162,988,528**	**1,282,256,473**
3.1 Receivables from banks		18,250,664		**18,250,664**	**(50,138,976)**
- on deposits with commercial banks (2)		*(16,282)*		***(16,282)***	***(99,787)***
- on deposits with the National Central Bank (3)		*18,814,606*		***18,814,606***	***(48,219,813)***
- on Repos assets (4)		*(547,660)*		***(547,660)***	***(1,819,376)***
3.2 Receivables from financial companies			7,926,028	**7,926,028**	**(18,542,524)**
- on deposits with other clearing and guarantee systems (5)			7,926,028	**7,926,028**	**(18,542,524)**
3.3 Receivables from costumers			2,136,811,836	**2,136,811,836**	**1,350,937,973**
- on Repos for CCP activities (6)			2,136,811,836	**2,136,811,836**	**1,350,937,973**
Total	**(12,153,763)**	**18,250,664**	**2,144,737,864**	**2,150,834,765**	**1,265,479,641**

(1) This item includes negative interest accrued on securities in the portfolio at 31 December 2022 for € -12,153,763 (€ -16,776,832 at 31 December 2021).

(2) The item includes interest accrued on on-demand bank deposits equal to € -16,282 at 31 December 2022 (€ -99,787 at 31 December 2021).

(3) The item includes positive interest accrued on deposits with the National Central Bank, amounting to 18,814,606 euros as of December 31, 2022, 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 2022, the ECB adopted for deposits with central banks by FMIs, a positive interest rate. This rate, as of December 31, 2022, was 2 percent. As of December 31, 2021, the negative interest accrued was -48,219,813 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 2022 for central counterparty activities.

Interest expenses and similar charges- Item 20

This item amounted to a total of € 2,107,709,791 (€ 1,218,683,902 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 31/12/2022	Total 31/12/2021
1. Financial liabilities measured at amortised cost	(29,133,333)		2,136,811,836	**2,107,678,503**	**1,218,657,779**
1.1 Due to banks	(1,917,369)			**(1,917,369)**	**(3,188,338)**
- on Repos assets (1)	*(1,917,369)*			***(1,917,369)***	***(3,188,338)***
1.2 Due to financial companies	(13,276,073)			**(13,276,073)**	**(20,678,688)**
- on deposits with other clearing and guarantee systems (2)	*(13,276,073)*			***(13,276,073)***	***(20,678,688)***
1.3 Due to customers:	(13,939,891)		2,136,811,836	**2,122,871,945**	**1,242,524,805**
- on deposits by clearing members (3)	*(13,939,891)*			***(13,939,891)***	***(108,413,168)***
- on Repos for CCP activities (4)			*2,136,811,836*	***2,136,811,836***	***1,350,937,973***
4. Other liabilities (5)			31,288	**31,288**	**26,123**
Total	**(29,133,333)**		**2,136,843,124**	**2,107,709,791**	**1,218,683,902**
of which: interest expense related to leasing payables			21,998	21,998	21,598

(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 December 31, 2022, based on the change on the remuneration of cash made as of September 1, 2022, the company remunerates with the deposit interest rate benchmark "Depo rate" (decided by the ECB) -30 bps the cash deposited by way of initial margins and "Depo rate" -25bps the participants' deposits by way of default funds.

(4) The item includes the valorisation of repos as at 31 December 2022 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 € 45,390,390 (€ 44,697,593 in the previous financial year), as shown in the following table:

2.1 Commission receivables: breakdown

Breakdown	**Total 31/12/2022**	**Total 31/12/2021**
e) services:	33,245,692	31,899,380
- others	33,245,692	31,899,380
- clearing activities	*33,245,692*	*31,899,380*
h) other commissions:	12,144,698	12,798,213
- other clearing commissions	*5,562,667*	*5,893,226*
- shareholdings	*3,714,376*	*3,753,003*
- commissions on guarantees deposited	*2,867,655*	*3,151,984*
Total	**45,390,390**	**44,697,593**

Commissions payable - Item 50

2.2 Commissions payable: breakdown

Breakdown/Sectors	**Total 31/12/2022**	**Total 31/12/2021**
d) other commissions	1,260,091	1,250,077
- bank commissions	*1,260,091*	*1,250,077*
Total	**1,260,091**	**1,250,077**

This item amounts to euro 1,260,091, of which euro 1,200 related to the French Branch (euro 1,250,077 in the previous year) and includes commission expenses for credit lines (amounting to euro 428,449) and expenses incurred for banking services.

