GENERAL FINANCE

HALF-YEARLY REPORT AS AT 30 June 2024

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Half-Yearly Report on Operations as at 30 June 2024

Foreword

The half-yearly report as at 30 June 2024 was prepared in compliance with IAS 34 "Interim Financial Reporting", which defines the minimum amount of information and identifies the accounting and valuation standards to be applied to the condensed financial statements. The standards and interpretations used to prepare the interim financial statements, with reference to classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the methods for recognising the related revenues and costs, are in line with those adopted by Generalfinance for the preparation of the financial statements as at 31 December 2023, prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established by EU Regulation no. 1606 of 19 July 2002.
Also the valuation policies and the estimation methods adopted have not changed significantly with respect to those applied in the preparation of the financial statements as at 31 December 2023.

The half-yearly condensed financial statements as at 30 June 2024 consist of the following documents: Balance Sheet and Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related explanatory notes, which contain information on fair value, details of the main balance sheet and income statement aggregates, information on risks and hedging policies, information on transactions with related parties. The half-yearly condensed financial statements are also accompanied by the Directors' Report on Operations.

Report of the Board of Directors on operations for the period ended 30 June 2024

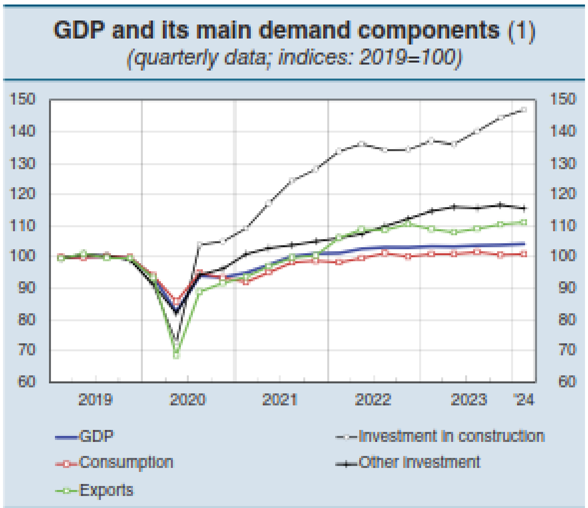
The financial report as at 30 June 2024 has been drafted in compliance with the layouts and instructions issued by the Bank of Italy on 17 November 2022 on the "financial statements of IFRS intermediaries other than banking intermediaries", in execution of the provisions of Art. 9 of Italian Legislative Decree no. 38/2005 as amended, as well as in consideration of the additional specific provisions regarding the determination of non-performing items, contained in Circular no. 217 of 5 August 1996 and subsequent updates.
The evaluations and judgments of the Directors were formulated in the assumption of the company as a going concern, in the light of the positive historical income and financial data - also confirmed by the results of the financial report as at 30 June 2024 - recorded by the Company and in respect of the general principles of correct representation of events and prudent evaluation of data, in the context of the current economic-financial scenario.

THE MACROECONOMIC CONTEXT AND THE FACTORING MARKET IN 2024[1]

Macroeconomic context

In the first quarter of 2024, Italy's GDP saw moderate growth, driven by continued expansion in construction and a recovery in services, despite a decline in the industrial sector. The recovery in consumption and buoyant foreign demand were associated with a deceleration in investment. Based on our assessments, GDP growth continued at a moderate pace in the second quarter of the year, still supported by services but held back by the decline in manufacturing and construction.

In the first quarter of this year, GDP expanded by 0.3% over the previous period. The main support for growth came from net foreign demand, as a result of both the increase in exports (0.6%, especially business services) and the decline in imports (-1.7%). Household consumption rose again, recovering only part of the sharp decline of the previous quarter. Gross fixed capital formation slowed down: the increase in construction expenditure, still sustained but less marked than in the last months of 2023, was associated with a marked decrease in expenditure on plant, machinery and intangible assets. Lastly, after subtracting almost one and a half points from GDP in the 2023 average, the change in inventories again made a negative contribution to GDP dynamics (-0.7 percentage points). Value added fell again in industry in the strict sense, while it rose sharply in agriculture and construction. The latter continued to benefit at the beginning of the year from the continuation of work commissioned before the Superbonus was remodelled. In services, activity more than recovered from the slight decline at the end of 2023, thanks to expansion in the financial and insurance sectors, professional and leisure activities.



Source: Based on Istat data.
(1) Chain-linked volumes; data seasonally and calendar adjusted.

Source: Bank of Italy, Economic Bulletin no. 3/2024

Based on our estimates, economic activity would have continued to grow at a moderate pace in the second quarter, still supported by growth in services, particularly in the tourism-related components, while manufacturing output would have continued to decline. The added value of construction would have fallen, in connection with the reduction of tax benefits related to the Superbonus. On the demand side, the continued expansion of exports and the recovery of consumption would have been associated with a less favourable performance in investments. The Ita-coin indicator, which adjusts growth for cyclical volatility, remained at levels close to zero in the average of the second quarter. According to our most recent macroeconomic projections, GDP would increase by 0.6% in 2024 (0.8% without taking into account the correction for working days), 0.9% in 2025 and 1.1% in 2026.

[1] *The chapter refers to and/or reports extensive excerpts from the Bank of Italy's "Economic Bulletin no. 3/2024" and Assifact statistical circular no. 27-24 "Factoring in figures - Summary of the March 2024 data".*

GDP and its main components (1)
(percentage change on previous period and percentage points)

	2023	2023 Q2	2023 Q3	2023 Q4	2024 Q1
GDP	0.9	-0.1	0.4	0.1	0.3
Imports	-0.5	0.1	-2.0	0.1	-1.7
National demand (2)	0.6	0.3	-0.7	-0.3	-0.4
National consumption	1.2	0.0	0.6	-0.9	0.2
Household spending (3)	1.2	0.4	0.8	-1.4	0.3
Gen. Gov. spending (4)	1.2	-1.2	0.1	0.6	0.1
Gross fixed investment	4.7	0.2	1.4	2.0	0.5
Construction	3.1	-0.8	3.0	3.1	1.7
Capital goods (5)	6.3	1.1	-0.3	0.8	-0.9
Change in inventories (6)	-1.3	0.2	-1.6	0.0	-0.7
Exports	0.2	-1.0	1.1	1.2	0.6
Net exports (7)	0.3	-0.4	1.1	0.4	0.8

Source: Istat.
(1) Chain-linked volumes; the quarterly data are seasonally and calendar adjusted. – (2) Includes the change in stocks and valuables. – (3) Includes non-profit institutions serving households. – (4) General government spending. – (5) Include investment in plants, machinery and arms (which also comprise transport equipment), cultivated biological resources and intellectual property. – (6) Includes valuables; contributions to GDP growth on previous period; percentage points. – (7) Difference between exports and imports; contributions to GDP growth on previous period; percentage points.

Source: Bank of Italy, Economic Bulletin no. 3/2024

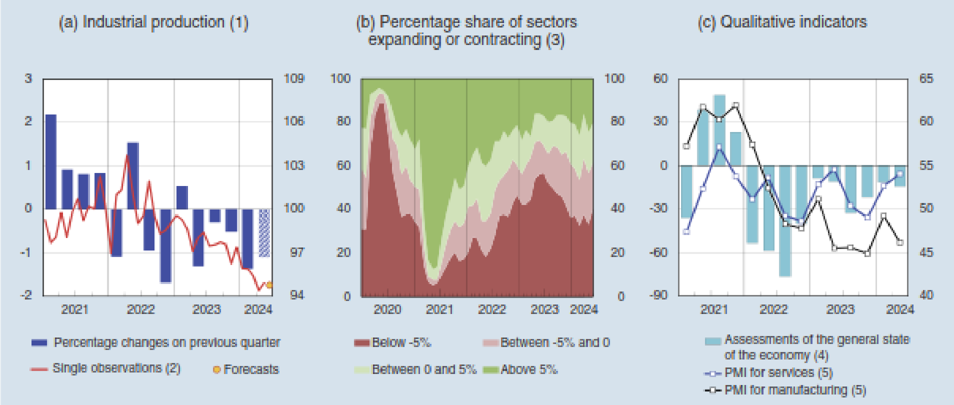
<u>*Businesses*</u>

Industrial production continued to decline in the second quarter. The expansion of services continued, particularly in tourism-related sectors, while the decline in activity in the residential sector – resulting from the reshaping of tax incentives – drove the decline in value added in construction.

Industrial production increased in May, only partly recovering the April decline. Compared to the same period the previous year, over half of the manufacturing sectors contracted, with the most significant declines seen in the textile, transport equipment manufacturing and metal industries. Conversely, production in the food industry is on the rise. In the second quarter, the PMI index for manufacturing remained below the expansion threshold, affected in particular by the decline in new orders. In qualitative surveys, companies point to weak demand as the main obstacle to activity; the production of capital goods is also affected by the uncertainty surrounding the operating modalities of the incentives associated with the Transition 5.0 plan.

Our estimates for June – based on electricity and gas consumption, motorway and rail traffic, as well as qualitative indicators on business confidence and expectations – suggest a new decline in industrial activity in the second quarter average, less marked than in the first three months of the year; the downturn in activity has been ongoing since the second half of 2022. In June, the PMI indices for the services sector, supported by improvements in demand, remained at values consistent with the expansion. In spring, confidence indicators for tourism and recreation services showed favourable dynamics.

Industrial production, growth by sector and qualitative indicators for industry and services
(quarterly data, unless otherwise specified)



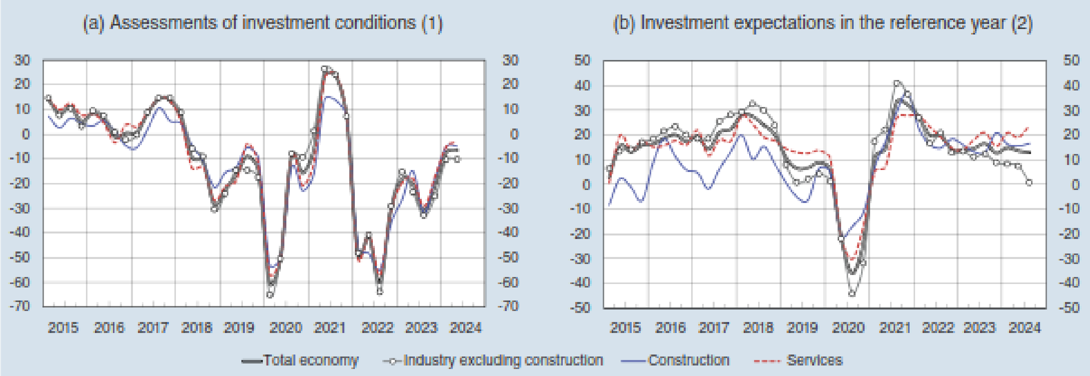
Sources: Based on data from the Bank of Italy, Istat, Markit and Terna.
(1) Data adjusted for seasonal and calendar effects. The yellow dot represents the forecast for June 2024, and the last bar represents the forecast for the second quarter. – (2) Monthly data. Index: 2021=100. Right-hand scale. – (3) Monthly data. The share of sectors expanding or contracting (as per Ateco classification) is calculated based on the 3-month moving averages of the year-on-year growth rates of the sectoral indices for industrial production, adjusted for calendar effects. – (4) Balance, in percentage points, of the responses 'better' and 'worse' to the question on the general state of the economy (see 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 8 July 2024). – (5) Average quarterly data. Diffusion indices for economic activity in the sector. Right-hand scale.

Source: Bank of Italy, Economic Bulletin no. 3/2024

The composite index of Italian business confidence (Istat Economic Sentiment Indicator, IESI) decreased slightly in the second quarter in all major sectors, remaining at lower levels in manufacturing. The Bank of Italy surveys conducted between May and June also show signs of a slight deterioration for the current quarter, particularly for construction companies and, to a lesser extent, for those in industry.

Investment decelerated in the first quarter of 2024 (0.5%, from 2.0% in the autumn months). Construction expenditure, especially in the housing component, slowed down after the marked increase in the previous two quarters; expenditure on plant, machinery and armaments fell, with the exception of expenditure on transport equipment and intellectual property. Based on the indications of the Italian Leasing Association (Assilea), the purchase of capital goods was also affected by the uncertainty linked to the implementing decrees of the legislation connected with the Transition 5.0 plan. In the Bank of Italy's surveys, companies confirmed negative judgements on the conditions for investing for the second quarter, substantially unchanged from those at the beginning of the year. The balance between the percentage of companies expecting an expansion of nominal investment expenditure in 2024 compared to the previous year and the percentage of those expecting a decrease increased in services and remained stable in construction, being positive in both sectors; on the other hand, it dropped sharply for industrial companies, reaching levels close to zero and the lowest since the beginning of 2021.

Firms' assessments of investment conditions and expectations for investment expenditure
(quarterly data; percentage points)



Source: 'Survey on Inflation and Growth Expectations', Banca d'Italia, Statistics Series, 8 July 2024.
(1) Balance of opinion between positive and negative assessments compared with the previous quarter. – (2) Balance between expectations of an increase and of a decrease compared with the previous year. The first expectations for the reference year are surveyed in the fourth quarter of the preceding year.

