



GRUPPO BANCA FINNAT

CONSOLIDATED INTERIM REPORT ON OPERATIONS
AT 31 MARCH 2022



CONSOLIDATED INTERIM
REPORT AT
31 MARCH 2022

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Giampietro Nattino

Honorary Chair and Director ()*

Marco Tofanelli

Chair

Lupo Rattazzi

Vice Chair

Arturo Nattino

Managing Director

Maria Teresa Bianchi

Director

Roberto Cusmai

Director

Vincenzo Marini Marini

Director

Giulia Nattino

Director

Maria Sole Nattino

Director

Paola Pierri

Director

(*) On 14 June 2021 Mr Giampietro Nattino, formerly Honorary Chair, was appointed Director in place of Mr Ermanno Boffa, who resigned on 19 May 2021, and was confirmed in the role by the Meeting of 28 April 2022.

BOARD OF AUDITORS

Salvatore Ferri

Chair

Laura Bellicini

Acting Auditor

Barbara Fasoli Braccini

Acting Auditor

Nicola Pironti di Campagna

Alternate Auditor

Monica Petrella

Alternate Auditor

MANAGEMENT

Arturo Nattino

General Manager

Giulio Bastia

Joint General Manager, Deputy CEO and Financial Reporting Manager

Alberto Alfiero

Vice General Manager

INDEPENDENT AUDITORS

KPMG S.p.A.

NOTES ON READING THE INTERIM REPORT

The Interim Report is drawn up in accordance with that laid down in the Borsa Italiana Regulation for companies listed on the STAR segment (article 2.2.3 paragraph 3).

For the purposes of drawing up the Report, Borsa Italiana Notice no. 7587 of 21 April 2016 is also taken into account, which, as far as the Report's contents are concerned, confirms the application of the pre-existing article 154-ter, paragraph 5 of Leg. Dec. 58/98 (TUF). This article establishes that, within forty-five days of ending the first and third quarters of the reporting period, listed issuers must publish an Interim Report containing the following:

- a) a general description of the performance and financial position of the issuer and its subsidiaries in the reference period;
- b) an illustration of significant events and operations that occurred in the reference period and their impact on the financial position of the issuer and its subsidiaries.

This Interim Report contains consolidated statement of financial position, income statement, statement of comprehensive income and statement of changes in equity tables, and some brief information on the income statement and financial position.

The aforesaid tables and brief information comply with that envisaged in the Banca d'Italia Circular no. 262 "Bank financial statement: tables and rules" – 7th update of 29 October 2021.

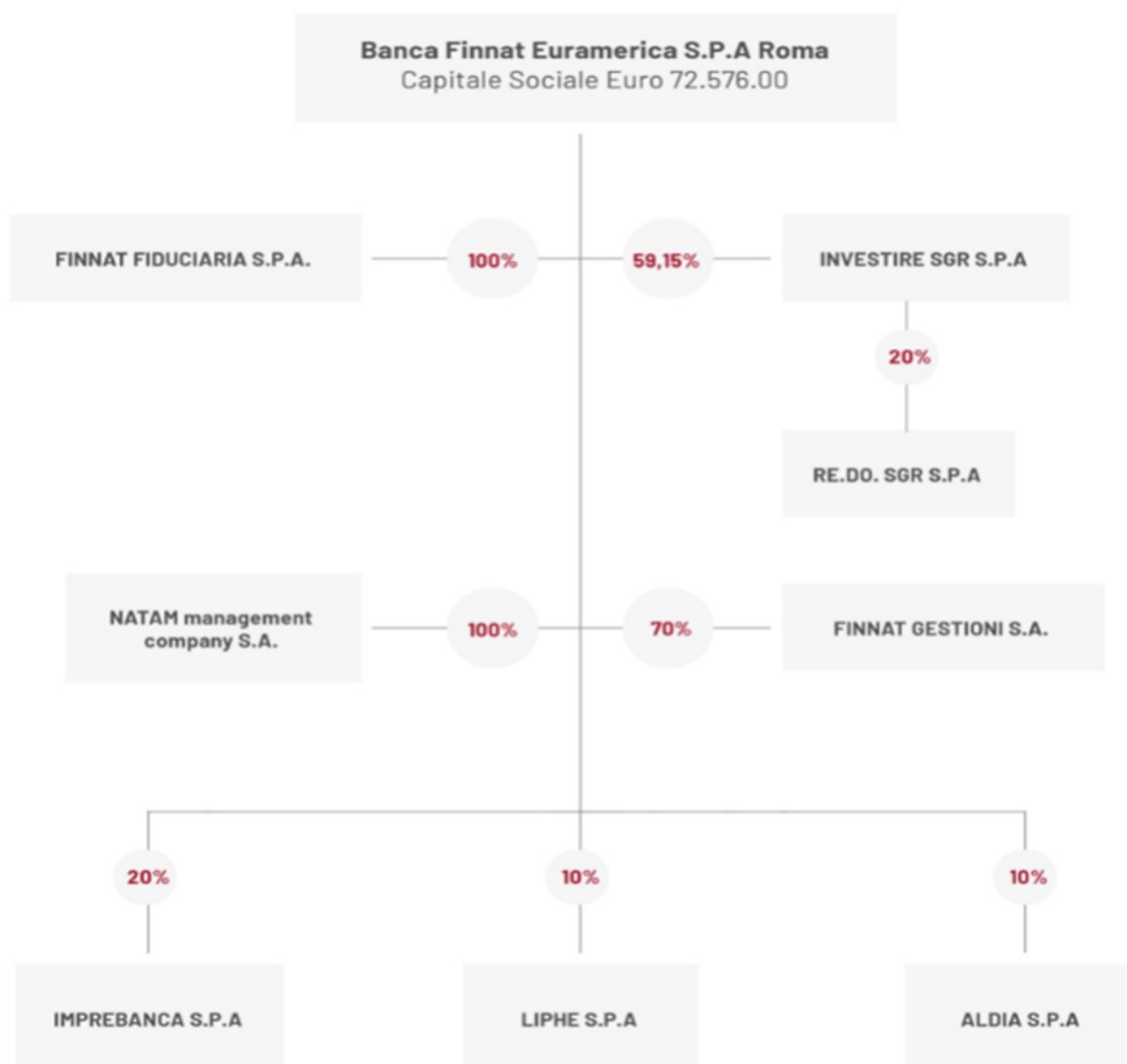
The results of the quarter in question were compared with those of the previous period as follows:

- the Income statement structure compares Q1 2022 data with those of the same period of 2021. The Statement of comprehensive income shows data from the first three months of the current period compared with those from the same period of the previous year;
- the Statement of financial position gives values at 31 March 2022 compared with those at 31 December 2021, while the Statement of changes in equity gives values at 31 December 2021 and 31 March 2022, as well as changes occurring in the period.

The Notice on transfers between portfolios and on fair value hierarchy is also outlined.

In compliance with current regulations, this Interim Report is not subject to audit.

GROUP STRUCTURE



Group structure has not changed compared to 31 December 2021.

In addition to the aforementioned equity investments, from July 2021, the Bank also fully consolidates the BFE Revalue Fund, a 100% owned structured entity.

GROUP FINANCIAL HIGHLIGHTS

	31.03.2022	31.12.2021	31.03.2021
GROUP CONSOLIDATED SHAREHOLDERS EQUITY (in thousand Euro)	224,313	227,200	224,732
GROUP HUMAN RESOURCES	346	347	353
CONSOLIDATED PROFIT (LOSS) (in thousand Euro)	1,314	6,130	1,949

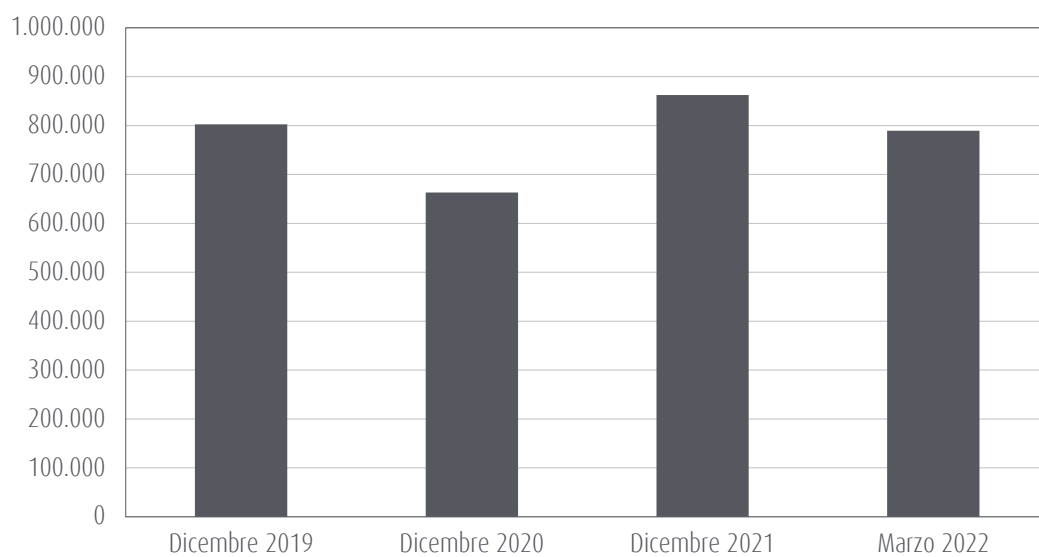
BANCA FINNAT EURAMERICA MARKET CAPITALISATION

	Number shares	Stock Exchange Listing 28 April 2022	Capitalisation 28 April 2022 (in thousands of euros)	Consolidated shareholders equity (in thousands of euros)	Share capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.3180	115,396	224,313	72,576