Section 3 - Dividends and similar income - Item 70

This item amounted to € 4,105 (€ 4,821 in the previous year) and 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 31/12/2022**		**Total 31/12/2021**	
	Dividends	Similar income	Dividends	Similar income
B. Other financial assets obligatorily measured at fair value	4,105	-	4,821	-
Total	**4,105**	**-**	**4,821**	**-**

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:		**19,860,323,365**		**19,860,323,365**	
4.1 Financial derivatives		19,860,323,365		19,860,323,365	
Variation margins for CCP activities		*14,199,195,682*		*14,199,195,682*	
Option premiums for CCP activities		*5,661,127,683*		*5,661,127,683*	
Total	**-**	**19,860,323,365**	**-**	**19,860,323,365**	**-**

This item represents the gains and losses which, at 31 December 2022, 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

This item amounted to € -48,136,252 (€ 6,233,913 in the previous year).

6.1 Profit (Loss) from sale or repurchase: breakdown

Items/Income components	Total 31/12/2022			Total 31/12/2021		
	Gains	Losses	Net result	Gains	Losses	Net result
A. Financial assets	**814,479**	**(48,950,731)**	**(48,136,252)**	**6,233,913**	**-**	**6,233,913**
2. Financial assets measured at fair value through other comprehensive income	814,479	(48,950,731)	(48,136,252)	6,233,913	-	6,233,913
2.1 Debt instruments	*814,479*	*(48,950,731)*	*(48,136,252)*	*6,233,913*	-	*6,233,913*
Total Assets (A)	**814,479**	**(48,950,731)**	**(48,136,252)**	**6,233,913**	**-**	**6,233,913**

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

As a result of the sudden change in the monetary policy adopted by the European Central Bank and the consequent rise in interest rates, the investment strategy typically adopted (floating-rate funding and fixed-rate investment) had to be realigned with the new macroeconomic scenario; with a view to containing risks, therefore, a policy of limiting exposure was adopted by proceeding during July to sell the relatively higher duration part of the portfolio in order to contain the possible future impacts of further increases in rates, reducing both the duration (from 0. 96 to 0.5 years) and the overall size (from 4.76 to 2.56 billion euros) of the portfolio.

Currently, the investment of securities in the portfolio is diversified over six Eurozone countries such as Belgium, France, Ireland, Italy, the Netherlands, Spain, and Portugal; over Sovereign Securities issued by the European Stability Mechanism and the European Financial Stability Facility, as well as securities issued by Spanish (Instituto de Credito Oficial) and French (Caisse d'Amortissement de la Dette Sociale) government agencies.

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

This item amounted to € 176,413 (€ 1,686 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	**(8,295,576)**	**180,518**	**4,105**		**(8,119,163)**
1.1 Debt instruments	(4,014,278)	180,518	4,105		**(3,837,865)**
1.2 Equity securities	(4,281,298)				**(4,281,298)**
2. Financial liabilities			**(8,295,576)**		**8,295,576**
2.1 Debt instruments			(4,014,278)		**4,014,278**
2.2 Payables			(4,281,298)		**4,281,298**
Total	**(8,295,576)**	**180,518**	**(8,291,471)**	**-**	**176,413**

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 € 7,204 (€ 54,649 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
			Third		Impaired							
	First stage	Second stage	Write-off	Others	Write-off	Others	First stage	Second stage	Third stage	Impaired acquired o originated	31/12/2022	31/12/2021
3. Receivables from customers	**0**						(7,204)				**(7,204)**	**54,649**
– other receivables	0						(7,204)				**(7,204)**	**54,649**
Totale	**0**						(7,204)				**(7,204)**	**54,649**

Section 10 - Administrative expenses- Item 160

The total balance of the item amounted to € 27,056,322 (€ 23,240,365 in the previous year).