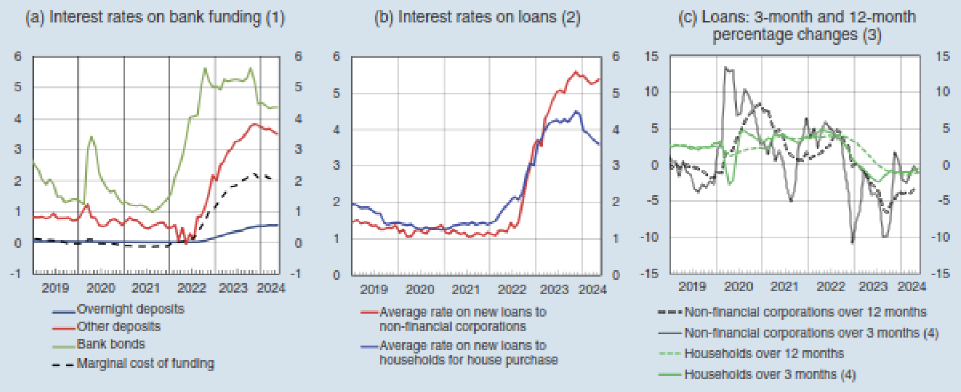
Source: Bank of Italy, Economic Bulletin no. 3/2024

Credit and loan conditions

The cost of bank funding remains high, contributing to keeping financing conditions for businesses and households restrictive. Bank loans to non-financial companies contracted in May, albeit less strongly than in February, while mortgages for home purchases stagnated. Overall, these trends reflect low demand in a context of rigid supply criteria.

In May, the marginal cost of bank funding remained broadly stable, just below the highest levels since 2012, reached last November. The rate on current account deposits remained modest (0.6%); the rate on new deposits from the non-financial private sector with an agreed maturity of up to one year decreased slightly (to 3.5%). The yield on bonds issued by Italian banks fell by around two-tenths of a point between the end of April and the beginning of July, remaining above 4%. Overall, bank funding continued to contract over the twelve months (-6.3% in May, from -3.6% in February), also shifting towards more expensive sources: against the backdrop of the gradual repayment of TLTRO3 funds and the reduction in residents' deposits, bond funding grew at a sustained pace.

Bank funding costs and credit costs and developments in Italy
(monthly data; per cent)



Sources: Based on Bank of Italy and ICE Bank of America Merrill Lynch.
(1) The marginal cost of funding is calculated as a weighted average of the costs of banks' various funding sources, using their respective outstanding amounts as weights. This is the cost that a given bank would incur to increase its balance sheet by one unit, drawing on funding sources in proportion to the composition of its liabilities at that time. – (2) Average values. Rates on loans refer to euro-denominated transactions and are collected and processed in accordance with the Eurosystem's harmonized methodology. – (3) Includes bad debts, repos and loans not reported in banks' balance sheets because they have been securitized. The percentage changes are net of reclassifications, exchange rate variations, value adjustments, and other variations not due to transactions. 3-month percentage changes are annualized. – (4) Data are seasonally adjusted following a methodology that is in accordance with the guidelines of the European Statistical System.

Source: Bank of Italy, Economic Bulletin no. 3/2024

Between February and May, interest rates on new and existing bank loans to businesses remained almost unchanged, at 5.4% for both (they were just above 1.0% before the start of the monetary policy normalisation process). The cost of new mortgages to households for house purchases fell by three-tenths (to 3.6%), partly as a result of the increased use of fixed-rate mortgages, which are less costly in the current phase than variable-rate mortgages. The rate on consumer credit loans rose again in May.

Loans to businesses continued to contract in May (-1.1%, over three months and year-on-year), albeit less intensely than in February. The decline remains more pronounced for construction and manufacturing companies. The decline in loans to households eased (-0.5%); mortgages for home purchases stagnated.

In the quarterly Bank Lending Survey in the euro area published in April, intermediaries' responses indicated that the weakness in lending to Italian companies continued to reflect subdued demand for credit – also due to high interest rates – and a restrictive supply-side tone due to widespread risk perceptions. According to the Survey on Inflation and Growth Expectations conducted by the Bank of Italy among businesses between the end of May and mid-June, the phase of tightening of credit access conditions in place since 2021 came to a halt; conditions remained stable at restrictive levels and would remain unchanged in the third quarter as well.

In the first three months of 2024, the reduction in bank lending to companies was associated with a growth in gross bond issues, while redemptions remained broadly stable: net issues amounted to EUR 4.2 billion (up from EUR 1.1 billion in the fourth quarter of 2023). Net financing through venture capital, on the other hand, was limited. Net issues by non-financial companies remained strong in the second quarter, according to preliminary data from Bloomberg. Since mid-February, bond yields of Italian non-financial companies have remained essentially unchanged.

Factoring market – last quarterly report

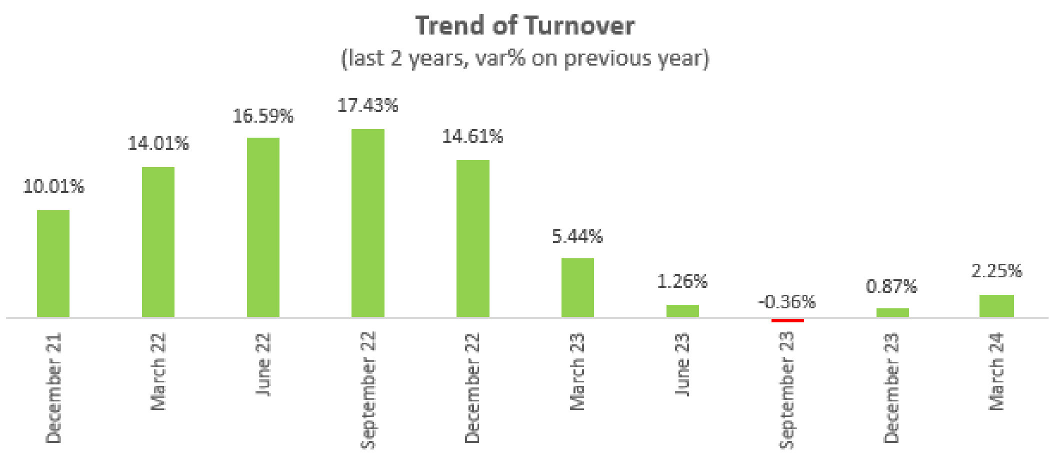
At the end of the first quarter, the factoring market recorded a turnover of EUR 68.26 billion, up 2.25% year-on-year.

Cumulative turnover from supply chain finance transactions amounted to EUR 6.91 billion, up by 4.15% compared to the same period last year. For 2024, sector operators expect further volume growth, at an expected average growth rate of 3.58%, in line with the forecast for the first half of the year (+3.35%). Trade receivables purchased from the public administration as at March 2024 amounted to EUR 4.63 billion (down 6.6% y-o-y). As at 31 March 2024, outstanding receivables amounted to EUR 7.45 billion, of which EUR 3.1 billion past due in relation to the notoriously long payment times of Public Entities.

Gross impaired loans amounted to 3.42%, up from December 2023 (3.04%) and down from March 2023 (3.66%). Bad loans remained at low levels of 1.70%.

Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	**68,259,485**		**2.25%**
With Recourse	13,891,470	20%	
Without Recourse	54,368,015	80%	
Outstanding	**62,036,582**		**0.20%**
With Recourse	15,432,058	25%	
Without Recourse	46,604,524	75%	
Exposures	**49,737,466**		**-2.15%**

Source: Assifact, statistical circular 27-24 "Factoring in figures – Summary of March 2024 data". Values in thousands of euro.



Source: Assifact, statistical circular 27-24 "Factoring in figures – Summary of March 2024 data".

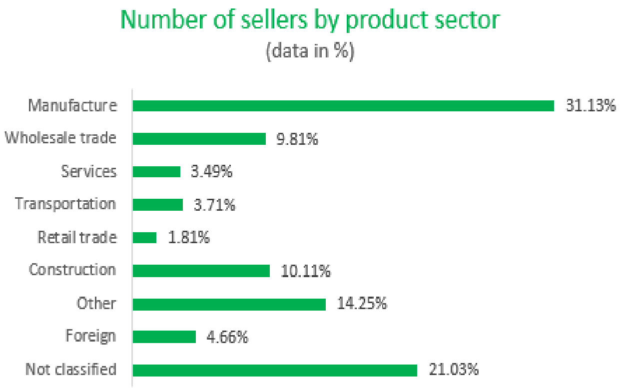
In the first quarter of 2024, turnover was up by 2.25% compared to the same period of the previous year.

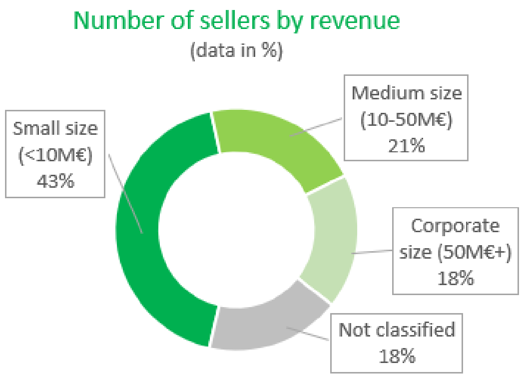
The turnover trend shows a recovery in the growth rate despite the fact that economic activity is still weak.

During the second quarter of 2024, operators expect an increase in turnover compared to the same period of 2023, equal to +3.35%.

For the year 2024 as a whole, operators expect a positive development on average (+3.58%), substantially in line with the previous survey.

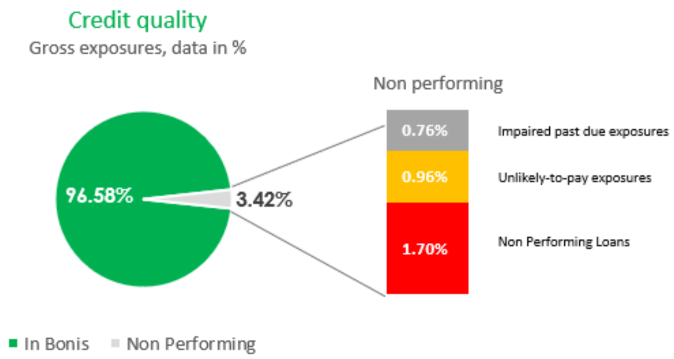
Over 32,000 companies use factoring, approximately 64% of which are SMEs. It is used predominantly in the manufacturing sector.

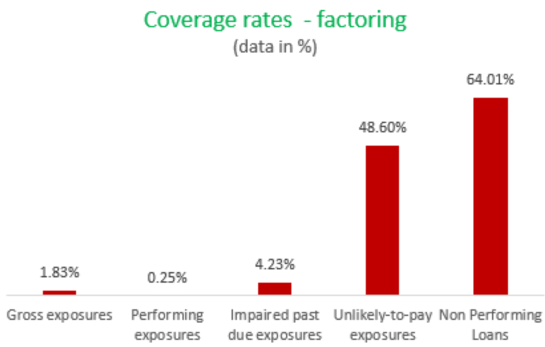




Source: Assifact, statistical circular 27-24 "Factoring in figures – Summary of March 2024 data".

Advances and fees paid, amounting to EUR 49.74 billion, showed a decrease compared to the same period of the previous year. Non-performing loans at the end of the first quarter of 2024 (3.42%) were up slightly compared to December 2023 (3.04%) and down compared to March 2023 (3.66%). Bad loans represent 1.70% of total gross exposure. The policies for hedging non-performing loans are, as usual, very prudent with respect to unlikely to pay and bad loans.





Source: Assifact, statistical circular 27-24 "Factoring in figures – Summary of March 2024 data".

Factoring market – monthly position in May 2024

Based on the latest monthly report available, turnover as of May 2024 was approximately EUR 113 billion, up by approximately 2.46% on the previous year. Outstanding at the reporting date amounted to around EUR 56 billion, down 2.02% year-on-year, while advances amounted to around EUR 43 billion, down 6.05% year-on-year.

Data in thousands of euro		Share % of total	% change from previous year
Cumulative Turnover	**113,107,633**		**2.46%**
With Recourse	23,467,677	21%	
Without Recourse	89,639,956	79%	
Outstanding	**56,290,281**		**-2.02%**
With Recourse	15,386,655	27%	
Without Recourse	40,925,964	73%	
Exposures	**42,925,964**		**-6.05%**
of which turnover from Supply Chain Finance operations.	**11,447,347**	**10%**	**4.02%**

Source: Assifact, statistical circular 34-24 "Factoring in figures - Summary of May 2024 data".

REGULATORY FRAMEWORK. THE REGULATION OF FACTORING ACTIVITIES

The legal and regulatory framework captures the system's evolving dynamics, compelling banking and financial intermediaries to rethink their business models and strategies to address new risks, integrate new technologies, and adopt new, more sustainable paradigms.

One of the notable developments in the past financial year, specifically regarding factoring, was the enactment of the **Model Law on Factoring (MLF)** by the International Institute for the Unification of Private Law (**UNIDROIT**). UNIDROIT highlights that the MLF, approved in May 2023, offers a comprehensive and self-contained legal framework to facilitate factoring transactions. The instrument includes a set of rules primarily aimed at states that have not yet implemented a modern and comprehensive legal framework for factoring but, even for states that have embarked on such a reform path, MLF provides rules that could further strengthen their framework and encourage factoring, loan assignments and trade finance.

At national level, the issuing of measures for the enforcement of the **NRRP** and for the implementation of the reform agenda continued. There has been much debate in this context on the application and evolution of the **Procurement Code** (Codice Appalti). Specifically concerning factoring, the Code has introduced a reduction in the time limit for public assigned debtors to refuse an assignment. Regulations have frequently been introduced that restrict the enforcement of claims and the rights of creditors in cases involving the public administration. In any case, the public administration reform process, which should go in the direction of procedural simplification, is still ongoing.