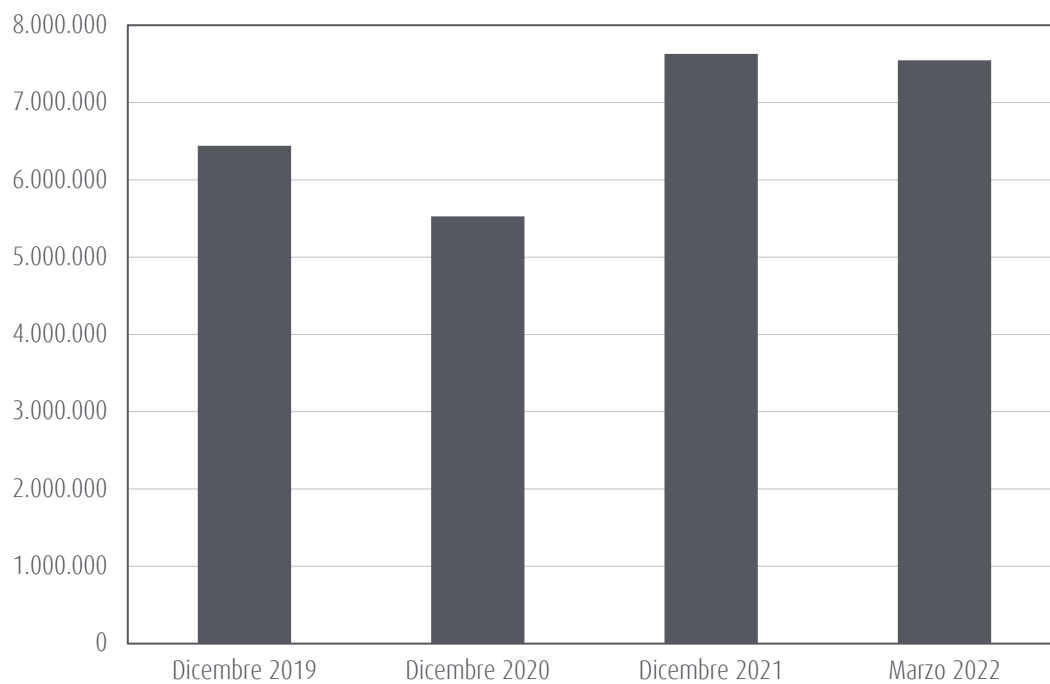
CHANGES IN THE GROUP'S DEPOSITS
(in thousands of Euros)

	December 2019	December 2020	December 2021	March 2022
Direct deposits of parent company clients	802,644	663,025	862,508	789,377
- Due to customers (current accounts)	565,790	478,268	649,618	599,708
- Time deposits	211,941	184,757	212,890	189,669
- Securities issued	24,913	-	-	-
Indirect deposits of parent company	6,441,594	5,528,219	7,629,116	7,545,826
- Individual management	484,820	516,798	696,647	687,886
- Proxy management	279,479	256,551	316,372	297,349
- Administered deposits (UCIS and securities)	4,539,880	3,524,466	5,202,756	5,157,798
- Administered deposits in consultancy services (UCIS and securities)	859,826	921,118	1,045,216	1,032,113
- Third-party insurance products	277,589	309,286	368,125	370,680
Fiduciary Assets	1,881,194	1,844,502	1,878,158	1,858,279
Real Estate Fund Management	7,078,247	6,643,328	6,976,727	6,976,727
Luxembourg law SICAV administration	770,279	767,470	763,865	725,293
Total deposits	16,973,958	15,446,544	18,110,374	17,895,502