10.1 Personnel expenses: breakdown

Type of expense/values	Total 31/12/2022	Total 31/12/2021
1. Employees:	**7,325,113**	**7,069,305**
a) Wages and salaries	4,622,839	4,817,903
b) Social security charges	1,697,790	1,324,406
d) Welfare costs	138,422	159,458
e) Provisions for employee severance indemnities (1)	423,126	379,942
h) Other employee benefits (2)	442,936	387,596
2. Other employees in service (3)	**1,229,018**	**706,551**
3. Directors and Auditors (4)	**213,151**	**217,352**
Total	**8,767,282**	**7,993,208**

This item amounted to 8,767,282 euros, of which 557,885 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. and Monte Titoli S.p.A. after deducting the costs for CC&G personnel seconded to Monte Titoli 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	**31/12/2021**	Recruitments	Resignations	Transfers	**31/12/2022**	Average
Executives	8	1	-	2	11	9.5
Middle managers	24	9	-	1	34	29.0
Administrative staff	35	14	(6)	(3)	40	37.5
Total employees	**67**	**24**	**(6)**	**-**	**85**	**76.0**
Seconded in	11	-	-	-	11	11.0
Seconded out	-	-	-	-	-	
Total employees and secondments	**78**	**24**	**(6)**	**-**	**96**	**87.0**

10.3 Other administrative expenses: breakdown

Items/Sectors	Total 31/12/2022	Total 31/12/2021
IT Services (1)	9,191,019	9,082,543
Other expenses (2)	3,629,219	2,651,466
Professional services (3)	1,227,870	967,226
Expenses for Company offices (4)	1,209,893	1,071,385
Contributions to Authorities (5)	623,330	628,479
Telematic and data transmission services	1,223,501	615,330
EMIR Compliance and Trade Repository (6)	913,860	89,457
Insurance costs	270,348	141,271
Total other administrative expenses	**18,289,040**	**15,247,157**

This item amounted to 18,289,040 euros, of which 51,572 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 € 550,317 and the AGCM contribution of € 73,013.

(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 € 1,493,319 at 31 December 2022 (€ 1,263,203 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	1,493,319			**1,493,319**
A.1 for functional use	1,493,319			**1,493,319**
- Owned by the company	631,010			**631,010**
- Rights of use acquired with leasing	862,309			**862,309**
Total	**1,493,319**	**-**	**-**	**1,493,319**

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

This item amounts to € 1,110,192 (€ 1,040,868 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	**1,110,192**			**1,110,192**
of which: software				
1.1 own assets	1,110,192			1,110,192
1.2 rights of use acquired with leasing	0			0
Total	**1,110,192**	**-**	**-**	**1,110,192**

Section 14 - Other operating expenses and income - Item 200

This item amounting to € 1,439,045 (€1,915,517 in the previous financial year) refers to expenses for € 1,395 and income for € 1,440,440.

14.1 Other operating expenses: breakdown

Items/Sectors	Total 31/12/2022	Total 31/12/2021
Negative rounding up	-	199
Exchange losses	-	68,175
Other non-deductible costs	1,395	-
Total operating expenses (A)	**1,395**	**68,374**

14.2 Other operating income: breakdown

Items/Sectors	Total 31/12/2022	Total 31/12/2021
Sundry income (intercompany re-charging)	178,334	186,166
Other operating income	1,260,674	1,318,759
Exchange gains	1,432	-
Other income	-	478,966
Total operating income (B)	**1,440,440**	**1,983,891**
Total other operating expenses and income (B-A)	**1,439,045**	**1,915,517**

Other operating income mainly includes income from the initiative to provide outsourced central counterparty services to the Austrian central counterparty and the Romanian counterparty.

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

This item amounted to € 2,943,711 (€ 19,566,046 in the previous year).