Digital transition and sustainable transition are the key, overarching themes driving all current and future regulatory interventions, both nationally and internationally. At the European level, the dynamism of regulatory and supervisory authorities continues, as they engage in significant efforts to harmonise and adapt the regulatory framework for credit and financial intermediaries. This aims to address and support ongoing changes, encourage innovation, and ensure the overall stability of the system.

From the point of view of prudential regulations, the revision process was completed during the financial year with the issuance of the final text of the Capital Requirements Regulation reform (**CRR3**), which required a considerable effort for the factoring sector in an attempt to achieve recognition of the low risk profile of factoring through the proposed changes to the treatment of credit insurance, the weighting applicable to purchased trade receivables and the regulation of the definition of default in Article 178.

The definition of default for trade receivables purchased after CRR3. With the potential introduction of a new regulatory requirement to restrict the nominal payment terms of invoices, the debate over addressing the well-known issues related to the EBA definition of default has intensified. Over time, the factoring sector has continued to present its demands at all institutional levels. During the financial year, the final text of the reform of the Capital Requirements Regulation (CRR3) was issued, which provides the EBA with a specific mandate to update its guidelines on the definition of default in order to introduce more flexibility, particularly with regard to restructured loans. Thanks to the efforts of the European Factoring Federation, EBA has also introduced the revised treatment of factoring in its business plan for this mandate. Frequent talks are currently underway between the EUF and the EBA to introduce changes to the specific treatment of purchased receivables in the default definition guidelines that would increase their flexibility in allowing the level of 'false positives' in identifying impaired exposures to be contained.

With regard to the main measures adopted or under discussion at national level of major interest to the sector, it is worth mentioning the following.
The new **Public Contracts Code** (Codice dei contratti pubblici), introduced by Italian Legislative Decree no. 36 of 31 March 2023 and effective as of 1 July 2023, has not entailed any changes in the regulation of the assignment of public administration receivables compared to the previous Code, other than merely formal changes and changes in the positioning of the rules within the regulatory framework.
However, the so-called **NRRP Decree Law** of 2 March 2024 (Italian Decree Law no. 19/24 converted with amendments by Italian Law no. 56 of 29 April 2024) reduced from forty-five to thirty days from notification the term within which contracting authorities may reject assignments of receivables from contract, concession and design competition fees.

Italian Law no. 28 of 15 March 2024, which converts Italian Decree Law no. 4 of 18 January 2024, containing **urgent provisions on the extraordinary administration of strategically important companies (the so-called Ex-Ilva Decree Law)**, includes a provision for the protection of the supply chain of large companies undergoing extraordinary administration. This provision allows for the pre-deductibility of factoring for transfers made before the start of the procedure. In particular, it is provided that receivables held by suppliers or by assignees and guarantors of such receivables against contracting companies admitted to extraordinary administration after 3 February 2024, which manage at least one industrial plant of national strategic interest, are considered predeductible under the CCII. These receivables can be satisfied for the nominal value of the principal, interest and expenses, even if incurred before admission to the aforementioned procedure, as long as they relate to the provision of goods and services, including non-recurring.
The 2022-2023 European Delegation Law, i.e. the Delegation to the Government for the transposition of European directives and the implementation of other European Union acts issued with provision no. 15 of 21 February 2024, sets out the guiding principles and criteria for the transposition of the NPL Directive (Directive (EU) no. 2021/2167), which applies to transactions pertaining to a "credit agreement classified as non-performing", the Corporate Sustainability Reporting Directive (so-called CSRD) and the adaptation of national legislation to the provisions of Regulation (EU) no. 2022/2554 on digital operational resilience for the financial sector (DORA).

The series of supplementary and amending measures to the secondary regulations of the Bank of Italy, connected with the necessary alignments with the European regulations on access to lending and prudential supervision, also continued in the period under review.

For **financial intermediaries**, by way of example but not limited to, the following should be noted:
- **Circular no. 288 of 3 April 2015** containing the new Supervisory Provisions for financial intermediaries, which governs financial activities from subjective profiles and the authorisation for registration in the Single Register with the rules of prudential supervision, organisation and internal controls, now in its *6th update* as of 12 March 2024, which amends the provisions on "Securitisation Transactions" to implement the new European securitisation rules introduced by Regulation (EU) no. 2402/2017 ("SECR").

The following are proceeding under standard arrangements and without modification:
- Instructions on "**The Financial Statements of IFRS Intermediaries other than Banking Intermediaries**", issued by Bank of Italy Measure of 17 November 2022, replacing the previous instructions of 29 October 2021 in order to take into account (as already done for banks) IFRS 17 and the resulting changes in other accounting standards.

- **Circular no. 217 of 5 August 1996** containing the reporting formats and the rules for the compilation of reports, the *23rd update* of which was issued during the year in order to: 1) adjust the references of non-performing credit exposures to the new regulations of company crisis and insolvency; 2) incorporate, in the reports on payment services, the clarifications and indications provided by the PAY Team of the ECB; 3) introduce two new items on purchases and sales of loans for intermediaries pursuant to Art. 106 of the TUB (Consolidated Banking Law), so as to improve the monitoring of credit quality.
- **Circular no. 115 of 7 August 1990** "Instructions for the compilation of supervisory reports on a consolidated basis" – of which the *28th update* was issued during the year in order to: 1) adjust, in the paragraph "General instructions", the recipients of the reporting provisions of the groups of Stock Brokerage Firms pursuant to the provisions of Article 11, paragraph 1-bis of the TUF relating to groups of Stock Brokerage Firms; 2) rename Section III to "Non-harmonised reporting – Prudential Groups of Stock Brokerage Firms".
- **Circular no. 154 of 22 November 1991** "Supervisory reports of credit and financial institutions. Reporting formats and instructions for the forwarding of information flows", whose *76th update* was issued during the year in order to modify the reporting formats and the corresponding system of codes, in line with the aforementioned updates to the Circulars nos. 272, 217, 148 and 286.
- Reporting on losses historically recorded on positions in default, set forth **in Bankit Circular no. 284 of 18 June 2013** (1st update of 20 December 2016), through which an archive of data on the credit recovery activities carried out by supervised intermediaries (banking and financial) is provided with data, which makes it possible to calculate the loss rates recorded historically on non-performing positions (defaults). This information is particularly relevant for the purposes of the impairment envisaged by IFRS 9, which requires the estimation of expected losses and the adoption of advanced internal models for the calculation of the capital requirement on credit risk;
- Reporting in Centrale dei Rischi (central credit register), according to the regulation contained in **Circular no. 139 of 11 February 1991**, now in its *20th update*.

Published in the **Official Journal of the European Union** is the so-called "**AML Package**", i.e. the **reform package of the AML/CFT framework**, consisting of the Directive (EU) no. 2024/1640 (**6th AML Directive**), the Regulation (EU) no. 2024/1624 (**AML Regulation**) and the Regulation (EU) no. 2024/1620 (**AMLA Regulation**), aimed at strengthening the AML framework and introducing enhanced due diligence measures to verify customer identification and report suspicious activity. More specifically, the AML package consists of:

- the **6th Anti-Money Laundering Directive**, i.e. Directive (EU) no. 2024/1640 of 31 May 2024 on the mechanisms to be put in place by Member States to prevent the use of the financial system for the purpose of money laundering or terrorist financing, amending Directive (EU) no. 2019/1937, and repealing Directive (EU) no. 2015/849.
  This directive shall enter into force on the 20th day following its publication in the Official Journal of the European Union; the Member States will have to transpose it into their legislation by 10 July 2027, with the exception of:
  - Articles 11, 12, 13 and 15 (i.e. the rules relating to the **register on beneficial owners**), which must be implemented **by 10 July 2026;**
  - Article 18 (i.e. the **single access point to information on real estate**), which must be implemented **by 10 July 2029.**
- the **Anti-Money Laundering Regulation, the so-called "*single rulebook*"**, or Regulation (EU) no. 2024/1624 of 31 May 2024, on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing.
  This shall enter into force on the 20th day following its publication in the Official Journal of the European Union, but **will apply from 10 July 2027,** with the exception of the **obliged entities referred to in Article 3, point 3), letters n) and o)** (football agents and professional football clubs), to which it will apply **from 10 July 2029.**
- **Regulation (EU) no. 2024/1620** of 31 May 2024 establishing the Anti-Money Laundering and Countering the Financing of Terrorism Authority (**AMLA**) and amending Regulations (EU) no. 1093/2010, (EU) no. 1094/2010 and (EU) no. 1095/2010. This enters into force on the seventh day following its publication in the Official Journal of the European Union, but **will apply from 1 July 2025**.

The Bank of Italy is actively monitoring and supporting developments in **sustainability**. It engages in the European and national debates on the regulatory framework, implements it at the national level, and encourages banking and financial intermediaries to establish and share best practices, given the lack of a comprehensive and consolidated regulatory framework. In these terms, following the analysis of the action plans on the integration of climate and environmental risks into business processes submitted by intermediaries by 31 March 2023, the Bank of Italy published the main findings and the good practices identified. In addition, an analysis based on a sample of Italian banks on the accounting implications of ESG factors, particularly climate-related risks, and the first public disclosures on climate-related risks prepared by intermediaries in compliance with ESG disclosure requirements was published in December 2023.

During 2023, the European Commission launched a consultation on the revision of the **Directive against late payments**. In the request for contributions, the Commission expressly mentioned, among the unfair practices that have the effect of circumventing the obligations of the Directive, those prohibiting the assignment of trade receivables.
During the financial year, Assifact was heavily involved in the legislative process initiated by the European Commission to update and revise the Directive on late payment in commercial transactions, both directly and through the EUF. The Commission's proposal in this area is notably disruptive: it aims to convert the Directive into a Regulation (which would be directly applicable without the need for transposition) and introduces a maximum payment period of 30 days for both business-to-business transactions and transactions between businesses and public administrations. This approach is intended to significantly address the issues related to late payments. Although the objectives of the proposal were unanimously agreed upon within the system, the manner in which these objectives are pursued was, from the outset, particularly divisive even within the business world. The factoring sector immediately positioned itself in favour of protecting contractual freedom and the need to favour the assignment of trade receivables as an additional solution to companies' working capital needs. Of particular concern is the potential combined effect of a significant reduction in trade maturities and the strict rules for the definition of default in the case of purchased trade receivables. Thanks to the sector's efforts, the European Parliament recognised the usefulness of factoring within the new Late Payment Regulation (LPR) by introducing in its adopted text amendments aimed at rendering ineffective the use of clauses and practices that prohibit or hinder factoring and at ensuring that Member States support the development of factoring as a technique to support trade credit management. In addition, greater flexibility has been introduced in the definition of contractual payment terms, the extent of which is still under discussion. To date, the legislative process is ongoing and the debate is open and heated on all key points of the proposal.

Lastly, in the area of ICT Governance, a number of regulations in the digital sphere and in particular of a cyber nature are worth mentioning:

DORA

Economic operators subject to the DORA Regulation (Regulation (EU) no. 2022/2554) **will have to implement, by 17 January 2025, the obligations laid down in the European legislation on IT risk management**, also taking into account, in this adaptation process, **the technical standards defined in the meantime by the European Supervisory Authorities, i.e. the ITSs** (Implementing Technical Standards) **and the RTSs** (Regulatory Technical Standards), which clarify and specify certain obligations under the DORA Regulation.
On **17 January 2024**, the European Supervisory Authorities published the final drafts of the first set of ITSs and RTSs, now under review by the European Commission. The second set of technical standards will be finalised and presented to the European Commission **by 17 July 2024.**
As from 17 January 2025, financial entities will have to provide for and periodically review a **strategy for the management of IT risks arising from all ICT service providers.** The Regulation, in fact, considerably broadens the scope of the entities with respect to which financial entities must adequately regulate their relationships: no longer only IT service providers to which financial entities have outsourced essential or important functions, but **all ICT service providers.**
It replaces the NIS2 Directive (Network and Information Security Directive 2) - update of the NIS Directive (Directive no. 2016/1148) - with reference to financial companies.

AI ACT

The Artificial Intelligence Regulation (AI Act) proposed by the European Union is pioneering legislation aimed at regulating the use of artificial intelligence (AI) to ensure security, fundamental rights and transparency.
The main objective of the regulation is to: ensure that AI systems are safe and respect people's fundamental rights; promote trust in the field of artificial intelligence; and encourage innovation by ensuring that AI technologies are developed and used in an ethical and responsible manner. The **classification of AI systems is based on identified risks** to the rights and freedoms of individuals. In particular, AI systems are classified into the following categories defined according to their potential risks: (a) **unacceptable risk**; (b) **high risk**; (c) **low or minimal risk**.