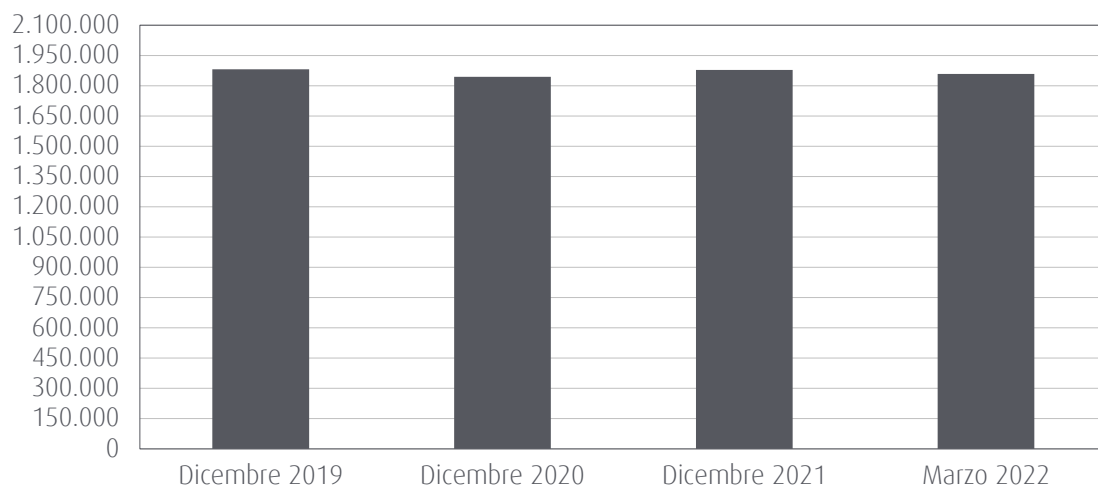
Raccolta diretta clientela



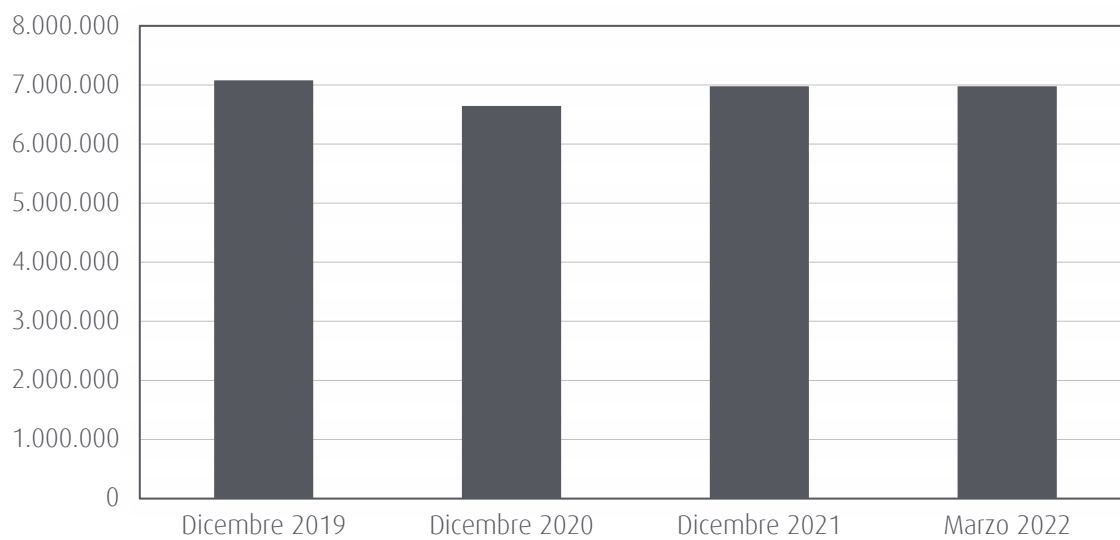
Raccolta indiretta



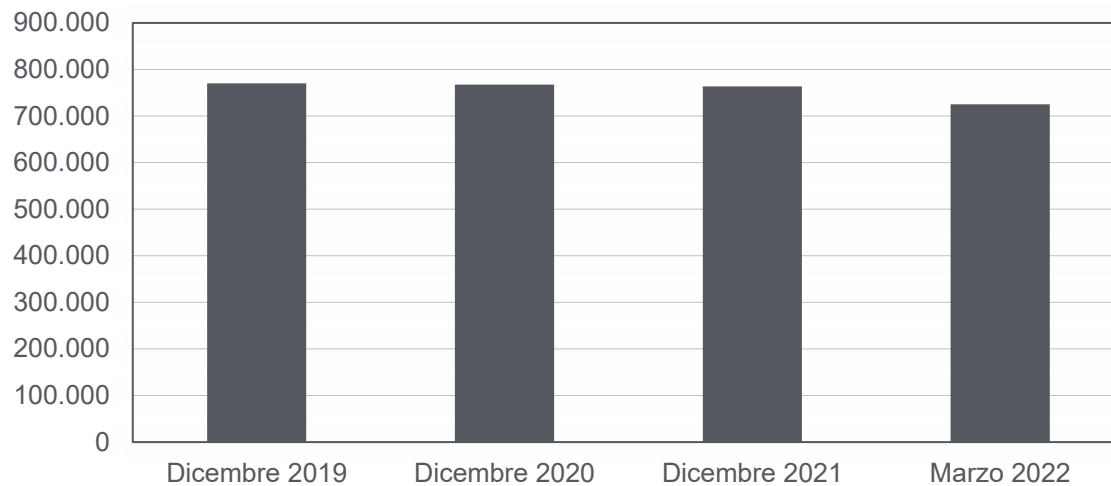
Attività Fiduciaria



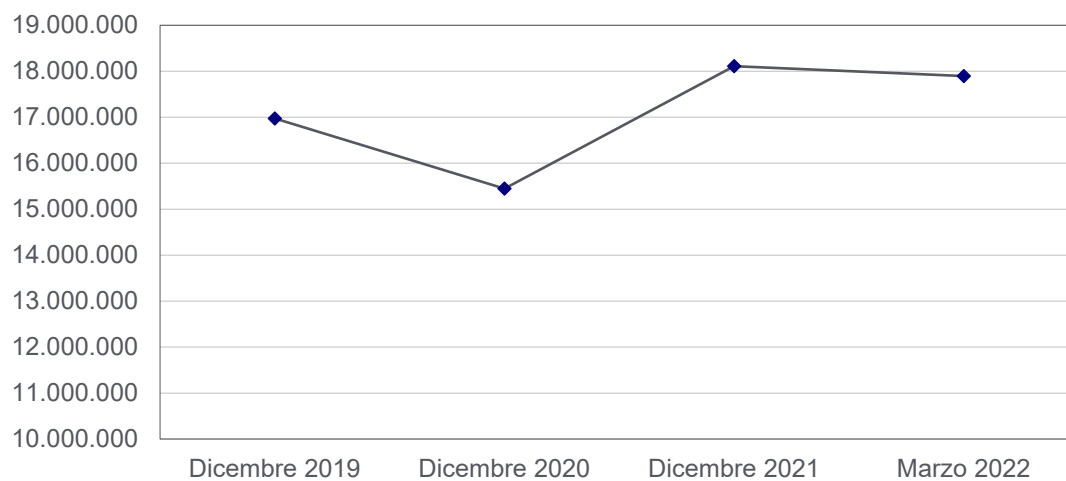
Fondi Immobiliari



Amministrazione Sicav di diritto lussemburghese



Raccolta totale del Gruppo

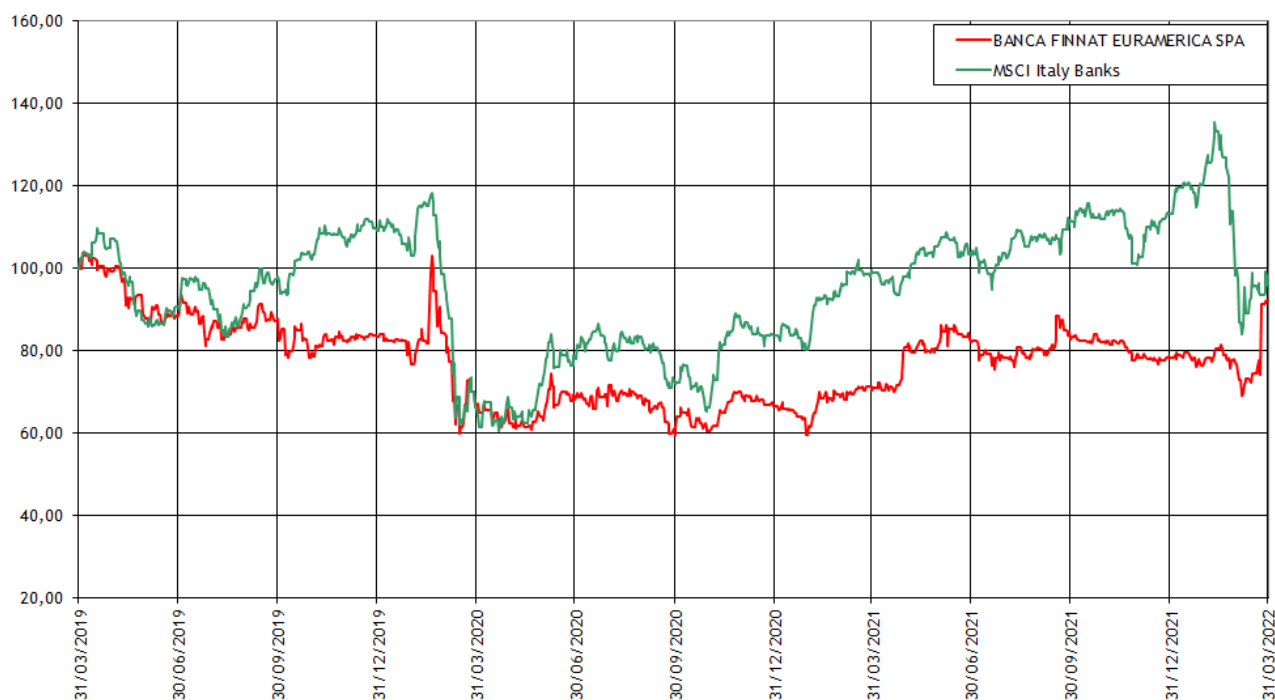


STOCK MARKET SHARE PERFORMANCE

Market price in Euro on:

Security	29.04.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021
BFE	0.3180	0.3130	0.2660	0.2810	0.2780	0.2390

ANDAMENTO QUOTAZIONE TITOLO BANCA FINNAT E RAFFRONTO CON INDICE SETTORE BANCARIO ITALIANO



FINANCIAL STATEMENTS



INCOME STATEMENT
(in thousands of Euros)

Items	1 January 31 March 2022	1 January 31 March 2021
10. Interest and similar income	3,143	3,641
20. Interest and similar expense	(1,123)	(665)
30. Net interest income	2,020	2,976
40. Fee and commission income	14,259	13,391
50. Fee and commission expense	(728)	(605)
60. Net fee and commission income	13,531	12,786
70. Dividends and similar income	1	506
80. Net trading expense	120	764
100. Net gain from disposal or repurchase of:	819	(24)
a) financial assets at amortised cost	-	5
b) financial assets at fair value through other comprehensive income	819	(29)
110. Net losses on other financial assets and liabilities at fair value through profit and loss	(258)	(75)
b) other financial assets mandatorily measured at fair value	(258)	(75)
120. Total income	16,233	16,933
130. Net impairment losses for credit risk associated with:	(351)	(501)
a) financial assets at amortised cost	(252)	(537)
b) financial assets at fair value through other comprehensive income	(99)	36
140. Net modification gains (losses)	-	(160)
150. Net financial income	15,882	16,272
190. Administrative expenses:	(13,869)	(13,434)
a) personnel expenses	(9,290)	(9,358)
b) other administrative expenses	(4,579)	(4,076)
200. Net reversals of (accruals to) provisions for risks and charges	(7)	(27)
a) commitments and guarantees given	(7)	91
b) other	-	(118)
210. Depreciation and net impairment losses on property, equipment and investment property	(850)	(849)
220. Amortisation and net impairment losses on intangible assets	(30)	(45)
230. Other operating income, net	1,697	1,768
240. Operating costs	(13,059)	(12,587)
250. Net loss on equity investments	(54)	(51)
290. Profit from continuing operations before taxes	2,769	3,634
300. Income taxes	(886)	(1,111)
310. Profit from continuing operations after taxes	1,883	2,523
330. Profit for the year	1,883	2,523
340. Profit for the year attributable to non-controlling interests	569	574
350. Profit for the year attributable to the owner of the parent	1,314	1,949

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euros)

Items	1 January 31 March 2022	1 January 31 March 2021
10. Profit for the year	1,883	2,523
Other comprehensive income after taxes that will not be reclassified to profit or loss		
20. Equity instruments at fair value through other comprehensive income	(2,378)	23
70. Defined benefit plans	276	96
90. Share of valuation reserves of equity-accounted investments	-	(34)
Other comprehensive income after taxes that will be reclassified to profit or loss		
140. Financial assets (other than equity instruments) at fair value through other comprehensive income	(2,012)	16
170. Total other comprehensive income after tax	(4,114)	101
180. Comprehensive income (Items 10+170)	(2,231)	2,624
190. Comprehensive income attributable to non-controlling interests	667	650
200. Comprehensive income attributable to owners of the parent	(2,898)	1,974

STATEMENT OF FINANCIAL POSITION
 (in thousands of Euros)

Assets		31.03.2022	31.12.2021
10.	Cash and cash equivalents	106,900	115,367
20.	Financial assets at fair value through profit and loss	35,268	35,459
	a) financial assets held for trading	9,441	9,327
	c) other financial assets mandatorily measured at fair value	25,827	26,132
30.	Financial assets at fair value through other comprehensive income	312,896	345,869
40.	Financial assets at amortised cost	1,468,287	1,339,422
	a) loans and receivables with banks	17,775	54,372
	b) loans and receivables with customers	1,450,512	1,285,050
70.	Equity investments	10,330	10,385
90.	Property, equipment and investment property	19,159	19,896
100.	Intangible assets	31,076	31,089
	of which:		
	- goodwill	28,129	28,129
110.	Tax assets	10,640	9,993
	a) current	16	74
	b) deferred	10,624	9,919
130.	Other assets	22,508	38,408
	Total assets	2,017,064	1,945,888

STATEMENT OF FINANCIAL POSITION
 (in thousands of Euros)