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

	Total 31/12/2022	Total 31/12/2021
1. Current taxes (-)	2,968,933	20,483,651
2. Change in current taxes of previous years (+/-)	(3,589)	(946,156)
5. Changes in deferred tax liabilities (+/-)	(21,633)	28,551
6. Taxes for the period (-) (-1+/-2+/-5)	**2,943,711**	**19,566,046**

Current taxes, amounting to a total charge of 2,968,933 euros as of December 31, 2022, consist of:
- for € 2,463,724 of the expense for IRES deriving from the transfer of taxable income to the Group national tax consolidation;
- for € 505,209 of the expense for IRAP of the year.

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 31/12/2022
Profit before taxes	**11,085,955**
Theoretical IRES	2,660,629
Effect of increases	129,792
Effect of decreases	(60,162)
ACE deduction	(266,535)
Actual IRES	**2,463,724**
Irap	505,209
Adjustments of previous years	(3,589)
Deferred taxes	(21,633)
Total tax burden	**2,943,711**

Part D - Other information

Financial assets and liabilities subject to offsetting in the financial statements

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 31/12/2022			Total 31/12/2021		
	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)	22,371,041,418	14,884,310,680	7,486,730,738	24,913,655,803	13,789,974,213	11,123,681,590
Government Bonds (item 20c)	5,952,991	1,938,713	4,014,278	6,785,622	2,895,759	3,889,863
Equity instruments (item 20c)	11,823,585	7,542,286	4,281,299	576,340	339,904	236,436
Receivables from repo transactions for CCPactivities (item 40d)	145,460,677,387	11,288,369,938	134,172,307,449	118,785,865,174	13,146,912,690	105,638,952,484
Totale	**167,849,495,381**	**26,182,161,617**	**141,667,333,764**	**143,706,882,939**	**26,940,122,566**	**116,766,760,373**

Financial liabilities subject to offsetting

Items/Values	Total 31/12/2022			Total 31/12/2021		
	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)	22,371,041,418	14,884,310,680	7,486,730,738	24,913,655,803	13,789,974,213	11,123,681,590
Government Bonds (item 30)	5,952,991	1,938,713	4,014,278	6,785,622	2,895,759	3,889,863
Equity instruments (item 30)	11,823,585	7,542,286	4,281,299	576,340	339,904	236,436
Payables from repo transactions for CCPactivities (item 10)	145,460,677,387	11,288,369,938	134,172,307,449	118,785,865,174	13,146,912,690	105,638,952,484
Totale	**167,849,495,381**	**26,182,161,617**	**141,667,333,764**	**143,706,882,939**	**26,940,122,566**	**116,766,760,373**

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.

Guarantees and commitments

These are represented by the following items:

- "Third-party securities deposited as collateral" (EUR 1,354.2 million) shows the nominal value of government securities (EUR 1,352.8 million) and shares deposited as collateral for short call positions in options (EUR 1.4 million) deposited by CCP participants.

- "Securities to be received/delivered for transactions to be settled," -€18,158.3 million and -€18,280.5 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 and on May 23, 2022, 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 and on May 23, 2022, 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 2022 are shown below:

31/12/2022	CC&G		
n. azioni	Ten Share	LTIP	**Total**
Opening balance 01/01/22	600	2,058	**2,658**
Granted	630	3,229	**3,859**
Vested			**-**
Cancelled	- 80		**- 80**
Transferred	20		**20**
Closing balance 31/12/22	**1,170**	**5,287**	**6,457**

The cost charged to fiscal year 2022 is 147,450 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**	**LTI performance**	**LTI no performance**	**LTI performance**	**LTI no performance**
Date of grant	18-Nov-21	23-May-22	18-Nov-21	18-Nov-21	23-May-22	23-May-22
Grant date share price	92,25 €	78,90 €	92,25 €	92,25 €	78,90 €	78,90 €
Expected life	3 years	3 years	3 years	3 years	3 years	3 years
Dividend yield			1.72%	1.72%	1,71%	1,71%
Risk-free interest rate			0,00%	0,00%	0,48%	0,48%
Volatility			28.16%	28.16%	29,15%	29,15%
Fair value TSR			71,72 €	86,64 €	78,59 €	72,72 €

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, 2022 outstanding with them.