OPERATING PERFORMANCE AND RESULT

Share capital – Transactions affecting the corporate structure

The Company's share capital currently amounts to EUR 4,202,329.36 and is divided into 12,635,066 ordinary shares without nominal value, pursuant to paragraph 3 of Art. 2346 of the Italian Civil Code and Art. 5 of the current Articles of Association. Based on the information available to the Company, as at 30 June 2024, it is broken down as follows:

- **GGH – Gruppo General Holding S.r.l. (GGH)**, which holds approximately 41.37% of the share capital (roughly 58.53% of the voting rights taking into account the increased vote);
- **Investment Club S.r.l. (IC)**, which holds approximately 9.55% of the share capital (approximately 6.76% of the voting rights);
- **BFF Bank S.p.A. (BFF)**, which holds approximately 8.02% of the share capital (approximately 5.67% of the voting rights);
- **First4Progress S.p.A. (F4P)**, which holds approximately 5.39% of the share capital (approximately 3.81% of the voting rights);
- **Banca del Ceresio SA (BS)**, which holds approximately 4.98% of the share capital (approximately 3.53% of the voting rights);
- (floating) **market**, which overall holds an approximately 30.69% of the share capital (approximately 21.70% of total voting rights).

The shares, all ordinary and traded on Euronext STAR Milan, all have equal rights, both administrative and financial, as established by law and by the Articles of Association, except for the provisions of the latter regarding increased voting rights, as specified below. The shares are indivisible, registered and freely transferable by an act inter vivos and transmissible on death. The currently applicable legislation and regulations regarding representation, legitimate entitlement and circulation of shares set forth for financial instruments traded on regulated markets is applied to the shares. The shares are issued in dematerialised form.

Pursuant to Art. 127-quinquies of Italian Legislative Decree no. 58 of 24 February 1998 (“**TUF**” or "Consolidated Law on Finance"), each share gives the right to double votes (and therefore two votes for each share) where both the following conditions are met: (a) the share belongs to the same party, based on a real right that legitimately entitles them to exercise the voting right (full ownership with voting right or bare ownership with voting right or usufruct with voting right) for a continuous period of at least 24 (twenty-four) months; (b) the meeting of the condition pursuant to point (a) is certified by the continuous registration, for a period of at least 24 (twenty-four) months, in the duly established list, kept by the Company, in compliance with the legislative and regulatory provisions in force. The assessment of the prerequisites for the attribution of the increased vote is carried out by the administrative body.

As at 30 June 2024, the sole shareholder GGH has acquired the right to double voting rights on the entire amount of shares held by it.

It should be noted, however, that after the end of the first half of the year, on 15 July 2024, the shareholders Investment Club S.r.l., First4Progress S.p.A. and Banca del Ceresio SA acquired the increased voting rights, with respect to the shares for which, on that date, the twenty-four-month period of uninterrupted registration in the Special List had been ascertained.

The current **composition of the Company's share capital**, with respect to which there have been no changes, is shown below.

	Share capital		
	EUR	**No. of shares**	**Nominal value per unit**
Total	4,202,329.36	12,635,066	(*)
of which: ordinary shares (regular dividend entitlement)	4,202,329.36	12,635,066	(*)

(*) Shares with no nominal value.

The **total amount of voting rights** as at 30 June 2024 and how this changed as a result of the vesting of the 15 July 2024 increase in voting rights is shown below.

	Situation as at 30 June 2024		Situation as at 15 July 2024	
	Number of shares making up the share capital	Number of voting rights	Number of shares making up the share capital	Number of voting rights
Total ordinary shares	12,635,066	17,862,339	12,635,066	19,530,005
Ordinary shares without increased voting rights	7,407,793	7,407,793	5,740,127	5,740,127
Ordinary shares with increased voting rights	5,227,273	10,454,546	6,894,939	13,789,878

By virtue of the above, as at today's date, the voting rights that can be exercised by shareholders are as follows:

		30 June 2024		15 July 2024	
Shareholder	**Shares held**	**% share capital**	**% voting rights**	**% share capital**	**% voting rights**
GGH – Gruppo General Holding S.r.l.	5,227,273	41.37	58.53	41.37	53.53
Investment Club S.r.l.	1,207,267	9.55	6.76	9.56	9.41
First4Progress S.p.A.	681,140	5.39	3.81	5.39	6.66
BFF Bank S.p.A.	1,013,378	8.02	5.67	8.02	5.19
Banca del Ceresio SA	589,666	4.98	3.53	4.67	5.15
Market	3,916,342	30.69	21.70	30.99	20.06

As at 30 June 2024, the pledge initially established in favour of Credito Valtellinese S.p.A. ("Creval") on 1,271,766 ordinary shares of Generalfinance remained in effect for 423,922 shares held by GGH. However, it does not entail any limitation on the rights of GGH as, in derogation from Art. 2352 of the Italian Civil Code, the right to vote on the shares encumbered by the pledge is regularly exercised by GGH, both in ordinary and extraordinary shareholders' meetings. Similarly, GGH maintained the right to receive any amount due from Generalfinance in relation to the shares encumbered by the pledge.

In this regard, it should be noted that, subsequent to the end of the first half of the year, on 12 July 2024, the aforesaid pledge was completely extinguished as a result of the issue of consent by Crédit Agricole Italia S.p.A. (which took over Creval following its merger) to the release of the residual pledge. Therefore, starting from 12 July 2024, the aforementioned restriction no longer exists.

Furthermore, it should be noted that GGH has entered into a loan agreement with Banca Nazionale del Lavoro S.p.A. for an amount of EUR 5 million; in relation to this contract, GGH pledged a first degree pledge on 1,263,900 ordinary shares owned by it. Also in this case, the voting right relating to the shares encumbered by the pledge is duly exercised by GGH, both in ordinary and extraordinary shareholders' meetings. Similarly, GGH maintained the right to receive any amount due from Generalfinance in relation to the shares encumbered by the pledge.

It should be noted that, at the date of this report, the Company does not hold treasury shares in its portfolio.

PERFORMANCE INDICATORS (ART. 2428, PARAGRAPH 2)

Generalfinance closed the first half of 2024 with a net profit of EUR 8.0 million (+19% over the first half of 2023) and further growth in the area of distressed financing. Turnover – including advance orders – reached EUR 1,369 million (+20%) with EUR 1,045 million disbursed (+12%).

In order to provide a clear and immediate view of the Company's economic performance, the following tables show some indicators for the period, compared with the figures related to the same period of the previous year.

The main economic and financial data and some operating indicators are presented below, with comments on their performance in the following paragraphs.

Main reclassified income statement data (in thousands of Euro)

Income for:	30.06.2024	30.06.2023	Change
Net interest income	4,958	3,843	29%
Net fee and commission income	16,016	12,470	28%
Net interest and other banking income	**20,961**	**16,313**	**28%**
Operating costs	-7,423	-6,372	17%
Pre-tax profit from current operations	**12,109**	**9,677**	**25%**
Profit for the period	**7,984**	**6,699**	**19%**

Key balance sheet data (in thousands of Euro)

Balance sheet item	30.06.2024	31.12.2023	Change
Financial assets measured at amortised cost	432,729	462,365	-6%
Financial liabilities measured at amortised cost	410,614	409,388	0%
Shareholders' equity	67,032	66,433	1%
Total assets	532,540	500,043	6%

Main performance indicators

Indicator	30.06.2024	30.06.2023
Cost/Income ratio	35%	39%
ROE	27%	26%
Net interest income/Net interest and other banking income	24%	24%
Net fee and commission income/Net interest and other banking income	76%	76%

Notes:

- Cost Income Ratio calculated as the ratio between operating costs and Net interest and other banking income

- ROE calculated as the ratio of annualised profit for the period to shareholders' equity at the end of the period

It should be noted that the Bank of Italy published a document entitled “Provisions on the financial statements of banks and other supervised financial intermediaries concerning: 1) the impacts of Covid-19 and the support measures adopted to deal with the pandemic; 2) amendments to IAS/IFRS”, with which the Supervisory Authority aimed to make certain amendments and additions to the provisions governing the formats and rules for drawing up the financial statements of banks and other supervised financial intermediaries (Circular no. 262 “Bank financial statements: formats and rules for compilation” and Bank of Italy Measure “The financial statements of IFRS intermediaries other than banking intermediaries”), with the aim of providing a disclosure of the effects of Covid-19 and of the support measures put in place to deal with the pandemic. The proposed actions also take into account the contents of the documents published by the European regulatory and supervisory bodies and the standard setters aimed at clarifying the methods of application of IAS/IFRS, with particular reference to IFRS 9.

As regards, in particular, quantitative information, this is limited to:

- loans subject to "moratoria" that fall within the scope of application of the EBA Guidelines on legislative and non-legislative moratoria on loan payments applied in light of the Covid-19 crisis (EBA/GL/2020/02);
- loans subject to forbearance measures applied following the Covid-19 crisis;
- new loans guaranteed by the State or another public body.

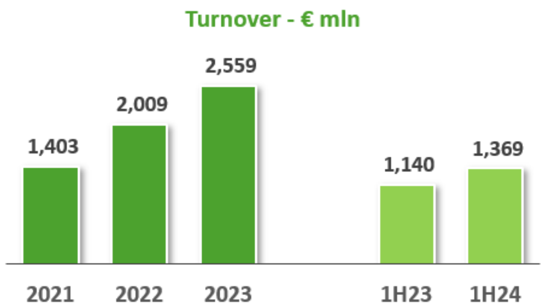
In this regard, it should be noted that the activities of Generalfinance were not impacted by the three cases indicated above, given the particular nature of the technical form in which the Company disbursed loans; factoring, as it is a revolving relationship without an amortisation plan, has a short-term duration and, therefore, can hardly be subject to measures that, vice versa, are mainly aimed at medium/long-term loans.
In 2024, the Company did not approve moratoria on existing loans, did not grant changes to the loan agreements, following the COVID-19 pandemic, and did not disburse loans backed by the State guarantee. Moreover, it showed itself to be willing to reschedule certain maturities in order to facilitate transferred debtors and transferors, with some rescheduling of trade receivables, as part of normal operating activities.

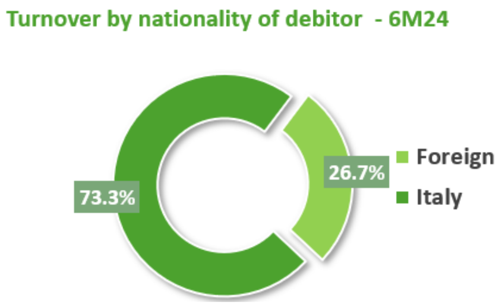
Impact resulting from the conflict between Russia and Ukraine

With reference to the information provided by ESMA in the public statement "Implications of Russia's invasion of Ukraine on half-yearly financial reports" on 14 March 2022 and the CONSOB communication of 19 March 2022 "Conflict in Ukraine: Consob warnings for supervised issuers on financial reporting and on the obligations related to compliance with the restrictions imposed by the European Union on Russia, as well as on the obligations of managers of online portals", in the context of the constant monitoring of its loan portfolio the Company has paid particular attention, on the geopolitical front, to the developments of the conflict between Ukraine and Russia, which resulted in the invasion by Russia of the Ukrainian territory on 24 February 2022 and in the imposition of economic sanctions by the European Union, Switzerland, Japan, Australia and NATO countries on both Russia and Belarus and some representatives of these countries; the conflict and sanctions have had, since February 2022, significant negative repercussions on the global economy, also taking into account the negative effects on the trend in raw material costs (with particular reference to the prices and availability of electricity and gas), as well as on the performance of the financial markets.
In said context, it should be stressed that Generalfinance has zero direct presence in the Russian/Ukrainian/Belarusian market (areas directly impacted by the conflict), since the Company has factoring relations solely with transferors active in Italy. As at 30 June 2024, Generalfinance has a residual exposure of less than EUR 100,000 to transferred debtors based in Russia, Ukraine and Belarus. Since the invasion of Ukraine, Generalfinance has suspended the credit lines relating to transferred debtors operating in the countries directly involved in the conflict.
The persistence, over a prolonged period, of the crisis scenario could then lead to an increase in the number of companies with a lack of liquidity, fuelling the Company's reference market.

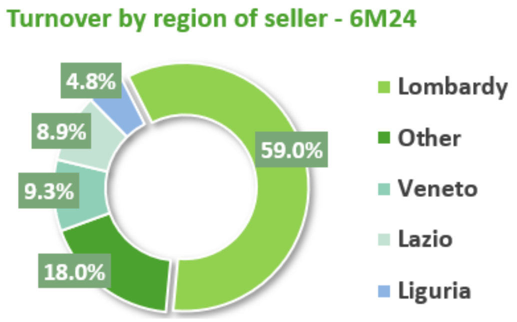
TURNOVER

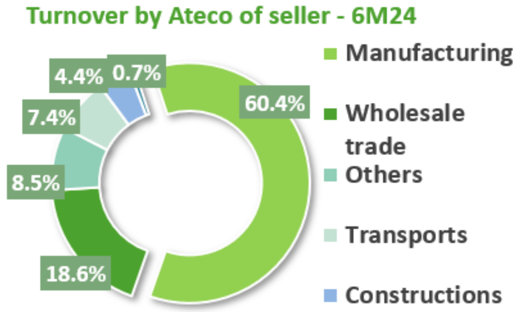
Including data referring to future credit advances, turnover reached EUR 1,369 million as at 30 June 2024, up by 20% compared to the first half of 2023.
With reference to the annual "LTM – Last Twelve Months" turnover (July 2023 - June 2024), the breakdown by nationality of the transferred debtors shows a relative weight of international factoring equal to around 26.7% of business volumes, with significant diversification by country, reflecting the high level of service that the Company is able to provide to export-oriented customers.