Liabilities and equity		31.03.2022	31.12.2021
10.	Financial liabilities at amortised cost	1,723,497	1,651,310
	a) due to banks	403	394
	b) due to customers	1,723,094	1,650,916
20.	Financial liabilities held for trading	2,162	2,065
60.	Tax liabilities	2,999	2,490
	a) current	1,732	911
	b) deferred	1,267	1,579
80.	Other liabilities	24,226	23,375
90.	Post-employment benefits	5,492	5,752
100.	Provisions for risks and charges:	131	124
	a) commitments and guarantees given	62	55
	c) other provisions for risks and charges	69	69
120.	Valuation reserves	6,080	10,292
150	Reserves	158,402	152,261
170.	Capital	72,576	72,576
180.	Treasury shares (-)	(14,059)	(14,059)
190.	Non-controlling interests (+/-)	34,244	33,572
200.	Profit for the year (+/-)	1,314	6,130
	Total liabilities and equity	2,017,064	1,945,888

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022
(in thousands of Euros)

	Balances at 31.12.2021	Change in opening balances	Balances at 01.01.2022	Allocation of previous year profit		Changes during the year									Shareholders Equity 31.03.2022		
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions					Comprehensive income for 1 January - 31 March 2022	Total	Owners of the parent	Non-controlling interests		
							New share issue	Purchase of treasury shares	Extraordinary dividend distribution	Change in capital instruments	Derivatives on treasury shares					Stock options	Changes in equity investments
Capital:	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
a) ordinary shares	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	183,485	-	183,485	8,632	-	16	-	-	-	-	-	-	-	-	192,133	158,402	33,731
a) income-related	127,286	-	127,286	8,182	-	-	-	-	-	-	-	-	-	-	135,468	124,634	10,834
b) other	56,199	-	56,199	450	-	16	-	-	-	-	-	-	-	-	56,665	33,768	22,897
Valuation reserve	10,138	-	10,138	-	-	-	-	-	-	-	-	-	-	(4,114)	6,024	6,080	(56)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(14,059)	-	(14,059)	-	-	-	-	-	-	-	-	-	-	-	(14,059)	(14,059)	-
Profit for the year	8,632	-	8,632	(8,632)	-	-	-	-	-	-	-	-	-	1,883	1,883	1,314	569
Shareholders Equity	260,772	-	260,772	-	-	16	-	-	-	-	-	-	-	(2,231)	258,557	224,313	34,244
of which: attributable to the owners of the parent	227,200	-	227,200	-	-	11	-	-	-	-	-	-	-	(2,898)	224,313		
of which: attributable to non-controlling interests	33,572	-	33,572	-	-	5	-	-	-	-	-	-	-	667	34,244		

**LIST OF EQUITY INVESTMENTS INCLUDED IN CONSOLIDATION
AREA**

Company	Share capital in Euro (1)	Registered office	% direct ownership 31.03.2022	% indirect ownership 31.03.2022	Balance sheet value of equity investment (in thousands of Euros)	Activity
Parent company						
Banca Finnat Euramerica S.p.A.	72,576,000	Rome				Banking and banking group parent company
Direct subsidiaries						
InvestiRE SGR S.p.A.	14,770,000	Rome	59.15			Promotion and management of real estate funds of the closed-end type
Finnat Fiduciaria S.p.A.	1,500,000	Rome	100.00			Fiduciary assets
Finnat Gestioni S.A.	750,000	Lugano	70.00			Financial management and consultancy
Natam Management Company S.A.	750,000	Luxembourg	100.00			Asset management company
Directly controlled structured entities:						
BFE Revalue (2)		Rome	100.00			Alternative investment property funds of the closed-end type
Jointly-controlled companies						
Redo SGR S.p.A. (2)		Milan		20.00	3,687	Asset management company
Aldia S.p.A.		Bologna	10.00		390	Industrial company
Liphe S.p.A.		Bologna	10.00		150	Industrial company
Companies subject to significant influence						
Imprebanca S.p.A.		Rome	20.00		6,103	Banking
Total					10,330	

All subsidiaries belong to the Banca Finnat Euramerica banking group.

(1) Finnat Gestioni S.A. capital is expressed in Swiss Francs.

(2) Subscription to 31 March 2022 amounts to Euro 200,000.

(3) The equity investment in Redo SGR S.p.A. is owned by subsidiary InvestiRE SGR S.p.A.

GENERAL COMMENTS

Results of the Banca Finnat Euramerica Group

The first three months of 2022 record net consolidated income of Euro 1,314 thousand - Euro 635 thousand less than the Euro 1,949 thousand recorded in Q1 2021.

The results from the period highlight a significant rise in net fee and commission income offset by lower net interest income, which is mainly due to the drop in the contribution of transactions on the Bank's reverse repurchase agreements portfolio.

The quarter was influenced by the international instability arising from the conflict between Russia and Ukraine. In view of the Bank's limited exposure to the countries involved in the conflict, the immediate economic repercussions for the Group can be considered as low.

The effects of the Russian invasion and the spread of the Covid-19 virus are illustrated in section "Most significant transactions and events of the period".

The main components that contributed to the formation of the result of the first three months of 2022, compared with those of the same period of 2021, are outlined below:

Total income at 31 March 2022 is equal to Euro 16,233 thousand compared to Euro 16,933 thousand in the same period of the previous year. The overall Euro 700 thousand decrease is made up as follows:

Increases

- Euro 745 thousand for Net fee and commission income (Euro 13,531 thousand in the first three months of 2022 compared to Euro 12,786 thousand in the same period of 2021);
- Euro 843 thousand for Profits on disposal of financial assets at amortised cost and financial assets at fair value through other comprehensive income (Euro 819 thousand in the positive at 31 March 2022 compared to Euro 24 thousand in the negative in the same period of 2021);

Decreases

- Euro 956 thousand for Net interest income (Euro 2,020 thousand at 31 March 2022 compared to Euro 2,976 thousand in the same period of 2021);
- Euro 505 thousand for Dividends and similar income (Euro 1 thousand at 31 March 2022 compared to Euro 506 thousand in the first three months of 2021);
- Euro 644 thousand net trading expense. This item amounts to Euro 120 thousand in the positive at 31 March 2022 compared to Euro 764 thousand in the positive in Q1 2021;
- Euro 183 thousand for Net losses on other financial assets mandatorily measured at fair value (Euro 258 thousand loss at 31 March 2021 compared to a Euro 75 thousand loss in the same period of 2021).

Net impairment losses for credit risk. This item amounted at 31 March 2022 to Euro 351 thousand relating to impairment losses on Financial assets at amortised cost (Euro 252 thousand) and Financial assets at fair value through other comprehensive income (Euro 99 thousand). At 31 March 2021 impairment losses of Euro 537

thousand were made on Financial assets at amortised cost and value recoveries of Euro 36 thousand on Financial assets at fair value through other comprehensive income.

In the first three months of 2022, **Administrative expenses** amounted to Euro 13,869 thousand compared to Euro 13,434 thousand in the same period of 2021, made up as follows:

- personnel expenses, equal to Euro 9,290 thousand, are Euro 68 thousand lower than the same period of the previous year (Euro 9,358 thousand),
- other administrative expenses, equal to Euro 4,579 thousand, are Euro 503 thousand higher than the same period of the previous year (Euro 4,076 thousand). Other administrative expenses include recoveries from customers allocated under item Other operating income, net; net of these recoveries, other administrative expenses amount to Euro 2,998 thousand compared to Euro 2,658 thousand in the same period of the previous year.

Depreciation and net impairment losses on property, equipment and investment property. The item reports impairment losses of Euro 850 thousand (Euro 849 thousand at 31 March 2021) and includes Euro 764 thousand in depreciation of the right to use leased assets (Euro 760 thousand at 31 March 2021), including Euro 694 thousand in other administrative expenses and Euro 70 thousand in personnel expenses.

Other operating income, net at 31 March 2022 presents a positive balance of Euro 1,697 thousand compared to Euro 1,768 thousand in the same period of 2021. This item includes cost recoveries from customers for Euro 1,663 thousand, including Euro 1,581 thousand in other administrative expenses (Euro 1,484 thousand in the first three months of 2021, including Euro 1,418 thousand in other administrative expenses).

Income taxes amount to Euro 886 thousand compared to Euro 1,111 thousand in Q1 2021.

* * *

The overall result of Q1 2022, which also includes the change in “Valuation reserve”, is shown in the Statement of Comprehensive Income.