(Amounts in Euro)

	REVENUES	**RECEIVABLES**
Borsa Italiana Spa		
- Custody, administration and Settlemet	49,008	
- Work in Progress		
Euronext Holding Italia Spa		
- Services rendered and costs recharged		200,366
- Tax consolidation		14,612,411
Monte Titoli Spa		
- Work in Progress		
- Fees for services	107,526	
Mts Spa		
- Fees for Services	20,000	

(Amounts in euro)

	COSTS	PAYABLES
BIt Market Services Spa		
- Fees for Services	9,010	
Borsa Italiana Spa		
- Fees for Services	2,582,979	
- Seconded personnel	1,006,598	
- Services rendered and costs recharged		262,787
EuroMTS Ltd		
- Fees for Services	37,100	
- Services rendered and costs recharged		11,600
Euronext Amsterdam NV		
- Fees for Services	1,229,536	
- Services rendered and costs recharged		1,229,536
Euronext Holding Italia Spa		
- Rent and service charges	929,576	
- Fees for Services	38,396	
- Insurance	74,894	
- Group VAT		702,563
- Insurance		
Euronext Paris S.A.		
- Fees for Services	46,813	
- Seconded personnel	199,215	
- Services rendered and costs recharged		25,455
Euronext Technologies S.r.l.		
- Fees for Services	1,790	
GateLab Srl		
- Fees for Services	193,053	
- Services rendered and costs recharged		15,341
Monte Titoli Spa		
- Fees for Services	5,090,504	
- Services rendered and costs recharged		2,272,203
Mts Spa		
- Fees for Services	2,400	
- Services rendered and costs recharged		3,842

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

Charges to Euronext Amsterdam N.V. include integration costs with the Euronext Group for the years 2021 and 2022.

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	619,089
Auditors	71,600
Total	**690,689**

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

a. Short-term employee benefits	501,348
b. Post-employment benefits	19,175
c. Other long-term benefits	-
d. Severance benefits	26,966
e. Share-Based Payments	123,428
Total	**670,917**

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 2023) is 120,000 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, 2022, 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, 2021, 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, 2021

(Amounts in €/1000)	**31-Dec-21**
Assets	
Non-current assets	1,451,029
Total current assets	19,223
TOTAL ASSETS	**1,470,252**
Liabilities	
Non-current liabilities	7,367
Current liabilities	25,928
TOTAL LIABILITIES	**33,295**
NET ASSETS	**1,436,957**
Equity	
Share capital	350,000
Reserves	918,834
(loos)/profit of the period	168,122
TOTAL EQUITY	**1,436,956**

STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2021

(Amount in €/1000)	**31-Dec-21**
Revenues	182,714
TOTAL REVENUES	**182,714**
Employee's costs	2,324
Service costs	3,462
Depreciation and amortization	7,161
Operating expenses	491
TOTAL OPERATING COSTS	**13,438**
Finance income	-
Finance expense	922
PROFIT BEFORE TAX	**168,354**
Taxes	231
NET INCOME	**168,123**
Other elements with an impact on Shareholder's Equity	21
TOTAL NET INCOME	**168,144**

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:

Services	Entity that provided the service	Fees (euro)
Indipendent auditing	EY S.p.A.	67,800
Other auditing services (Reporting package)	EY S.p.A.	46,000
Certification services	EY S.p.A.	2,200
Totale		**116,000**

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 14% of the regulatory capital amount ("Total Capital Requirement").

On 26 January 2023, therefore, the establishment of an unavailable reserve was approved by the Board of Directors and subsequently ratified by the Shareholders' Meeting pursuant to article 9, paragraph 14 of EU Regulation no. 23/2021 for the amount of €10,371,675.00 ("Second Skin in The Game"). This reserve will be adjusted annually on the basis of the existing regulatory capital at the time of approval of the financial statements. This SSITG reserve took effect from 12 February 2023, by reducing the Other Reserves existing at 31 December 2022.