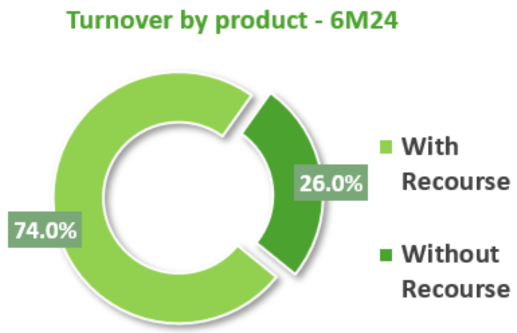


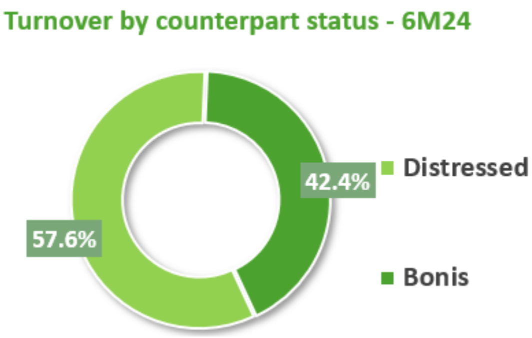
Looking at the registered office of the transferor, the company is strongly rooted in the north of the country, with a particular focus on Lombardy (59.0% of turnover), Veneto (8.9%) and Liguria (4.8%); turnover from companies operating in Lazio (9.3%) is growing. At sector level, manufacturing represents the most important portion of turnover, with approximately 60,4%; this positioning is consistent with the "DNA" of Generalfinance as a reference factor for manufacturing SMEs affected by turnaround processes.





The activity is mainly represented by factoring with recourse, which accounts for approximately 74.0% of volumes, while the without recourse portion accounts for around 26.0%, up compared to the same period of the previous year. Lastly, around 57.6% of the turnover is developed with regard to "distressed" transferors, i.e. those engaged in restructuring projects through the various instruments set forth in the Corporate Crisis Code.





ECONOMIC DATA

Net interest income amounted to EUR 5.0 million, up (+29%) compared to the first half of 2023, as a result of the positive effect generated by the renegotiation of factoring contracts with respect to Euribor rate trends; net commissions amounted to EUR 16.0 million, up from EUR 12.5 million in the first half of 2023 (+28%). The trend in fee and commission income was affected by the highly positive trend in turnover (+20% year on year), reflecting the excellent commercial and operating performance of the Company during the year.

Net interest and other banking income amounted to EUR 21.0 million (+28%), while net value adjustments on loans amounted to EUR 1.4 million, determining a cost of risk, calculated by correlating the adjustments with the annual disbursement, equal to 13 basis points.

The increase in the level of provisions was driven in particular by the increase in stage 3 positions and the increase in the expected loss on stage 1 positions, also in connection with the more stringent classification and valuation policies introduced in 2023.

Operating costs amounted to EUR 7.4 million (+17% compared to the first half of 2023).

Taking into account the tax item of approximately EUR 4.1 million, the net result for the period amounted to approximately EUR 8.0 million compared to EUR 6.7 million recorded in the first half of 2023.

BALANCE SHEET AND ASSET QUALITY DATA

Financial assets at amortised cost – largely consisting of net loans and advances to customers – amounted to EUR 433 million, down 6% from 31 December 2023. The flow of loans disbursed increased from EUR 932 million in the first half of 2023 to EUR 1,045 million in the first half of 2024 (+12%). The overall disbursement percentage (average between recourse and non-recourse) – the ratio of disbursement to turnover for the year – decreased from 82% in the first half of 2023 to 76% in the first half of 2024; the average days of credit increased from 66 in the first half of 2023 to 70 in the first half of 2024, reflecting the extremely low asset duration profile.
Within the aggregate, total gross non-performing loans amounted to EUR 7.6 million, with a gross NPE ratio of 1.75% (1.45% of the net NPE ratio), compared to 0.61% in 2023.
The coverage of non-performing loans stood at 18%. The increase in the stock of non-performing loans in the first half of the year was due, in particular, to the increase in positions classified as likely to default, also as a result of the more stringent classification and valuation policies introduced in 2023.
Cash and cash equivalents – largely represented by sight deposits with banks – amounted to EUR 83.5 million, confirming the prudent liquidity management profile, while total balance sheet assets amounted to EUR 532.5 million, compared to EUR 500.0 million at the end of 2023.
Property, plant and equipment – operating properties and rights of use relating to property and operating assets – amounted to EUR 5.6 million, compared to EUR 5.0 million at end 2023. Intangible assets – mainly represented by the proprietary IT platform – amounted to EUR 3.0 million, compared to EUR 2.6 million at end 2023.
Financial liabilities measured at amortised cost, equal to EUR 410.6 million, are made up of payables of EUR 377.7 million and securities issued of EUR 32.9 million.
Payables are mainly represented by the RCF pool loan stipulated in January (EUR 174.3 million) with some Italian banks, in addition to the other bilateral lines with banks and factoring companies. In addition, the item includes the payable to the vehicle (EUR 172.2 million) related to the securitisation transaction in progress.
The securities consist of two subordinated bonds issued, in addition to the outstanding commercial paper issued at the reporting date.

SHAREHOLDERS' EQUITY AND CAPITAL RATIOS

Shareholders' equity as at 30 June 2024 amounted to EUR 67.0 million, compared to EUR 66.4 million as at 31 December 2023.
The capital ratios of Generalfinance show the following values:

- 14.48% CET1 ratio (against a minimum regulatory requirement of 4.5%);
- 14.48% TIER1 ratio (against a minimum regulatory requirement of 6%);
- 16.07% Total Capital ratio (against a minimum regulatory requirement of 8%).

The ratios are well above the minimum regulatory values set forth in Bank of Italy Circular 288.

Research and development activities (Art. 2428, paragraph 3, no. 1 of the Italian Civil Code)

The Company does not carry out "research and development" pursuant to paragraph 3, no. 1, of article 2428 of the Italian Civil Code. However, it is worth noting that for the 2022-2024 period, in line with the investment policies envisaged in the Business Plan and the development of core business lines, a continuous evolution of the proprietary IT platform is envisaged, with a view to continuous transformation and Digital Innovation.

Treasury shares/shares or holdings of parent companies (Art. 2428, paragraph 3, no. 3 and 4 of the Italian Civil Code)

As at today's date, the Company does not hold treasury shares – directly or indirectly – nor did it, over the course of the first half of 2024 – directly or indirectly – purchase or dispose of treasury shares.

*

SIGNIFICANT ASPECTS DURING THE PERIOD

Third Pillar Disclosure

It should be noted that the Third Pillar disclosure relating to 2023, prepared in accordance with the provisions of Bank of Italy Circular 288, is available on the Generalfinance website at the following address: https://investors.generalfinance.it/it/informativa-al-pubblico/. Public disclosures relating to previous years are available at the same address.

Independent Auditors pursuant to Italian Legislative Decree no. 39 of 7 January 2010

The financial statements are audited by Deloitte & Touche S.p.A. for the nine-year period 2017-2025.
In consideration of the fact that the mandate granted by the Shareholders' Meeting of 8 March 2022 to Deloitte & Touche S.p.A. will expire at the same time as the Shareholders' Meeting called to approve the financial statements as at 31 December 2025, the Shareholders' Meeting of 5 April 2024 resolved to grant – subject to the justified proposal of the Board of Statutory Auditors (issued pursuant to Article 13, paragraph 1, of Italian Legislative Decree no. 39/2010) – for nine financial years starting from the financial year 2026 and expiring at the Shareholders' Meeting called to approve the financial statements as at 31 December 2024, to the independent auditors EY S.p.a., with registered offices in Via Meravigli 12, Milan ("EY S.p.A.") the appointment for the official audit of the accounts under the conditions, formalities and terms contained in the proposal formulated by the aforementioned auditing firm.

Internal Control System

The internal control system ("ICS") consists of the set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

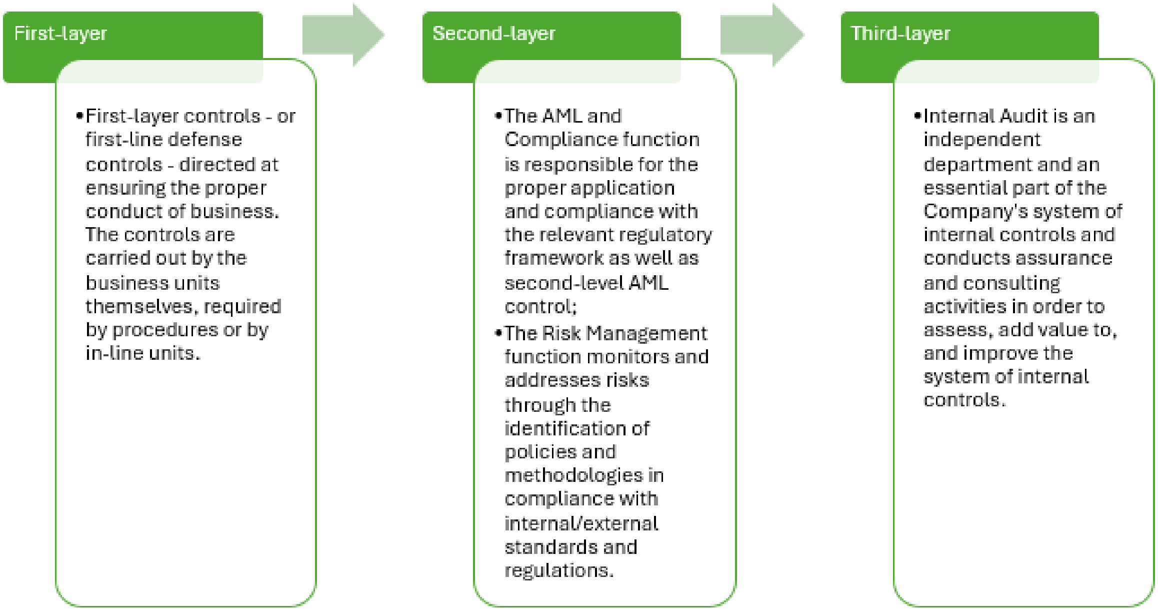
- verification of the implementation of company strategies and policies;
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk of involvement, even involuntary, in illegal activities (with particular reference to those connected with money laundering, usury and financing of terrorism);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, regulations and procedures.

In relation to the issue of the ICS, it should be noted that the Board of Directors, in 2022, approved a significant redefinition of the same, which today is structured as follows:

- independent third-level internal audit function;
- independent second-level control function with specialised activities on risk management issues;
- independent second-level control function with specialised activities on anti-money laundering and regulatory compliance issues (AML and Compliance Function).

The Head of the Anti-Money Laundering Function is also granted the mandate for the Reporting of Suspicious Transactions ("SOS"), pursuant to Art. 35 of Italian Legislative Decree no. 231 of 21 November 2007.
To ensure effectiveness of their action, the control functions are guaranteed with direct access to all useful information for the performance of their duties.
Each head of the second and third level control functions has adequate professional requirements and is placed in an adequate hierarchical-functional position: the heads of the risk control and compliance functions actually report directly to the Chief Executive Officer; the head of the internal audit function, on the other hand, reports directly to the body with strategic supervision function. No manager has direct responsibility in operational areas subject to control.
The control functions produce periodic reports in relation to the activities carried out and, at least annually, a report on the activities carried out during the previous year to be submitted to the Board of Directors.

The levels of the internal control system can be summarised as follows:



The Company's Internal Control System is completed by:

- the Board of Directors, which assesses the adequacy of the ICS and plays a strategic steering role, dealing with - among other things - approving the Risk Appetite Statement, which formalises the risk and risk appetite objectives in line with the strategic and operational planning and establishes the respective internal limits (Risk Tolerance and Risk Capacity).
- the Chief Executive Officer, as responsible for the functionality of the internal control and risk management system;
- the Board of Statutory Auditors, required to ascertain the effectiveness of all the structures and functions involved in the control system, the correct performance of the tasks and their adequate coordination, promoting the corrective actions of the shortcomings and irregularities identified;
- the Control, Risk and Sustainability Committee, which has the task of supporting the assessments and decisions of the Board of Directors relating to the internal control and risk management system, as well as promoting the continuous integration of national and international best practices in the Company's corporate governance;
- the Supervisory Body, which monitors the effectiveness and adequacy of the organisation and management model;
- the independent auditors, which verifies the regular keeping of the company accounts and the correct recognition of the operating events in the accounting records, and that the financial statements present a true and fair view of the equity and financial situation and the economic result.
- the Company's Financial Reporting Manager, who, on the basis of the provisions of the Consolidated Law on Finance, prepares adequate administrative and accounting procedures for the preparation of the financial statements and, where envisaged, the consolidated financial statements, as well as any other financial communication.

Supervisory Body pursuant to Italian Legislative Decree no. 231 of 8 June 2001

The Supervisory Body envisaged by no. 1 of letter "b" of Art. 6 of Italian Legislative Decree no. 231/2001 ("*Regulation of the administrative liability of legal persons, companies and associations, including those without legal status, pursuant to Art. 11 of Italian Law no. 300 of 29 September 2000*") ("**SB**") whose functions are mainly those of supervising the functioning and observance of the Organisation, management and control model ("**Model**") adopted by the Company and of ensuring its updating.
Taking into account the dimensional characteristics of Generalfinance and its operations, the related corporate governance rules, the need to achieve a fair balance between costs and benefits, the Company has established a collective Supervisory Body. It consists of two members, one a member of the Board of Statutory Auditors, with the functions of Chairman, and the other internal, belonging to the Legal and Corporate Affairs Department.