BUSINESS PERFORMANCE

Indications on disclosures to the market

The following is declared with regard to direct disclosures to the market:

- with reference to the request formulated by Banca d'Italia on 17 June 2008, the Bank and the other companies in the Group, at 31 March 2022, do not hold any exposure and/or interest, including through special purpose vehicles or other non-consolidated entities, in financial instruments or UCIS the policy of which includes high risk investments such as: - *SPE (Special Purpose Entities)* - *CDO (Collateralized Debt Obligations)* - *Other exposures to subprime and Alt-A* - *CMBS (Commercial Mortgage-Backed Securities)* - *Leveraged Finance*;
- the Banca Finnat Euramerica S.p.A. board of directors, pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to adhere to the simplification regime envisaged in art. 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments, exercising its right, as a listed company, to waive the obligation to submit the disclosure documents envisaged in Annex 3B of the Consob Resolution related to future significant extraordinary mergers, demergers, capital increases via issue for non-cash consideration, acquisitions and disposals;
- with reference to the requests contained in the joint Banca d'Italia, Consob and Isvap document no. 2 of 6 February 2009, in the subsequent document no. 4 of 4 March 2010 and in sections 15 and 25 of IAS 1, relating to disclosures on valuations with respect to the going concern assumption, see that laid down in the Notes to the Accounts 2021 in Part A Section 2 – General drafting principles and Part E – Information on risks and relative hedging policies;
- within the envisaged deadline of 1 February 2018, the Bank opted to apply the transitional arrangement envisaged by EU Regulation 2017/2395 which modifies “EU Regulation no. 575/2013 aimed at mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State”. The foregoing transitional arrangement envisages the possibility of including in the Common Equity Tier 1 capital a portion, calculated as a percentage, of the increased expected credit loss provisions due to the effects of the first application of IFRS 9. This benefit is recognised for a period of 5 years in decreasing quotas (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, 25% in 2022). From 1 January 2023 the impact from first adopting IFRS 9 will be fully reflected in the own funds calculation. In addition to the possibility of mitigating the impact of first adopting the new financial reporting standard on 1 January 2018, the transitional arrangement also envisages the possibility of mitigating any impact of the new impairment model in the first reporting periods following the date IFRS 9 is first adopted, although this is limited to impact arising from valuation of performing financial assets. On 28/4/2020 the EU issued Regulation 2020/0066 in response to the Covid-19 pandemic, which integrated the aforesaid transitional arrangements and extended their application from 2022 to 2024 (with progressively decreasing percentages) for the provisions made in 2020 and in 2021 on performing financial assets.

Most significant transactions and events of the period

- on 11 February 2022, Carlo Carlevaris, the lawyer who had been Chairman of the Bank's Board of Directors for many years, passed away. The whole of Banca Finnat Euramerica Group remembers his great professionalism and humanity with deep fondness;
- on 24 March 2022, with a press release issued by the Bank, the Nattino family expressed its intention to reorganise the ownership structure of Banca Finnat Euramerica S.p.A. The press release announces that the branch members headed by Cavaliere del lavoro Dott. Giampietro Nattino – i.e. Giampietro Nattino, Arturo Nattino, Andrea Nattino, Giulia Nattino, Paola Nattino, Celeste Buitoni, Giampietro Nattino Jr and Paolo Nattino - subject to the release of the necessary legal authorisations, intend to concentrate in a newly established holding company entitled Nattino Holding s.r.l. the overall 68.72% stake, which they own, in the share capital of Banca Finnat Euramerica S.p.A. The press release also states that the Transfer aims to provide long-term stability and certainty to the Bank's ownership structure through the adoption of a suitable statutory structure for the Holding and will result in the Holding acquiring legal control of the Bank. The press release also states that, following the Transfer, therefore, the Holding will launch, via a special purpose vehicle wholly owned by the Holding itself, a mandatory public acquisition offer for the entirety of the Bank's shares for a price no lower than the transfer values and equal to Euro 0.31, with the aim of delisting the Bank. The maximum outlay in the event all shareholders accept the bid will be approximately Euro 17 million. The press release also states that the Holding and the vehicle intend to cover the outlay in part through the use of their own funds and in part by making use of a loan made available by Intesa Sanpaolo. The press release also states that, on 24 March 2022, the Holding that will control Banca Finnat entered into shareholders' agreements with some of the Bank's shareholders who as a whole hold approximately 8% of the share capital. As announced in the press release, the applications for obtaining the necessary legal authorisations were submitted in April to the banking Supervisory Authority, with whom discussions had already begun. Subject to the release of said authorisations and the completion of the Transfer, the Holding and the vehicle will promote the Bid as and when envisaged by the applicable regulations.

The press release states finally that, in the event that, on Bid completion, the Holding and the vehicle exceed the 90% threshold of the Bank's capital, the float will not be restored and the Bank's shares will be delisted, in compliance with sell out and squeeze out rights. In the event the Bank is delisted, the Holding intends to propose to the competent bodies of the Bank, subject to the release of the necessary legal and regulatory authorisations, the merger by incorporation of the vehicle into the same Bank.

Invasion of Ukraine by Russia

On 24 February 2022 Russian armed forces crossed national borders and began the invasion of Ukraine. The escalation followed Moscow's decision to recognise the separatist-held Ukrainian areas of Donetsk and Luhansk in the Donbas as independent. Many cities in Ukraine are under constant bombardment although the Ukrainian people are desperately resisting.

Since the beginning of the invasion, over 4 million refugees have fled the war to Poland and other neighbouring states, and thousands of civilian and military deaths have been recorded.

NATO members immediately reacted to the Russian government's military action by activating their defence plans and placing their own forces on maximum alert. The European Union, through the President of the Commission, imposed heavy economic and financial sanctions, including: halting the export of technology to Moscow, freezing Russian assets and ending Russian banks' access to European capital markets.

The European Union, aligning with the position of the United States, United Kingdom and Canada, excluded some Russian banks from the Swift international payment system.

The United States, United Kingdom and some NATO member states are supplying weapons to Ukraine, although NATO has refused to send troops to Ukraine to avoid the risk of a large-scale war.

The geopolitical risks arising from the ongoing conflict will have repercussions on the energy market, on inflation and on the growth of the eurozone and Italy; the current crisis has particularly highlighted the issue of Europe's energy dependence on non-European countries, particularly Russia. However, it is not currently possible to make forecasts as to the potential economic impacts that this situation of major international instability could have on the global macroeconomic framework and, consequently, on output. It should be pointed out that the Bank's exposure to the two countries directly involved in the conflict is such that its economic, asset or financial prospects are unlikely to be significantly affected. Any decisions taken at EU and international level and the possible repercussions on the Bank will in any event be constantly monitored. In particular, on 7 March 2022 Banca d'Italia, CONSOB, IVASS and UIF issued a joint press release stressing that the parties they oversee must comply fully with the restrictive measures agreed by the European Union in response to Russian military aggression in Ukraine. In compliance with the press release, the Bank implemented all necessary controls and devices to comply with the restrictive measures adopted by the European Union and constantly monitors the updating of said measures.

Covid-19

Since the beginning of 2022, the general epidemiological situation in the country has worsened due to the wide spread of the new Omicron variant, which resulted in the number of people testing positive for Covid-19 peaking at 200,000 a day and deaths rising to above 400 a day in January.

Considering the speed of the spread, the Government introduced further Covid-19 prevention and containment measures under Decree Law no. 1 of 7 January 2022. In particular, the decree, in force from 15 February to 15 June 2022, obliges all public and private sector workers aged 50 and over to be vaccinated. It should also be noted that the reinforced *Green Pass*, which is subject to inspection by employers, constitutes an essential requirement for carrying out working activities. Among other things, the decree envisages the extension of the basic *Green Pass* to access postal, banking and financial services as from 1 February 2022. As a result of the new government measures, the Bank took prompt steps to comply with and apply that laid down in the aforesaid decree. The Bank updated and integrated the circular issued on 13 October 2021, outlining the procedures for *Green Pass* inspections to access the workplace, and also further reinforced its existing sanitary facilities, and increased the number of workers allowed to work from home.

Following a slowdown in the spread of the Covid-19 epidemic and a gradual return to "normality", the Government, on 24 March 2022, issued Decree Law no. 24 "Urgent provisions to overcome measures to combat the spread of the Covid-19 epidemic as a consequence of the state of emergency". This decree, in force from 1 April, ended the state of emergency, set to last until 31 March 2022, while maintaining some measures to counter the spread of the virus. Among other things, the measure states that: new rules on

isolation and self-monitoring are set out; the obligation to wear an FFP2 mask in all indoor places remains in force until 30 April 2022; from 1 to 30 April 2022, access to workplaces with the basic *green pass* is permitted for everyone, including people aged 50 and over; provisions on working from home for private sector workers even where no individual agreement is in place are extended until 30 June 2022.

Following this decree, the Bank issued, on 28 March and coming into force on 1 April 2022, a circular implementing the new government provisions within its remit.

Despite the emergency having lasted for over two years, all Banca Finnat Group companies ensured and continue to ensure continuity of services to counterparties and the market, guaranteeing maximum efficiency for customers in branch and via online banking services.

Significant events occurring after the end of the quarter

After 31 March 2022 and up to the date on which this interim report was written, no significant events occurred that could affect the Group's economic, equity and financial position.

The following are nonetheless highlighted:

- the Finnat Euramerica Spa banking group qualified as a small and non-complex institution (SNCI). On 8 April 2022 – following the European Union's review of the legislative package governing bank capital (Regulation CRR2 and Directive CRD5) – Banca d'Italia notified this bank by letter prot. 0592198/22 of the SNCI status assigned to the Group and all its banking components. This qualification was defined on the basis of a series of criteria, including quantitative criteria, referring to the date of 31 December 2021, and may be reviewed at least once a year. Intermediaries classified as SNCI may make use of simplified rules on some profiles, such as: reporting standards, public disclosure obligations, methodologies for measuring medium- and long-term liquidity risk, and the interest rate risk in the banking portfolio;
- on 14 April 2022 the Bank's Board of Directors reviewed and approved the updated Group Business Plan for 2022-2024;
- on 28 April 2022 the Bank's shareholders' meeting:
 - approved the Financial Statement for the year ended 31 December 2021 and resolved to distribute a gross dividend of Euro 0.012 per share to shareholders payable from 25 May 2022 (dividend registered on 23 May 2022);
 - confirmed Mr Giampietro Nattino as Honorary Chair, already co-opted to the Board of Directors at the 14 June 2021 board meeting. Mr Nattino's term will expire, along with that of the entire Board of Directors, upon approval of the 2023 Financial Statement;
 - approved the Report on the remuneration policy drawn up pursuant to art. 123-ter of Leg. Dec. 58/98.