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 2022, a Skin in The Game equal to euro 14,192,008.00 (25% of the total regulatory capital equal to €56,768,031.00), 23% lower than the same figure as at 31 December 2021, equal to €18,520,848.00. The Second Skin in the Game is equal to Euro 7,947,524.00 (14% of the total regulatory capital equal to Euro 56,768,031.00).

Below is the calculation of the Regulatory Capital as at 31 December 2022 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)*	**31/12/2022**
Capital	33,000,000
Reserves	114,941,425
Net profit allocated to reservers	409,244
Total Shareholder's Equity	**148,350,669**
Intangible assets	(13,412,649)
FVOCI and FTA reserves	(1,274,446)
Share awards	(2,284,708)
Total Shareholder's Equity after prudential filter	**131,378,866**
Skin in the game (SITG)	14,192,008
Second Skin in the game (SSITG)	7,947,524
Total "NET" Shareholder's Equity	**109,239,334**

Capital Requirement as per art. 16 EMIR Regulation *(amounts in euro)*	**31/12/2022**
Winding down/restructuring requirement	13,959,316
Credit, Market and Counterparty risk	3,930,683
Operational risk	12,114,770
Business Risk	26,763,262
Total Capital Requirement (TCR)	**56,768,031**
Notification threshold (10%)	5,676,803
TCR + Notification threshold	**62,444,834**
Internal Buffer (IB)	1,000,000
TCR + Notification threshold + IB	**63,444,834**

The Shareholders' Equity available from the Regulations, as at 31 December 2022, amounts to 131,378,866.00 Euros (out of a total of Shareholders' Equity at the same date equal to 148,350,669.00 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 € 56,768,031.00 (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 27 April 2023), to reserve unavailable up to the amount of Euro 14,192,008.00. In addition, the 14% guarantee threshold (Second Skin in the Game) was applied which will be allocated (subsequent to the approval of the Shareholders' Meeting of 27 April 2023) to the unavailable reserve up to the amount of euro 7,947,524.00. 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.

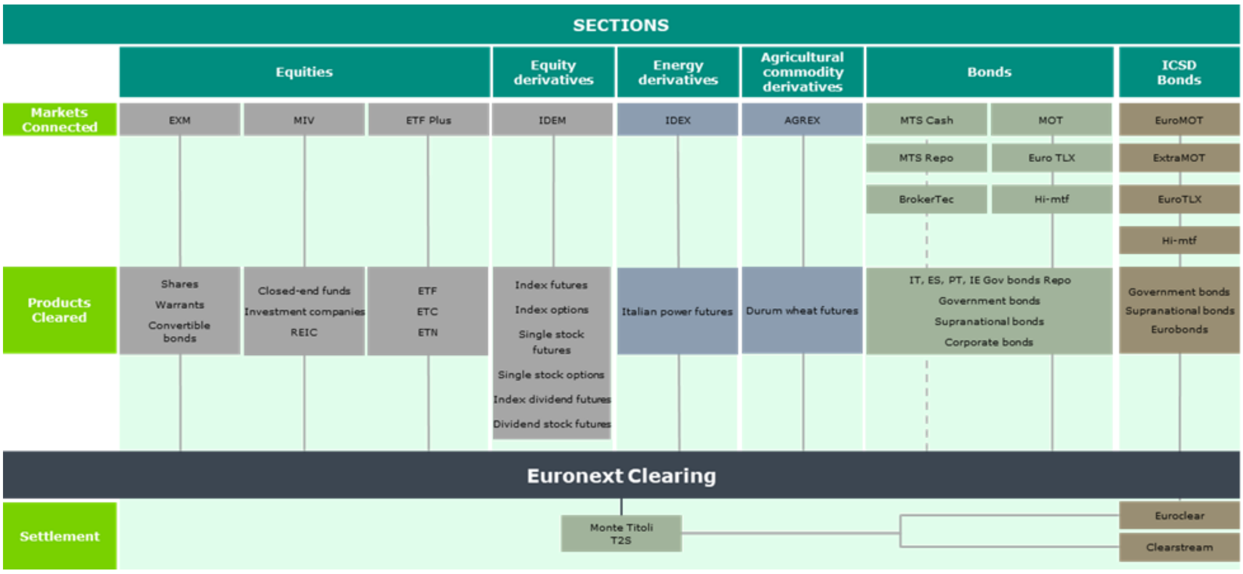
On 22 October 2019 the Board of Directors approved the method for calculating a strategic capital reserve (Strategic Buffer) to be established annually when the proposal for allocation of the profit is made. This reserve (available and distributable) was set aside initially with the approval of the 2019 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 no further increase in its amount is required. The value of the reserve at 31 December 2022 was therefore still € 20,300,000.