The current composition of the SB is as follows:

- Maria Enrica Spinardi (Chairperson);
- Margherita De Pieri (Legal and Corporate Affairs Department).

To complete the regulatory framework outlined by the Model, the Company has adopted the Code of Ethics (since 2010) and the Regulations of the Supervisory Body.

OTHER ASPECTS

Whistleblowing rules

In accordance with the provisions of Italian Legislative Decree no. 24/2023, the Company has a specific whistleblowing policy in place, which provides for a reporting system with high levels of confidentiality and which allows employees, collaborators, customers and suppliers to report to the Company or to the Supervisory Body (depending on competence) any unlawful conduct, irregularities or violations of the law.

The reporting platform and the related documents are accessible on the institutional website at the following link: https://www.generalfinance.it/modello-231.

During the first half of 2024, the persons in charge of managing the whistleblowing system did not receive any reports.

Out-of-court settlement of disputes relating to banking and financial transactions and services

The Company punctually fulfils the disclosure obligations envisaged by the provisions on Transparency of banking and financial services (Sect. II, Par. 2 of the "*Provisions on transparency of banking and financial transactions and services. Correctness of relations between intermediaries and customers*") by making the required documentation available in electronic form on its website, on the Generalweb company portal and, in paper form, at the Milan and Biella offices. These also include (as required by the Measure of the Governor of the Bank of Italy of 9 February 2011 – Section XI, paragraph 3) the periodically updated report on complaints management.

Generalfinance adheres to the out-of-court dispute resolution system established at the Banking and Financial Arbitrator. In this regard, it should be noted that, during the first half of 2024, the Company received only one communication classified as a "complaint" which was handled by the Complaints Office in compliance with the reference regulations.

During the same period, the Company did not receive notification of any appeals to the Banking and Financial Arbitrator, or to another alternative dispute resolution body or to the ordinary judicial authority as a result of complaints lodged by customers, nor procedures originating from appeals filed by customers to the Banking and Financial Arbitrator.

Protection of health and safety at work

The Company constantly monitors and protects the health of employees and their safety in the workplace, assisted by an external consultant, who has been appointed as Head of the Company Prevention and Protection Service ("**RSPP**"). In addition to the obligations required for the RSPP function, they also provide specific technical support and consultancy to ensure compliance with the reference regulations and the fulfilment of the obligations envisaged therein.

With regard to health surveillance, the Company complies with the provisions set forth in the Guidelines on the Training of Managers, Supervisors and Employers/RSPP – Prevention and Protection Service Manager – (Articles 34 and 37 of Italian Legislative Decree no. 81/2008), approved on 25 July 2012 by the State-Regions Conference. All employees regularly undergo regular medical check-ups and, in the event of new hires, pre-employment check-ups. In addition, mandatory training is carried out in a timely manner for new hires, as well as the usual refresher courses for first aid and fire-fighting personnel.

No other events worthy of note took place during the first half of 2024.

Training activities

For Generalfinance, training plays an important role in the context of strategic planning as it contributes to the progressive development of the technical-professional and managerial skills of all personnel. For this reason, the Company periodically provides

its employees and associates with training and refresher courses, not only to fulfil specific regulatory duties, but also sessions dedicated to specific topics related to the core business, aimed at training internal staff and the acquisition and development of new and more specialised skills.
A crucial role is also played by the training and updating of the members of the top management on issues that typically relate to the activities of banking and financial intermediaries (such as, for example, anti-money laundering and combating of terrorism, usury, credit quality, etc.) but also to issues of general interest such as, for example, environmental sustainability and ESG issues.
In said context, training courses are provided both with the help of internal teachers, and through external structures, and by allowing staff to take part in courses, conferences, training sessions organised by trade associations or other public or private bodies of high standing.
Among the most significant training initiatives conducted in the first half of 2024 were courses on factoring regulations, business crisis, anti-money laundering and counter-terrorism, privacy and data protection, IT security and cyber risk.

The Company also organised, with the support of Ernst & Young's Forensic & Integrity Services Department, a board induction session on “Countering money laundering and the use of the financial system for the financing of terrorism”.
With reference to the issue of out-of-court settlement of disputes relating to banking and financial transactions and services, in addition to participating in specific sessions held by the Head of the function on particular issues concerning the Company’s current activities, the staff of the Complaints Office is updated regularly through the provision and illustration of the regular communications sent by the Banking and Financial Conciliator (association to which the Company belongs) containing regulatory and organisational information, as well as the review of the case law of the territorial Boards and the Board of Coordination of the Banking and Financial Arbitrator.

Protection of personal data

The Company has activated a programme to adapt all the controls relating to the protection of personal data to Regulation no. 679/2016/EU (the “**Regulation**” or “**GDPR**”). As part of the activities for compliance with the GDPR, LTA (privacy consultant) was assigned the role of Data Protection Officer (DPO), represented by Luigi Recupero.
In implementation of the programme, two separate Registers were prepared pursuant to Art. 30 of the GDPR: one for the processing activities carried out by the Company as Data Controller, the other for the processing activities carried out by the Company as Data Processor. Both Registers are managed electronically.
In addition to the mapping of personal data processing activities, the risk analysis on the processing carried out by the Company was updated, pursuant to Art. 24.1 of the GDPR.
In conjunction with adaptation activities, the entire set of documents on privacy was also updated, including most recently the Privacy Organisational Model (MOP).
The activities carried out so far have obtained a judgement of full adequacy from the DPO.
At the end of the adjustment activity, the Company provided three general internal training sessions on Data Protection. Two training sessions were delivered in 2024, one basic for new recruits and one in-depth on security measures and data breaches for existing staff.
During 2024, three Data Breach incidents were reported to the Company by a supplier and two external consultants, all of which were assessed as Low Impact by the DPO, namely:

1. Internal data breach due to theft of a laptop;
2. Data breach notified by an EIF outsourcer, through a malicious attack;
3. Internal data breach due to a phishing attack.

Appropriate notes and actions were prepared for each event in order to mitigate any current risks or even through development actions. In all these cases, the DPO deemed it unlikely that there would be a risk to the rights and freedoms of natural persons since, although the two events led to the loss of confidentiality of personal data, both cases involved, exclusively, common personal identification data. For this reason, it was not necessary to notify the Italian Data Protection Authority, although both incidents were recorded in the “Incident Register”.
The Compliance function, also supported where required by the ICT Department, constantly maintains active flows with the DPO, with particular reference to critical issues from an operational point of view (especially those interconnected with other disciplines, e.g. labour law - e.g. management of company accounts of jobs upon termination of employment, for which Generalfinance has

prepared an ad hoc note) or relevant provisions of the Privacy Guarantor (e.g. Provision of 6 June 2024 - Policy Document. Computer programmes and services for the management of electronic mail in the workplace and the processing of metadata", for which the Company has prepared an internal note, currently being validated by the DPO).

Update of the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 on the administrative liability of companies and entities

During the period, the Company monitored, with the help of the Supervisory Body, compliance with the provisions contained in the Organisation, Management and Control Model (the 'Model') and the Code of Ethics. For the second half of the year, a revision of the Model was planned in order to incorporate the most recent offences that have been introduced into the list of predicate offences.

Climate risk and non-financial disclosure

The Company has not prepared the non-financial statement as it is not required to do so at present, as it does not meet the size requirements set out in the relevant regulations.
However, in 2023 the Company voluntarily approved the Sustainability Report for the financial year 2022. The document presents the management policies, the results achieved, the current and potential risks and the relevant indicators for the Company's business, with reference extended to the three-year period 2020-2022. It was drawn up in line with Italian and European best practices, in compliance with the reporting principles and with the disclosure requirements defined by the Global Reporting Initiative (GRI), a non-profit organisation created with the aim of providing practical support in the reporting of sustainability performance to companies and institutions of any size, for the purpose of measuring the environmental, social and economic impact generated by their activities. The Sustainability Report for the financial year 2023, also drafted on a voluntary basis, will be published in 2024.
With reference to the specific issue of climate risk (physical risk and transaction risk) following a preliminary analysis conducted as part of the preparation of the Sustainability Report - considering the nature of its transactions, i.e. disbursement of trade receivables with recourse and, to a lesser extent, without recourse, whose average duration is equal to 70 days, as well as the limited number of real estate units with which it carries out its activities - the Company believes it is exposed to a limited degree.

Related party transactions (Art. 2428, paragraph 3, no. 2)

A service agreement is in place with GGH – Gruppo General Holding S.r.l. through which Generalfinance provides some functions and services. In particular, it provides GGH with support in the administration, accounting, treasury and corporate secretariat areas.
For more information on the terms of transactions carried out with related parties, please refer to the appropriate section of the explanatory notes, Part D – Other Information.

Concentration of risk and regulatory capital

During the 2024 financial year, the Company and its control functions continued to monitor compliance with the parameters established by current regulations on risk concentration and regulatory capital. Further details are specified in the explanatory notes, Part D – Other Information, to which reference should be made for any information in this regard.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD (ART. 2428, PARAGRAPH 3, NO. 5)

Without prejudice to what has already been reported in the previous sections regarding the change in voting rights as well as the release of pledged shares, up to the date of this report, no significant events have occurred after the end of the first half of 2024.

Company use of financial instruments (Art. 2428, paragraph 3, no. 6-bis)

In execution of an issue programme approved by the Board of Directors on 21 September 2021, in September and October 2021, the Company issued and placed two bonds, classifiable as "Tier II capital" pursuant to and for the purposes of the provisions contained

in Articles 62, 63 and 71 of Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**") and Bank of Italy Circular no. 288 of 3 April 2015 "Supervisory provisions for financial intermediaries".
The first, with a maturity of six years, for an amount of EUR 5 million with an annual coupon at a fixed rate of 10%. The second, with a maturity of five years, for an amount of EUR 7.5 million and with an annual floating rate coupon equal to the 3-month EURIBOR plus a spread of 800 basis points. The bonds – subscribed by institutional investors – were entered into the centralised management system at Monte Titoli S.p.A. and subject to the dematerialisation regulations pursuant to Articles 82 et seq. of Italian Legislative Decree no. 58/1998 ("**Consolidated Law on Finance**") and the Joint CONSOB/Bank of Italy Measure of 13 August 2018, as subsequently amended and supplemented, and made it possible to strengthen the capital structure of the Company and further diversify the investor base with a positive impact on the Total Capital Ratio.
Furthermore, it should be noted that Generalfinance has set up a programme of financial bills of exchange, placed through a dealer (Intesa Sanpaolo) with institutional investors.

Registered office and list of the Company's secondary offices (Art. 2428, last paragraph)

The Company has its registered office in Milan, at Via Giorgio Stephenson no. 43/A. The headquarters and administrative offices are located in the Biella properties, in Via Carso no. 36 and Via Piave no. 22.

BUSINESS OUTLOOK (ART. 2428, PARAGRAPH 3, NO. 6)

In the current context, with reference to the prospects for 2024, we need to take into consideration possible further impacts, particularly on the business system, of the effects of the geopolitical tensions underway – in particular, the ongoing conflict between Russia and Ukraine – and of other macroeconomic factors that emerged at global level in the last eighteen months (marked increase in the rate of inflation, marked increase in energy costs and in the cost of borrowing).
In said general scenario still characterised by critical elements for the real economy, the sales activities developed by Generalfinance in the first half of 2024 – trend in turnover, revenues and profitability – show a trend substantially in line with that defined in the budget on a consistent basis with the Business Plan in force with reference to the current year.