Covid-19 - Invasion of Ukraine by Russia

With reference to the pandemic situation that is still ongoing although being contained, the Bank's coronavirus emergency committee constantly monitors the pandemic at national level in order to provide information, which also extends to the Group's subsidiaries, for handling any cases that may arise.

The continuation of the Russia-Ukraine conflict, for which no diplomatic solutions are currently on the table, together with the intensification of reactions in terms of economic and financial sanctions by the European Union and many NATO countries, creates, as mentioned above, uncertainty in the macroeconomic situation, exchange rates, costs of energy and raw materials, trade, inflationary expectations, cost of debt, and credit risks. In compliance with the joint press release issued by Banca d'Italia, CONSOB, IVASS and UIF, the Bank implemented, as stated above, all necessary controls and devices to comply with the restrictive measures adopted by the EU and constantly monitors the updating of said measures. The possible geopolitical repercussions arising from the escalation of the conflict could significantly impact the macroeconomic prospects in a way that cannot yet be foreseen; in light of the current situation, and due to the limited exposure to the countries involved in the conflict, the immediate economic repercussions can be considered as low; however, medium-term forecasts cannot at present be made in such a complex and uncertain environment.

Operating outlook

The forecasts for 2022, drawn up by the Bank and by other companies in the Group, take account of the severe instability affecting global markets. Expected results enable us to confirm interesting levels of profitability and capitalisation for 2022.

Considering the uncertainty around the duration and outcome of the war between Russia and Ukraine, the Bank will provide updates on the effects that the ongoing conflict may have on the performance of the company's business activities in the periodic reports foreseen during the financial year.

DRAFTING CRITERIA

General principles

Banca Finnat Group's Interim Report at 31 March 2022 was drawn up - as outlined in section "Notes on reading the interim report" - as laid down in art. 2.2.3 paragraph 3 of the Borsa Italiana Regulation for companies listed on the STAR segment and referring to the criteria envisaged by IAS/IFRS. The Report provides quantitative equity and economic information expressed in thousands of Euro, where possible using the tables envisaged in the Banca d'Italia Circular no. 262 "Bank financial statements: tables and rules" 7th update of 29 October 2021.

This Report, and the 2021 Financial Statement, also takes account of the announcement from Banca d'Italia dated 21 December 2021 - Update to the provisions of Circular no. 262 "Bank financial statements: tables and rules" - on the impacts of Covid-19 and the measures supporting the economy. The purpose of this announcement was to update the provisions of Circular no. 262/2005 in order to provide the market with information on the effects that Covid-19 has had on strategies, objectives and risk management policies, as well as on the Bank's equity and economic situation.

Section 5 - Other aspects of the Notes to the Accounts 2021, referred to here, provides information on the effects the Covid-19 pandemic has had on strategies, objectives and risk management policies, as well as on the Group's equity and economic situation.

The accounting standards adopted for the drawing up this Report are unchanged compared to those adopted for the drawing up the Financial Statement for the year ended 31 December 2021.

To guarantee compliance with the schedule to ensure immediate disclosure to the market, when drawing up the Report, estimates have been given (based on the most recent data available) in limited cases and for insignificant values in relation to some balance sheet items and some economic effects.

The quarterly accounting positions used in the consolidation process are those set out by the subsidiaries approved by the respective Governing Bodies with reference to 31 March 2022. For associates, on the other hand, the latest accounting position available at the time of writing this report was used. The accounting positions acquired are adjusted, where necessary, to adapt them to the Group's financial reporting standards. In particular:

- the income statement and the statement of comprehensive income were provided for the quarter in question and were compared with data from the same period of the previous year;
- financial position data at 31 March 2022 were compared with those at 31 December 2021;
- shareholders equity data show values to 31 December 2021 and to 31 March 2022, and the changes occurred in the interim period.
- the period result is net of taxes calculated at current rates and of items available on the date of writing. The Bank and its Italian subsidiaries have adhered to the "Italian national tax consolidation" pursuant to art. 117/129 of the Income Tax Act (TUIR). Because of this option, the Group's companies calculate their own tax burden and the corresponding tax income (taxable income or tax loss) is

transferred to the parent company, after which a single taxable income or a single tax loss is calculated (resulting from the algebraic sum of its own income/losses and that of participating subsidiaries) and, consequently, a single debt/credit for tax on company income.

This Report also includes a section entitled Notice on transfers between portfolios and on fair value hierarchy.

The consolidation area has not changed compared to the balance sheet closed on 31 December 2021.

In compliance with current regulations, this Interim Report is not subject to audit.

NOTICE ON TRANSFERS BETWEEN PORTFOLIOS AND ON FAIR VALUE HIERARCHY

Transfers between financial asset portfolios

According to the general rules provided for by IFRS 9 on the reclassification of financial assets (with the exception of equity, for which no reclassification is permitted), financial assets may not be reclassified to other categories unless the entity changes its business model for financial asset management. Cases such as this are expected to be highly infrequent. During the period in question, the Group made no transfers between financial asset portfolios arising from a change in business model.

Fair value hierarchy

Below are shown the balances at 31 March 2022 and at 31 January 2021 of the portfolios of financial instruments measured at fair value divided into a hierarchy of levels that reflects the significance of the inputs used in the valuations.

The hierarchy is calculated according to the following three levels identified in IFRS 13:

- Level 1: inputs represented by (unadjusted) quoted prices in active markets for assets or liabilities subject to measurement;
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs not based on observable market data for the asset or liability.

Assets and liabilities measured at fair value on recurring basis: breakdown by fair value level

Financial assets/liabilities measured at fair value	31.03.2022			31.12.2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit and loss	3,830	25,792	5,646	3,651	26,084	5,724
a) financial assets held for trading	3,148	5,845	448	2,924	5,955	448
b) financial assets at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	682	19,947	5,198	727	20,129	5,276
2. Financial assets at fair value through other comprehensive income	307,319	484	5,093	330,357	500	15,012
3. Hedging derivatives	-	-	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	311,149	26,276	10,739	334,008	26,584	20,736
1. Financial liabilities held for trading	1,104	158	900	989	176	900
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	1,104	158	900	989	176	900

Key:

L1 = Level 1; L2 = Level 2; L3 = Level 3

The change (from Euro 15,012 thousand to Euro 5,093 thousand) in level 3 under item 2. Financial assets at fair value through other comprehensive income, is mainly due to the share swap which occurred in early January of SIA S.p.A. shares (level 3), owned by the Bank, to Nexi S.p.A. shares (level 1) following the merger by incorporation of the former into the latter.

INFORMATION ON INCOME STATEMENT, COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

The most significant comprehensive income from Q1 2022 is shown below in thousands of Euros:

INTEREST

	Period		Period	
	1 January	31 March 2022	1 January	31 March 2021
Interest and similar income		3,143		3,641
Interest and similar expense		(1,123)		(665)
Net interest income		2,020		2,976

The net interest income, pertaining almost exclusively to the Bank, reports a Euro 956 thousand decrease, mainly due to a drop in the contribution of transactions on the Bank's reverse repurchase agreements portfolio.

COMMISSIONS

	Period		Period	
	1 January	31 March 2022	1 January	31 March 2021
Fee and commission income		14,259		13,391
Fee and commission expense		(728)		(605)
Net fee and commission income		13,531		12,786

Net fee and commission income for the first three months of 2022 increases by Euro 745 thousand compared to the same period of the previous year. The Bank accounts for Euro 461 thousand, the subsidiary InvestIRE SGR S.p.A. Euro 273 thousand, and other Group companies Euro 11 thousand of this increase.

NET TRADING EXPENSE

Net trading expense, pertaining almost exclusively to the Bank, in the first three months of 2022 recorded a positive balance of Euro 120 thousand compared to a Euro 764 thousand trading income in the same period of the previous year, and is made up as follows:

- a positive balance between realised profits and losses from trading on securities and derivatives of Euro 266 thousand;
- a negative difference of Euro 393 thousand between unrealised capital gains and capital losses for fair value adjustment of the trading portfolio (including Euro 7 thousand capital gains from Natam);
- Euro 247 thousand in net profit on foreign exchanges.

NET GAIN FROM DISPOSAL OR REPURCHASE OF:**a) financial assets at amortised cost**

This item, pertaining exclusively to the Bank, amounts to a balance of zero in Q1 2022 compared to Euro 5 thousand in the positive in Q1 2021.

b) financial assets at fair value through other comprehensive income

This item, pertaining exclusively to the Bank, amounts to Euro 819 thousand in the positive in Q1 2022 compared to Euro 29 thousand in the negative in Q1 2021.

NET LOSSES ON OTHER FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS**b) other financial assets mandatorily measured at fair value**

In the first three months of 2022, this item recorded a Euro 258 thousand loss arising from Euro 241 thousand net capital losses recorded by the Bank (Euro 183 thousand losses on UCIS shares and Euro 58 thousand losses on ITAS bonds), and Euro 17 thousand in capital losses on UCIS shares recorded by InvestiRE SGR S.p.A.. This item recorded Euro 75 thousand losses in the first three months of 2021.