Risk management

Introduction

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

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 the MARS – Margining System methodology for equity markets and equity derivatives. As far as the bond markets are concerned, the methodology called FIRE - Fixed Income Risk Engine (which entered into force on 20 June 2022) 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. The MARS - Margining System methodology permits cross-margining between equity and derivatives instruments composing the portfolio.

Fundamental principles applying to equity and equity derivatives sections: MarS

All financial instruments that are considered by CC&G as significantly correlated with one another in terms of price variations are included in one single Integrated Portfolio and, therefore, Initial Margins are calculated at portfolio level.

CC&G's Margining System method enables determination, at an overall aggregate level, of the risk exposure of each member per:

- Group of products: integrated portfolio including underlying assets with price variations with significant statistical correlation;

- Group of classes: integrated cash-derivative portfolio relating to the same share (options, futures and shares on the same share).

In order for a member to be allowed to benefit from cross-margining on cash-derivatives integrated portfolios, it is necessary that they are a general member or individual member in both sections, or, if they are a customer negotiator, that they use the same general member in both markets.

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.

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.

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

As of 31 December 2022 the Default Funds were made up as follows:

- Equity and Equity Derivatives Market: € 1,700 million;

- Bond Segment: € 4,200 million;

- Energy Derivatives Segment: € 0.35 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, 2022, Euronext Clearing's equity was 156.1 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).

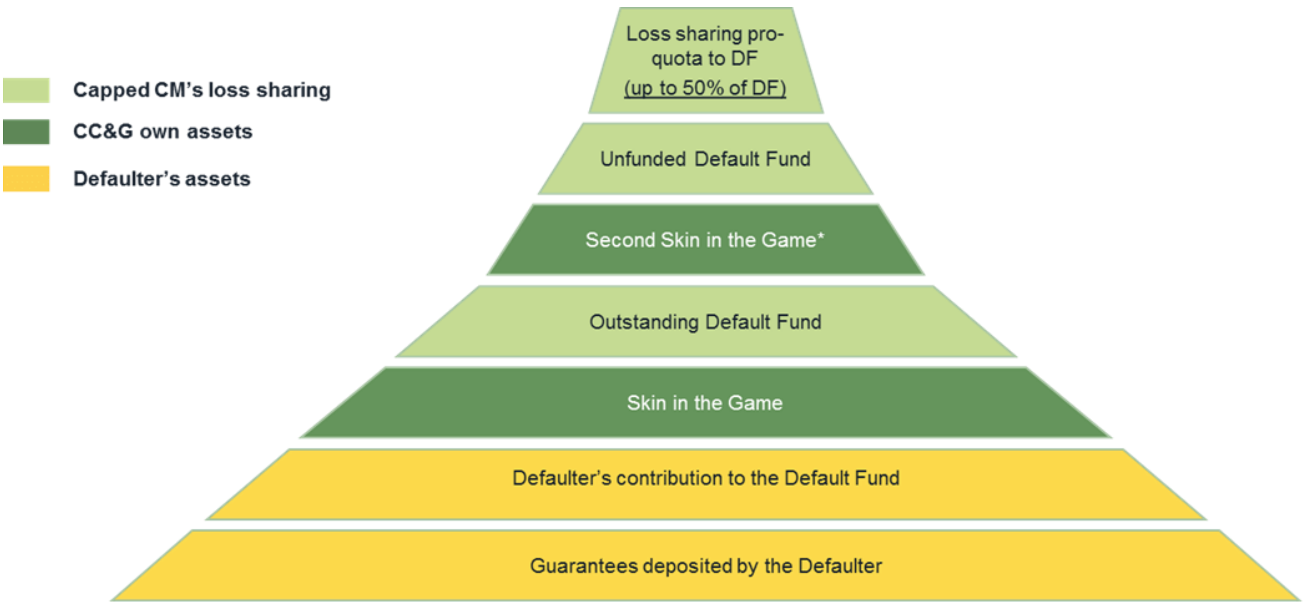
<u>Insolvency proceedings against a Member</u>