Half-Yearly Financial Statements

FINANCIAL STATEMENTS

BALANCE SHEET - FINANCIAL INTERMEDIARIES
(values in Euro)

	Asset items	30/06/2024		31/12/2023	
10.	Cash and cash equivalents		83,473,795		21,640,716
20.	Financial assets measured at fair value through profit or loss		23,249		22,974
	c) other financial assets mandatorily measured at fair value	*23,249*		*22,974*	
40.	Financial assets measured at amortised cost		432,728,950		462,365,495
	a) loans to banks	*80,827*		*65,750*	
	b) receivables from financial companies	*121,461*		*200,017*	
	c) loans to customers	*432,526,662*		*462,099,728*	
70.	Equity investments		37,500		12,500
80.	Property, plant and equipment		5,627,505		4,993,230
90.	Intangible assets		2,968,833		2,603,700
	- of which goodwill	*0*		*0*	
100.	Tax assets		751,976		5,677,911
	a) current	*185,741*		*5,120,420*	
	b) deferred	*566,235*		*557,491*	
120.	Other assets		6,927,731		2,726,576
Total assets			**532,539,539**		**500,043,102**

	Liabilities and shareholders' equity items	30/06/2024		31/12/2023	
10.	Financial liabilities measured at amortised cost		410,613,674		409,388,039
	a) payables	*377,703,329*		*376,750,770*	
	b) securities issued	*32,910,345*		*32,637,269*	
60.	Tax liabilities		6,236,453		7,125,134
	a) current	*6,163,019*		*7,077,869*	
	b) deferred	*73,434*		*47,265*	
80.	Other liabilities		45,721,079		14,037,517
90.	Employee severance indemnity		1,360,132		1,471,156
100.	Provisions for risks and charges		1,576,233		1,587,887
	b) pension and similar obligations	*171,156*		*164,705*	
	c) other provisions for risks and charges	*1,405,077*		*1,423,182*	
110.	Share capital		4,202,329		4,202,329
140.	Share premium reserve		25,419,745		25,419,745
150.	Reserves		29,236,823		21,624,119
160.	Valuation reserves		188,773		119,783
170.	Profit (loss) for the period		7,984,298		15,067,393
Total liabilities and shareholders' equity			**532,539,539**		**500,043,102**

INCOME STATEMENT - FINANCIAL INTERMEDIARIES
(values in Euro)

	Items	30/06/2024	30/06/2023
10.	Interest income and similar income	18,213,432	12,116,781
	of which: interest income calculated using the effective interest method	18,213,432	12,116,781
20.	Interest expense and similar charges	(13,255,251)	(8,274,112)
30.	**Net interest income**	**4,958,181**	**3,842,669**
40.	Fee and commission income	18,016,786	14,593,436
50.	Fee and commission expense	(2,000,857)	(2,123,439)
60.	**Net fee and commission income**	**16,015,929**	**12,469,997**
70.	Dividends and similar income	62	0
80.	Net profit (loss) from trading	(344)	629
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	(12,758)	0
	b) other financial assets mandatorily measured at fair value	*(12,758)*	*0*
120.	**Net interest and other banking income**	**20,961,070**	**16,313,295**
130.	Net value adjustments/write-backs for credit risk of:	(1,397,367)	(264,459)
	a) financial assets measured at amortised cost	*(1,397,367)*	*(264,459)*
150.	**Net profit (loss) from financial management**	**19,563,703**	**16,048,836**
160.	Administrative expenses	(7,523,443)	(6,861,433)
	a) personnel expenses	*(4,289,683)*	*(3,723,544)*
	b) other administrative expenses	*(3,233,760)*	*(3,137,889)*
170.	Net provisions for risks and charges	237,082	(9,275)
	b) other net provisions	*237,082*	*(9,275)*
180.	Net value adjustments/write-backs on property, plant and equipment	(450,031)	(391,118)
190.	Net value adjustments/write-backs on intangible assets	(331,678)	(211,616)
200.	Other operating income and expenses	645,074	1,101,904
210.	**Operating costs**	**(7,422,996)**	**(6,371,538)**
220.	Gains (losses) on equity investments	(31,250)	0
260.	**Pre-tax profit (loss) from current operations**	**12,109,457**	**9,677,298**
270.	Income taxes for the period on current operations	(4,125,159)	(2,978,171)
280.	**Profit (loss) from current operations after tax**	**7,984,298**	**6,699,127**
300.	**Profit (loss) for the period**	**7,984,298**	**6,699,127**

STATEMENT OF COMPREHENSIVE INCOME - FINANCIAL INTERMEDIARIES

(values in Euro)

	Asset items	30/06/2024	30/06/2023
10.	**Profit (loss) for the period**	**7,984,298**	**6,699,127**
	Other income components net of taxes without reversal to the income statement		
20.	Equity securities designated at fair value through other comprehensive income	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	68,990	44,965
80.	Non-current assets and disposal groups	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
	Other income components net of taxes with reversal to the income statement		
100.	Hedging of foreign investments	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedging	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
150.	Non-current assets and disposal groups	-	-
160.	Portion of valuation reserves of equity-accounted investments	-	-
170.	**Total other income components net of taxes**	**-**	**-**
180.	**Comprehensive income (Item 10 + 170)**	**8,053,288**	**6,744,092**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30/06/2024 - FINANCIAL INTERMEDIARIES
(values in Euro)

	Balance as at 31/12/2023	Change in opening balances	Balance as at 01/01/2024	Allocation of previous year's result		Changes in the period								
							Shareholders' equity transactions						Comprehensive income first half of 2024	Shareholders' equity as at 30/06/2024
				Reserves	Dividends and other allocations	Changes in reserves	New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes			
Share capital	4,202,329	-	4,202,329	-	-	-	-	-	-	-	-		-	4,202,329
Share premium reserve	25,419,745	-	25,419,745	-	-	-	-	-	-	-	-		-	25,419,745
Reserves														
a) of profits	21,284,601	-	21,284,601	7,612,704	-	-	-	-	-	-	-		-	28,897,305
b) others	339,518	-	339,518	-	-	-	-	-	-	-	-		-	339,518
Valuation reserves	119,783	-	119,783	-	-	-	-	-	-	-	-		68,990	188,773
Equity instruments	-	-	-	-	-	-	-	-	-	-	-		-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-		-	-
Profit (loss) for the period	15,067,393	-	15,067,393	(7,612,704)	(7,454,689)	-	-	-	-	-	-		7,984,298	7,984,298
Shareholders' equity	66,433,369	-	66,433,369	-	(7,454,689)	-	-	-	-	-	-		8,053,288	67,031,968

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30/06/2023 - FINANCIAL INTERMEDIARIES
(values in Euro)

				Allocation of previous year's result		Changes in the period								
							Shareholders' equity transactions						
	Balance as at 31/12/2022	Change in opening balances	Balance as at 01/01/2023	Reserves	Dividends and other allocations	Changes in reserves	New shares issued	Purchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes	Comprehensive income first half of 2023	Shareholders' equity as at 30/06/2023
Share capital	4,202,329	-	4,202,329	-	-	-	-	-	-	-	-	-	4,202,329
Share premium reserve	25,419,745	-	25,419,745	-	-	-	-	-	-	-	-	-	25,419,745
Reserves													
c) of profits	15,832,293	-	15,832,293	5,452,309	-	(1)	-	-	-	-	-	-	21,284,601
d) others	339,518	-	339,518	-	-	-	-	-	-	-	-	-	339,518
Valuation reserves	95,474	-	95,474	-	-	-	-	-	-	-	-	44,965	140,439
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	10,885,387	-	10,885,387	(5,452,309)	(5,433,078)	-	-	-	-	-	-	6,699,127	6,699,127
Shareholders' equity	56,774,746	-	56,774,746	-	(5,433,078)	(1)	-	-	-	-	-	6,744,092	58,085,759

CASH FLOW STATEMENT - FINANCIAL INTERMEDIARIES (indirect method)

(values in Euro)

A. OPERATING ACTIVITIES	Amount	
	30/06/2024	30/06/2023
1. Management	**16,477,352**	**12,406,207**
- profit (loss) for the period (+/-)	7,984,298	6,699,127
- gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	43,946	-
- gains/losses on hedging activities (-/+)	-	-
- net value adjustments for credit risk (+/-)	1,397,367	264,459
- net value adjustments to property, plant and equipment and intangible assets (+/-)	781,709	602,734
- net provisions for risks and charges and other costs/revenues (+/-)	(172,787)	355,685
- unpaid taxes, duties and tax credits (+/-)	4,065,965	2,226,535
- net value adjustments to discontinued operations net of tax effect (+/-)	-	-
- other adjustments (+/-)	2,376,854	2,257,667
2. Liquidity generated/absorbed by financial assets	**29,122,445**	**(21,335,420)**
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
- financial assets measured at fair value through other comprehensive income	-	-
- financial assets measured at amortised cost	28,296,394	(24,069,581)
- other assets	826,051	2,734,161
3. Cash flow generated/absorbed by financial liabilities	**25,241,083**	**19,081,878**
- financial liabilities measured at amortised cost	(951,524)	16,954,984
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	26,192,607	2,126,894
Net cash flow generated/absorbed by operating activities	**70,840,880**	**10,152,665**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	**28,149**	**10,504**
- sales of equity investments	6,250	-
- dividends collected on equity investments	62	-
- sales of property, plant and equipment	21,837	10,504
- sales of intangible assets	-	-
- sales of business units	-	-
2. Liquidity absorbed by	**(1,580,026)**	**(492,479)**
- purchases of equity investments	(75,533)	(15,474)
- purchases of property, plant and equipment	(1,087,242)	(117,697)
- purchases of intangible assets	(417,251)	(359,308)
- purchases of business units	-	-
Net cash flow generated/absorbed by investment activities	**(1,551,877)**	**(481,975)**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(7,454,689)	(5,433,078)
Net cash flow generated/absorbed by funding activities	**(7,454,689)**	**(5,433,078)**
NET CASH FLOW GENERATED/ABSORBED DURING THE PERIOD	**61,834,314**	**4,237,612**

RECONCILIATION	Amount	
	30/06/2024	30/06/2023
Cash and cash equivalents at the beginning of the period	21,641,149	43,731,790
Total net cash flow generated/absorbed during the period	61,834,314	4,237,612
Cash and cash equivalents: effect of changes in exchange rates	0	0
Cash and cash equivalents at the end of the period	**83,475,463**	**47,969,402**

Explanatory notes

PART A - ACCOUNTING POLICIES

A.1 – GENERAL PART

Section 1 – Statement of compliance with International Accounting Standards

These half-yearly condensed financial statements of Generalfinance S.p.A. as at 30 June 2024 were prepared in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), approved by the European Commission pursuant to EU Regulation no. 1606 of 19 July 2002, taking into account the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRC) in force at the reporting date.
The half-yearly condensed financial statements were prepared according to the formats and instructions issued by the Bank of Italy on 17 November 2022, and issued in compliance with the provisions of Art. 9 of Italian Legislative Decree no. 38/2005 and subsequent amendments to the law. With reference to the Explanatory Notes, the above instructions apply to the information included in accordance with the provisions of the international accounting standard for interim financial reporting (IAS 34), with which these financial statements comply. In particular, the Company has availed itself of the right to prepare these financial statements in a condensed form.
The half-yearly condensed financial statements as at 30 June 2024 do not disclose all the information required in the annual financial statements. For this reason, it is necessary to read these financial statements together with the financial statements as at 31 December 2023. The recognition and measurement criteria adopted for the preparation of the half-yearly condensed financial statements as at 30 June 2024 are those used for the preparation of the 2023 financial statements, supplemented with the accounting standards endorsed by the European Union and applicable as at 1 January 2024.
The legislation also refers to specific provisions on the determination of non-performing items contained in Circular no. 217 of 5 August 1996 and subsequent updates.
The half-yearly condensed financial statements, accompanied by the related Report on Operations, consist of the following documents:

- Balance Sheet and Income Statement;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Cash flow statement;
- Explanatory notes.

The half-yearly condensed financial statements are also completed by the relative comparative information as required by IAS 1 and are drawn up on a going concern basis, measured by taking into account present and future income and financial prospects.
The amounts shown in the financial statements and in the tables of the Explanatory notes are expressed in Euro.

Section 2 – General drafting principles

These financial statements, drawn up in units of Euro, are based on the application of the following general drafting principles set forth in IAS 1.
1) Going concern. The financial statements have been prepared on a going concern basis: therefore, assets, liabilities and “off-balance sheet” transactions are measured according to operating values. In this regard, the main reference indicators, as with the trend in economic and equity aggregates, the significant capital resources and available liquidity reserves make it possible to reasonably exclude the current and future risk of an interruption to business continuity and confirm the Company's capacity to produce positive results and generate cash flows from ordinary operations. This conclusion was reached by also considering the analysis of the current and potential future impacts of the current and future macroeconomic and geopolitical context on the Company’s financial situation and economic results on the basis of the evidence currently available and of the scenarios that can be predicted at present, albeit fully aware that it is not possible to determine such impacts with reasonable certainty.
Lastly, it should be noted that, with particular reference to the pool loan agreement (expiring in January 2025) and the existing securitisation programme (expiring in December 2024), as indicated in the information note, positive discussions have been initiated with the lending banks, with the aim of defining a full renewal of both funding lines in the second half of the year.
The advanced status of the aforementioned discussions, also in light of the comments on the item in the financial report, suggest that there are no significant uncertainties regarding the definition of the renewal of the loan.
2) Accrual principle. Costs and revenues are recognised, regardless of the time of their monetary payment/collection, by period of economic accrual and according to the correlation criterion.
3) Consistency of presentation. Presentation and classification of items are kept constant over time in order to ensure comparability of information, unless their change is required by an International Accounting Standard or an interpretation or it makes the representation of values more appropriate, in terms of significance and reliability. If a presentation or classification criterion is changed, the new one is applied – where possible – retroactively; in this case, the nature and reason

for the change are also indicated, as well as the items concerned. In the presentation and classification of the items, the formats represented by the Bank of Italy in the instructions for "Financial statements of IFRS intermediaries other than banking intermediaries" are adopted as represented in the regulations issued on 17 November 2022.
4) Aggregation and relevance. All significant groupings of items with a similar nature or function are reported separately. The elements of a different nature or function, if relevant, are presented separately.
5) Prohibition of offsetting. Assets and liabilities, costs and revenues are not offset against each other, unless this is required or permitted by an International Accounting Standard or an interpretation or by the schedules prepared by the Bank of Italy and represented in the instructions for "The financial statements of IFRS intermediaries other than banking intermediaries".
6) Comparative information. The comparative information for the previous year is shown for the figures reported in the balance sheet, while with regard to the other statements, the comparison with the figures for the corresponding period of the previous year is shown as required by IAS 34.

As mentioned above, these financial statements were prepared on the basis of international accounting standards approved by the European Commission; in addition, to support the application, the ESMA (European Securities and Markets Authority) documents were used and in particular the document published on 22 October 2019, the public statement "European common enforcement priorities for 2019 annual financial reports" which refers to the application of specific provisions in the IFRS, also requiring the provision of specific information in the event of certain transactions.