NET IMPAIRMENT LOSSES FOR CREDIT RISK ASSOCIATED WITH:**a) financial assets at amortised cost**

In the first three months of 2022, the item recorded net impairment losses of Euro 252 thousand. The Bank made Euro 285 thousand in impairment losses on loans and receivables with customers and Euro 13 thousand in value recoveries on loans and receivables with banks, while Finnatt Fiduciaria S.p.A. and InvestiRE SGR S.p.A. made Euro 13 thousand and Euro 7 thousand in net value recoveries respectively. The first three months of 2021 saw impairment losses of Euro 537 thousand.

b) financial assets at fair value through other comprehensive income

In the first three months of 2022, this item recorded net impairment losses of Euro 99 thousand made exclusively by the Bank. The first three months of 2021 saw value recoveries of Euro 36 thousand.

ADMINISTRATIVE EXPENSES

	Period		Period	
	1 January	31 March 2022	1 January	31 March 2021
Personnel expenses		9,290		9,358
Other administrative expenses		4,579		4,076
Total		13,869		13,434

Administrative expenses overall are Euro 435 thousand higher than the first three months of 2021. Personnel expenses are Euro 68 thousand lower than the same period of the previous year. The Bank accounts for Euro 330 thousand of this fall, mainly due to provisions under the incentive scheme, while InvestiRE SGR S.p.A. and the Group's other companies recorded a Euro 199 thousand and Euro 63 thousand increase respectively.

Other administrative expenses increase by Euro 503 thousand compared to the first three months of 2021. Administrative expenses also include recoveries from customers allocated under item Other operating income, net; net of these recoveries, other administrative expenses amount to Euro 2,998 thousand, Euro 340 thousand higher than the same period of the previous year (Euro 2,658 thousand).

DEPRECIATION AND NET IMPAIRMENT LOSSES ON PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

The item reports impairment losses of Euro 850 thousand (Euro 849 thousand for the first three months of 2021) and includes Euro 764 thousand in depreciation of the right to use leased assets (Euro 760 thousand for the first three months of 2021), including Euro 694 thousand in other administrative expenses and Euro 70 thousand in personnel expenses.

OTHER OPERATING INCOME, NET

Other operating expense/income presents a positive balance of Euro 1,697 thousand compared to Euro 1,768 thousand in the first three months of 2021. This item includes cost recoveries from customers for Euro 1,663 thousand, including Euro 1,581 thousand in other administrative expenses (Euro 1,484 thousand in the first three months of 2021, including Euro 1,418 thousand in other administrative expenses).

INCOME TAXES

The item, in the first three months of the current reporting period, presents a balance of Euro 886 thousand compared to Euro 1,111 thousand in the same period of the previous year.

Taxes on income were calculated on the basis of current tax rates.

COMPREHENSIVE INCOME

Below are shown the changes in valuation reserves relating to financial assets:

Changes in “Other comprehensive income after taxes that will not be reclassified to profit or loss”

The change in valuation reserves recorded under item “20. Equity instruments at fair value through other comprehensive income” is Euro 2,378 thousand in the negative and pertains solely to the parent company. The change in valuation reserves recorded under item “70. Defined benefit plans” is Euro 276 thousand in the positive with Euro 178 thousand relating to the Group and Euro 98 thousand to non-controlling interests.

Changes in “Other comprehensive income after taxes that will be reclassified to profit or loss”

The change in valuation reserves recorded under item “140. Financial assets (other than equity investments) at fair value through other comprehensive income” is Euro 2,012 thousand in the negative and concerns debt securities. The change pertains exclusively to the Bank.

* * *

At 31 March 2022 the Group's valuation reserves (after taxes) are as follows:

Valuation reserves

A) Financial assets at fair value through other comprehensive income

Parent company

Nexi S.p.A. shares	Euro	5,803
SIT S.p.A. shares	Euro	-3
CSE S.r.l. shares	Euro	-80
Net Insurance S.p.A. shares	Euro	260
Real Estate Roma Olgjata S.r.l. shares	Euro	-552
Fideuram Asset Management SGR S.p.A.	Euro	910
Debt securities	Euro	-1,236

Euro 5,102

Other companies in the Group

Euro -

Euro 5,102

Total A) Euro 5,102

Defined benefit plans B) Euro -386

Revaluation reserves C) Euro 1,364

Total Valuation reserves (A+B+C) Euro 6,080

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Item C) Revaluation reserves (L. 576/75, L.72/83 and L.413/91) relates to the parent company.

STATEMENT OF FINANCIAL POSITION

The most significant financial position data, expressed in thousands of Euros, at 31 March 2022, are analysed below:

CASH AND CASH EQUIVALENTS

The item amounts to Euro 106,900 thousand and includes Euro 226 thousand deposits with central banks, pertaining exclusively to the Bank, and Euro 106,245 thousand sight deposits with banks. To 31 March 2022, net impairment losses on credit risk on current accounts and deposits with banks amount to Euro 89 thousand. Q1 2022 saw overall value recoveries of Euro 10 thousand.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

a) financial assets held for trading

Financial assets held for trading amount to Euro 9,441 thousand and pertain exclusively to the Bank. The item includes debt securities for Euro 846 thousand, UCIS shares for Euro 5,591 thousand (including Euro 247 thousand owned by Natam), equity and warrants for Euro 1,252 thousand, and options on listed share certificates for Euro 1,300 thousand. The item also includes Euro 4 thousand of positive valuation on forward contracts for currency dealing and Euro 448 thousand for the counter-value of the earn-outs relating to the Bank's sale of InvestiRE SGR S.p.A. shares. The transaction is described in more detail in the "Disclosure document on significant transactions with related parties" published on the Bank's website www.bancafinnat.it under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.

c) other financial assets mandatorily measured at fair value

The item records a balance of Euro 25,827, which includes UCIS shares owned by the Bank for Euro 20,036 thousand and by InvestiRE SGR S.p.A. for Euro 4,829 thousand, Euro 956 thousand in ITAS bonds and Euro 6 thousand in the Astaldi participative financial instrument, both owned by the Bank.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The item amounts to Euro 312,896 thousand and refers to financial instruments of the Group's companies as indicated below:

The Bank's portfolio contains a total of Euro 312,890 thousand:

- debt securities for an overall equivalent of Euro 299,872 thousand;
- equity for an equivalent of Euro 13,018 thousand made up of strategic investments as follows:
 - Level 1: Net Insurance S.p.A. (Euro 570 thousand inclusive of the positive valuation reserve of Euro 278 thousand), Nexi S.p.A. (Euro 7,356 thousand inclusive of the positive valuation reserve of Euro 6,236 thousand).
 - Level 3: Fideuram Asset Management SGR S.p.A. (Euro 1,788 thousand inclusive of the positive valuation reserve of Euro 978 thousand), CSE Consorzio Servizi Bancari S.r.l. (Euro 2,420 thousand

inclusive of the negative valuation reserve of Euro 84 thousand), SIT S.p.A. (Euro 12 thousand inclusive of the negative valuation reserve of Euro 3 thousand) and Real Estate Roma Olgiata S.r.l. (Euro 872 thousand inclusive of the negative valuation reserve of Euro 585 thousand).

The portfolio of the other companies in the Group includes debt securities owned by Finnat Fiduciaria S.p.A. for Euro 5 thousand and a thousand-Euro stock interest owned by InvestiRE SGR S.p.A.

To enter equity in this portfolio, we exercised the irrevocable option on first recognition.

Q1 2022 saw net impairment losses on debt securities of Euro 99 thousand.

The impairment losses made up to and including 31 March 2022 amount to Euro 162 thousand (net of utilisation for sales of Euro 16 thousand). These impairment losses are reported as usual under Valuation reserves instead of under the losses of the item in question.

FINANCIAL ASSETS AT AMORTISED COST

a) loans and receivables with banks

Loans and receivables with banks, pertaining exclusively to the Bank, amount to Euro 17,775 thousand net of global impairment losses equal to Euro 15 thousand. There are no debt securities under this item. Q1 2022 saw overall value recoveries of Euro 3 thousand.

The item does not include current accounts and sight deposits with banks, which are reported under Cash and cash equivalents.

b) loans and receivables with customers

Loans and receivables with customers amount to overall Euro 1,450,512 thousand and relate to Euro 545,643 thousand in loans and Euro 904,869 thousand in debt securities, solely owned by the Bank. Amounts are reported net of global impairment losses up to and including 31 March 2022 equal to Euro 32,124 thousand (of which Euro 31,984 thousand on loans and Euro 140 thousand on securities).

On the date of reference of this Report, **non-performing assets (Bucket 3)** due to the parent company reported under current accounts, mortgages and other loans amount to an overall Euro 50,109 thousand (Euro 22,757 thousand after write-offs):

- **bad loans** for overall Euro 35,839 thousand (Euro 11,718 thousand after write-offs), referable to the positions outlined below:
 - Euro 4,572 thousand (Euro 979 thousand after write-offs) for the remainder of a mortgage settled on 8 July 2011. In April, Euro 986 thousand liquidated by the Court of Velletri was collected following the sale of property at auction.
 - Euro 15,249 thousand (Euro 3,065 thousand after write-offs) referring to a loan receivable from the company Bio-On. The estimated realisable value of the loan remained unchanged

from that determined for the purposes of the last financial statement and confirmed in the preparation of this Report.

- Euro 8,240 thousand (Euro 5,424 thousand after write-offs) referring to a mortgage terminated on 24 December 2020 backed by first charge mortgage loans on property and by other property loans that amply cover the net exposure value.
- Euro 7,778 thousand of which Euro 1,151 thousand refers to commercial credit (Euro 216 thousand after write-offs) and Euro 6,627 thousand (Euro 2,034 thousand after write-offs) to cash loans.