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) the equity of Euronext Clearing in the amount of EUR 1.5 million (Second Skin in the Game)[8];
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 percent 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.



[8] Based on the CCP Recovery and Resolution Regulation, the establishment of the second Skin In The Game becomes mandatory as of February 12, 2023. The new amount, calculated in accordance with the aforementioned regulation, is 7,947,524 euros.

The amount of the Skin-in-the-game, corresponding to 25% of the minimum regulatory capital was € 14,192,008.00 at 31 December 2022.[9]

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 June 27, 2022 to the Bank of Italy and Consob and received formal approval, in coordination with the Supervisory College, on October 30, 2022.

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 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.

In light of the new regulations, the 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.

The management of these risks is governed according to the "Investment Policy" and the risk appetite framework. We must specify that the monitoring of the aforementioned risks takes into account the potential impacts deriving from the Covid-19 pandemic.

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

[9] This amount, resulting from the calculation of the regulatory capital at 31/12/2022, 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 € 18,520,848.00.

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 December 31, 2022, based on the change on the remuneration of Cash Held made as of September 1, 2022, the Company remunerates with the interest rate benchmark on the deposit "Depo rate" decided by the European Central Bank -30 bps initial collateral margins and "Depo rate" -25bps Participants' deposits under Default Funds.

Any derivatives, i.e., rate swaps, can only be used to hedge risk. No derivative transactions were outstanding as of December 31, 2022.

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.

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, 20 March 2023

for the Board of Directors

The Chairman

Renato Tarantola

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 2021 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 2022, 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, publication in December 2020 and effective from 1 January 2021.
We inform you about this activity and the results achieved with this report.
The financial statements as of 31.12.2022 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 8,142,244 euros, have been submitted for your examination.
The same was made available to us within the deadline provided by the law.
The firm in charge of the statutory audit of the accounts EY S.p.A has delivered its report to us dated 12 April 2023 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 31.12.2022 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, 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 Board of Statutory Auditors confirmed that there have been no losses of the professional requirements required by art. 2397 of the Italian Civil Code and situations of forfeiture referred in art. 2399 of the Italian Civil Code by each member.

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.

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.LGS. 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 role of “Internal control and statutory audit committee” established pursuant to Legislative Decree no. 39/2010 and to art. 7 of the EMIR regulation n. 153/2013, the Board performed the supervisory functions provided for by art. 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 31.12.2022 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 31.12.2022, as well as its compliance with the law.
We recall your attention to what is stated in the notes to the financial statements regarding the impact of the conflict in Ukraine and the inflationary effects on the company.

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 invite the shareholders to approve the financial statements for the year ended 31 December 2022, as prepared by the directors.
The Board of Statutory Auditors agrees with the proposal for the allocation of the result for the year formulated by the directors in the notes to the financial statements.

Milan, 12 April 2023

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.

Cassa di Compensazione e Garanzia S.p.A.

Financial statements as at December 31, 2022

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

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

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to articles 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 balance sheet as at 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union 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 Those Charged with Governance 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.

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 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 2022, 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 2022 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 2022 and comply with the applicable laws and regulations.

With reference to the statement required by article 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, 12 April 2023

EY S.p.A.
Signed by: Stefano Cattaneo, Auditor

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