Analytical write-offs made are therefore equal to Euro 24,121 thousand (including Euro 935 thousand for commercial credit) with a total coverage rate of 67%.

- **unlikely to pay** for an overall Euro 13,170 thousand (Euro 9,968 thousand after write-offs), made up of:
 - opening of current account credit facilities of Euro 3,054 thousand (Euro 2,011 thousand after write-offs);
 - mortgages of Euro 10,056 thousand (of which Euro 1,045 thousand past due instalments and Euro 9,011 thousand capital to fall due (Euro 7,945 thousand after write-offs);
 - commercial credit of Euro 60 thousand (Euro 12 thousand after write-offs).
 Analytical write-offs are equal to Euro 3,202 thousand (including Euro 48 thousand for commercial credit);
- **other loans expired or past due** by over 90 days for Euro 1,100 thousand (Euro 1,071 thousand after write-offs).

At 31 March 2022 the Bank records 50 forborne exposures, including:

- 21 non-performing positions for an overall Euro 39,199 thousand (Euro 18,733 thousand after write-offs) including 3 positions re-included in bad loans for Euro 26,502 thousand, 17 positions re-included in unlikely to pay for Euro 12,421 thousand and 1 position re-included in past due for Euro 276 thousand.
- 29 performing positions for an overall Euro 19,371 thousand.

At 31 March 2022 the Bank calculated the portfolio write-offs on performing loans and receivables with customers in **Bucket 1** and **Bucket 2** related to cash loans. At Euro 1,731 thousand, this write-off was lower than the provisions made under this item up to and including 31 December 2021 (equal to Euro 1,815 thousand).

In 2022, the Bank recorded Euro 7 thousand of portfolio value recoveries on government bonds in its Income Statement; it also recorded Euro 292 thousand in net impairment losses on loans and receivables with customers, made up as follows; Euro 84 thousand in portfolio value recoveries, Euro 33 thousand in individual value recoveries, Euro 408 thousand in individual impairment losses and Euro 1 thousand in losses from write-offs.

At 31 March 2022 the provision for the loss in value of the Bank's loans and receivables with customers, excluding securities, reached Euro 29,083 thousand, including Euro 27,352 thousand analytical and Euro 1,731 thousand in portfolio write-offs.

For the other companies in the Group, the analytical provision for loss in value of loans (*Bucket 3*) at 31 March 2022 amounts for Finnat Fiduciaria S.p.A. to Euro 759 thousand for non-performing gross loans of Euro 971 thousand, and for InvestiRE SGR S.p.A. to Euro 2,080 thousand for non-performing gross loans equal to Euro 2,080 thousand.

Whereas portfolio losses relating to loans and receivables with customers alone (*Bucket 1* and *Bucket 2*) up to and including 31 March 2022 amount to Euro 56 thousand for InvestiRE SGR S.p.A. and Euro 6 thousand overall for the other companies in the Group.

In Q1 2022 the other companies in the Group recorded overall value recoveries of Euro 20 thousand.

EQUITY INVESTMENTS

Equity investments amount to Euro 10,330 thousand and are indicated separately in the statement reported on page 19.

TANGIBLE AND INTANGIBLE ASSETS

Property, equipment and investment property amounts to Euro 19,159 thousand, Euro 12,534 thousand of which relates to the parent company.

Property, equipment and investment property relating to rights of use acquired under leases – introduced by IFRS 16 – amount to Euro 15,102 thousand at 31 March 2022.

Intangible assets amount to Euro 31,076 thousand. The item includes goodwill recorded in 2003 by the Bank for Euro 300 thousand and that recorded in 2015 by the subsidiary InvestiRE SGR S.p.A. for Euro 27,829 thousand. The latter value originally of Euro 37,429 thousand fell in 2019 by Euro 9,600 thousand as a result of the transfer of the business unit to REDO SGR S.p.A.

Intangible assets also include Euro 2,677 thousand positive consolidation differences for Finnat Fiduciaria S.p.A. and InvestiRE SGR S.p.A.

TAX ASSETS

Tax assets equal to Euro 10,640 thousand are made up of Euro 16 thousand current tax credits and Euro 10,624 thousand deferred tax credits.

OTHER ASSETS

The item reports a balance of Euro 22,508 thousand and includes loans to Compensation and Guarantee Fund for Euro 2,403 thousand, loans to Ice Clear Europe for Euro 8,894 thousand, loans to Erario as a withholding agent for Euro 4,615 thousand and loans to Counterparties and Brokers for Euro 852 thousand.

FINANCIAL LIABILITIES AT AMORTISED COST

a) due to banks

The item, pertaining solely to the Bank, amounts to Euro 403 thousand.

b) due to customers

The item amounts to Euro 1,723,094 thousand and includes Euro 901,770 thousand of reverse repurchase agreements entered into by the Bank with the Compensation and Guarantee Fund. The item also includes Euro 15,498 thousand in leasing debts.

FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading amount to Euro 2,162 thousand, including Euro 158 thousand from the negative valuation on forward contracts for currency dealing, Euro 1,104 thousand from options on listed share certificates, and Euro 900 thousand for the counter-value of the earn-outs relating to the Bank's sale of InvestiRE SGR S.p.A. shares. This transaction is described in more detail in the "Disclosure document on significant transactions with related parties" already mentioned in the comment under Financial assets held for trading.

TAX LIABILITIES

Tax liabilities equal to Euro 2,999 thousand are made up of Euro 1,732 thousand current tax arrears and Euro 1,267 thousand deferred tax arrears.

OTHER LIABILITIES

Other liabilities equal to Euro 24,226 thousand include Euro 1,369 thousand debt for social and insurance contributions, Euro 1,392 thousand due to Counterparties and Brokers, Euro 1,671 thousand due to Erario in its role as withholding agent, Euro 2,435 thousand due to suppliers, and Euro 5,720 thousand due to personnel and co-workers.

PROVISIONS FOR RISKS AND CHARGES

a) commitments and guarantees given

The item, pertaining solely to the Bank, equal to Euro 62 thousand, relates to impairment losses recorded up to and including 31 March 2022. The first three months of 2022 saw net impairment losses of Euro 7 thousand.

c) other provisions for risks and charges

The item amounts to Euro 69 thousand and includes provisions made by the Bank in recent years.

SHAREHOLDERS EQUITY

The Group's consolidated shareholders equity amounts to Euro 224,313 thousand. At 31 December 2021 the Group's shareholders equity was Euro 227,200 thousand. The movement of total shareholders equity, of the Group and non-controlling interests, that occurred in the reporting period in question is shown in the appropriate statement.

Own funds at 31 March 2022 amount to Euro 184,719 thousand (Euro 189,397 thousand at 31 December 2021), whereas the *Total capital ratio*, the *CET1 capital ratio* and the *Tier1 ratio* are equal to 34.73% (31.1% at 31 December 2021). To mitigate the impact arising from application of the new reporting standard on its funds, the bank opted to adhere to the transitional arrangements illustrated in section "Indications on disclosures to the market". Without this application, own funds would have been equal to Euro 184,116 thousand, whereas *Total capital ratio*, *CET1 capital ratio* and *Tier1 ratio* would have been equal to 34.66%.

At 31 March 2022, treasury shares in the portfolio, held solely by the parent company, numbered 28,810,640. These shares, for an overall Euro 14,059 thousand, equal to 7.9% of the Bank's share capital, were used to adjust the shareholders equity following the application of IAS 32. During the reporting period in question, the Bank neither purchased nor sold any of its treasury shares.

Roma, 12 May 2022

DICHIARAZIONE DEL DIRIGENTE PREPOSTO ALLA REDAZIONE DEI DOCUMENTI CONTABILI SOCIETARI

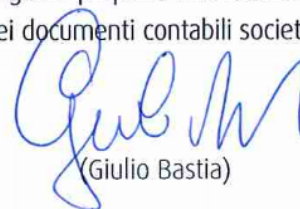
Il sottoscritto dott. Giulio Bastia, Dirigente preposto alla redazione dei documenti contabili societari di Banca Finnat Euramerica S.p.A., ai sensi dell'art. 154-bis, comma secondo, del decreto legislativo 24 febbraio 1998 n. 58,

attesta

che il Resoconto intermedio di gestione consolidato al 31 marzo 2022 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Roma, 12 maggio 2022

Il Dirigente preposto alla redazione
dei documenti contabili societari



(Giulio Bastia)

BANCA FINNAT EURAMERICA S.p.A.

Headquarters: Piazza del Gesù, 49 – Palazzo Altieri – 00186 Rome

Country: Italy

Main place of business: Rome

Registered office: Piazza del Gesù, 49 – Palazzo Altieri – 00186 Rome

Share capital: Euro 72,576,000 fully paid up

Tax code: 00168220069

VAT number: 00856091004

REA (Economic and Administrative Index) registration: 444286

Legal form: Public limited company

Company listed on the official market with shares admitted to trading on STAR segment

Business description: Monetary intermediation of monetary institutions other than central banks

Member of the Interbank Fund for the protection of deposits

Enrolled on the register of banks at Banca d'Italia under no. 5557

Company name of the controlling entity: Banca Finnat Euramerica S.p.A.

Parent company of Banca Finnat banking group Listed on the banking groups register

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