In preparing the financial statements, account was also taken, where applicable, of the communications of the Supervisory Bodies (Bank of Italy, ECB, EBA, CONSOB, ESMA) and the interpretative documents on the application of IAS/IFRS, through which recommendations were provided on the information to be disclosed in the financial statements, on certain aspects of greater importance in the accounting field, or on the accounting treatment of particular transactions.
With reference to the interpretations provided by the aforementioned Bodies, account was taken, among other things, of the indications of ESMA which, on 13 May 2022, published the Public Statement "Implications of Russia's invasion of Ukraine on half-yearly financial reports", concerning the accounting effects of the Russia-Ukraine conflict on financial reporting. Reference is therefore made to the section "Impact of the conflict between Russia and Ukraine" above.

With regard to the disclosure on the impact of Covid-19, it should be noted that Generalfinance's business was not impacted by loans backed by a moratorium and by loans subject to Covid-19 public guarantees, given the particular nature of the technical form with which it provides credit; in fact, factoring, being a revolving relationship without an amortisation plan, is unlikely to be subject to the measures designed primarily with reference to medium- and long-term credit. During the first half of 2024, however, the Company was willing to reschedule certain maturities in order to facilitate assigned debtors and assignors, with some rescheduling of trade receivables, almost all of which returned to normal conditions and were collected as at the reporting date.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company starting from 1 January 2024:

- On 23 January 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on 31 October 2022 published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**". These amendments aim to clarify how to classify payables and other short or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants).
  The adoption of these amendments had no effect on the Company's half-yearly condensed financial statements.

- On 22 September 2022, the IASB published an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to assess the liability for the lease deriving from a sale & leaseback transaction so as not to recognise income or a loss that refers to the right of use retained. The adoption of this amendment had no effect on the Company's half-yearly condensed financial statements.

- On 25 May 2023, the IASB published an amendment called "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how

supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk.
The adoption of this amendment had no effect on the Company's half-yearly condensed financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

As at the reference date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". The paper clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:
    - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
    - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

  With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.
  The amendments will apply from the financial statements for years beginning on or after 1 January 2026.
  At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's half-yearly condensed financial statements.

- On 9 May 2024, the IASB published a new standard IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard introduces some simplifications with respect to the disclosures required by other IAS-IFRS standards. This standard can be applied by an entity that meets the following main criteria:
    - It is a subsidiary;
    - It has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
    - It has its own parent company that prepares consolidated financial statements in compliance with IFRS.

  The new standard will enter into force from 1 January 2027, but early application is permitted.
  At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's half-yearly condensed financial statements.

- On 9 April 2024, the IASB published a new standard IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the main financial statements and introduces important changes with reference to the income statement. In particular, the new standard requires:
    - that revenues and expenses be classified into three new categories (operating section, investment section and financial section), in addition to the tax and discontinued operations categories already present in the income statement;
    - that two new sub-totals be presented, the operating result and the result before interest and taxes (i.e. EBIT).

  The new standard also:
    - Requires more information on the performance indicators defined by management;
    - Introduces new criteria for the aggregation and disaggregation of information; and,
    - introduces a number of changes to the format of the cash flow statement, including the requirement to use the operating result as the starting point for the presentation of the cash flow statement prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will enter into force from 1 January 2027, but early application is permitted.
  At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's half-yearly condensed financial statements.

- On 15 August 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply consistently a methodology in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the

exchange rate to be used and the disclosure to be provided in the explanatory notes. The amendment will enter into force on 1 January 2025; early application is permitted.
At present, the directors are assessing the possible effects of the introduction of this amendment on the Company's half-yearly condensed financial statements.

- On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only those who adopt IFRS for the first time to continue to recognise the amounts relating to assets subject to regulated tariffs ("Rate Regulation Activities") according to the previous accounting standards adopted.
  As the Company is not a first-time adopter, this standard is not applicable.

Section 3 - Events after the reporting date of the half-yearly condensed financial statements

No events or circumstances have occurred since the end of the first half of the financial year 2024 that would appreciably alter what has been presented in these half-yearly condensed financial statements.
Pursuant to IAS 10, the date on which these financial statements were authorised for publication by the Company's Directors is 26 July 2024.

Section 4 - Other aspects

Risks and uncertainties associated with the use of estimates

The preparation of the half-yearly condensed financial statements requires the use of estimates and assumptions that may have significant effects on the values recorded in the balance sheet and in the income statement, as well as on the disclosure relating to contingent assets and liabilities reported in the half-yearly condensed financial statements.
The preparation of these estimates involves the use of available information and the adoption of subjective judgements, also based on historical experience, used in order to formulate reasonable assumptions for the recognition of operating events. Due to their very nature, the estimates and assumptions used may vary from period to period, therefore it cannot be excluded that the current values recorded in the financial statements may differ significantly as a result of the change in the subjective judgements used.
The cases for which the use of subjective judgements was required in the preparation of these half-yearly condensed financial statements concern:
- estimates and assumptions on the recoverability of deferred tax assets and liabilities;
- the quantification of impairment losses on financial assets measured at amortised cost;
- the quantification of provisions for personnel and provisions for risks and charges and tax liabilities.

With reference to certain cases indicated above and in consideration of the current financial and economic situation, it was deemed appropriate to provide adequate information in "Part D – Other information" regarding the reasons underlying the decisions made, the assessments carried out and the estimation criteria adopted in application of international accounting standards.

A.2 – PART RELATING TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

The accounting policies adopted for the preparation of these half-yearly condensed financial statements as at 30 June 2024, with reference to the stages of classification, recognition, measurement and derecognition of the various asset and liability items, as well as for the methods of recognising costs and revenues, remained unchanged from those adopted for the financial statements as at 31 December 2023, to which reference should therefore be made.

A.3 INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the half year, the Company did not carry out any transfers between portfolios of financial assets.

A.4 INFORMATION ON FAIR VALUE

Qualitative information

This section includes the disclosure on fair value as required by IFRS 13.
In accordance with the provisions of international accounting standards, the Company determines the fair value to the extent of the consideration with which two independent and knowledgeable market counterparties would be willing, at the reporting date, to conclude a transaction targeted at the sale of an asset or the transfer of a liability.
The international accounting standards reclassify the fair value of financial instruments on three levels based on the inputs recorded by the markets and more precisely:

level 1: listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

level 2: inputs other than the listed prices included in Level 1, directly or indirectly observable for the asset or liability. The prices of the assets or liabilities are derived from the market prices of similar assets or through valuation techniques for which all significant factors are derived from observable market data;

level 3: unobservable inputs for the asset or liability. The prices of the assets or liabilities are inferred using valuation techniques that are based on data processed using the best information available on assumptions that market participants would use to determine the price of the asset or liability (therefore, it involves estimates and assumptions by management).

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

The Company's assets in the half-yearly condensed financial statements consist mainly of trade receivables transferred without recourse and advances paid for trade receivables sold as part of the regulations set forth in Italian Law no. 52 of 21 February 1991.

The fair value measurement method most appropriate for transferred loans and advances granted is to recognise the present value on the basis of discounted future cash flows, using a rate, normally corresponding to the effective rate of the relationship agreed with the transferring counterparty. This rate also takes into account the other components of the transaction cost.

It should also be noted that the loans transferred and the advances granted normally have a short-term maturity and the rate of the relations tends to be variable.

For these reasons, it is possible to state that the fair value of the receivables is similar to the value of the transaction represented by the nominal amount of the receivables transferred in the case of a transaction without recourse or by the amount of the advances granted and therefore it is reclassified in the absence of external inputs only at level 3.

Liabilities in the financial statements consist mainly of financial payables due to the banking system, which have the characteristic of short-term liabilities, whose fair value corresponds to the value of the amounts or provisions collected by the Company.

These items are placed hierarchically at the third level as they are governed by private contractual agreements agreed from time to time with the respective counterparties and, therefore, are not reflected in prices or parameters observable on the market.

A.4.2 Evaluation processes and sensitivity

The fair value of the loans transferred and the advances granted may undergo changes due to any losses that may arise due to factors that determine their partial or total non-collectability.

A.4.3 Fair value hierarchy

The financial statements present financial assets measured at fair value on a recurring basis. These are financial assets measured at fair value through profit or loss, represented by minority interests in banks, financial companies and in a reserved closed-end alternative investment fund.

Quantitative information

A.4.5 Fair value hierarchy

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

Assets/Liabilities measured at fair value	Total 30/06/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value through profit or loss	-	-	23,249	-	-	22,974
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	23,249	-	-	22,974
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**-**	**-**	**23,249**	**-**	**-**	**22,974**
1. Financial liabilities held for trading	-	-	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

During the first half of the year, part of the subscribed units of the reserved closed-end alternative investment fund, called “Finint Special Credit Opportunity Fund”, were paid up.

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**22,974**	**-**	**-**	**22,974**	**-**	**-**	**-**	**-**
2. Increases	**13,033**	**-**	**-**	**13,033**	**-**	**-**	**-**	**-**
2.1. Purchases	13,033	-	-	13,033	-	-	-	-
2.2. Profits allocated to:	-	-	-	-	-	-	-	-
2.2.1. Income statement	-	-	-	-	-	-	-	-
of which capital gains	-	-	-	-	-	-	-	-
2.2.2. Shareholders' equity	-	X	X	-	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Refunds	-	-	-	-	-	-	-	-
3.3. Losses allocated to:	12,758	-	-	12,758	-	-	-	-
3.3.1. Income statement	12,758	-	-	12,758	-	-	-	-
of which capital losses	12,758	-	-	12,758	-	-	-	-
3.3.2. Shareholders' equity	-	X	X	-	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**23,249**	**-**	**-**	**23,249**	**-**	**-**	**-**	**-**

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

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total 30/06/2024				Total 31/12/2023			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	432,728,950	-	-	432,728,950	462,365,495	-	-	462,365,495
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	**432,728,950**	**-**	**-**	**432,728,950**	**462,365,495**	**-**	**-**	**462,365,495**
1. Financial liabilities measured at amortised cost	410,613,674	-	-	410,613,674	409,388,039	-	-	409,388,039
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**410,613,674**	**-**	**-**	**410,613,674**	**409,388,039**	**-**	**-**	**409,388,039**

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

A.5 INFORMATION ON THE “DAY ONE PROFIT/LOSS”

The Company does not carry out transactions involving losses/profits as established by IFRS 7 par. 28.

PART B - INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

Breakdown of item 10 “Cash and cash equivalents”

Items/Values	Total 30/06/2024	Total 31/12/2023
Cash	1,861	1,404
"On demand" loans to banks	83,471,934	21,639,312
Total	**83,473,795**	**21,640,716**

The amount of EUR 83,471,934 is made up of temporary liquidity deposits with credit institutions.
It should be noted that, on 29 January 2019, at the same time as the signing of a medium/long-term loan agreement with a pool of banks, the company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.
As at 30 June 2024, the credit balance of the current accounts subject to the pledge amounted to EUR 12,314,652, while the payable relating to the loan, including interest payable, amounted to EUR 174,032,788.

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

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

Items/Values	Total 30/06/2024			Total 31/12/2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	**22,974**	-	-	**22,974**
3. UCITS units	-	-	**275**	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Others	-	-	-	-	-	-
Total	**-**	**-**	**23,249**	**-**	**-**	**22,974**

The amount classified in Level 3 of Equities refers to shares of Banca di Credito Cooperativo di Milano and shares of Rete Fidi Liguria, the valuation of which is periodically verified on the basis of internal methodologies.
The amount classified in Level 3 of UCITS units refers to the investment fund mentioned above, the valuation of which is based on the latest management statement received from the Asset Management Company that established it.

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

4.1 Financial assets measured at amortised cost: breakdown by type of loans to banks

Breakdown	Total 30/06/2024						Total 31/12/2023					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Deposits at maturity	-	-	-	-	-	-	-	-	-	-	-	-
2. Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans	**80,827**	-	-	-	-	**80,827**	**65,750**	-	-	-	-	**65,750**
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	80,827	-	-	-	-	80,827	65,750	-	-	-	-	65,750
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	80,827	-	-	-	-	80,827	65,750	-	-	-	-	65,750
3.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
5. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	**80,827**	-	-	-	-	**80,827**	**65,750**	-	-	-	-	**65,750**

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

4.2 Financial assets measured at amortised cost: breakdown by type of loans to financial companies

Breakdown	Total 30/06/2024						Total 31/12/2023					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	**121,461**	**-**	**-**	**-**	**-**	**121,461**	**200,017**	**-**	**-**	**-**	**-**	**200,017**
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	121,461	-	-	-	-	121,461	200,017	-	-	-	-	200,017
- with recourse	-	-	-	-	-	-	-	-	-	-	-	-
- without recourse	121,461	-	-	-	-	121,461	200,017	-	-	-	-	200,017
1.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**-**	-	-	-	-	**-**	**-**	-	-	-	-	**-**
Total	**121,461**	**-**	**-**	**-**	**-**	**121,461**	**200,017**	**-**	**-**	**-**	**-**	**200,017**

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

4.3 "Financial assets measured at amortised cost: breakdown by type of loans to customers"

Breakdown	Total 30/06/2024						Total 31/12/2023					
	Book value			Fair Value			Book value			Fair Value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	**426,301,600**	**6,225,062**	**-**	**-**	**-**	**432,526,662**	**460,179,378**	**1,920,350**	**-**	**-**	**-**	**462,099,728**
1.1 Loans for leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	426,301,600	6,225,062	-	-	-	432,526,662	460,179,378	1,920,350	-	-	-	462,099,728
- with recourse	338,194,950	6,225,062	-	-	-	344,420,012	338,471,255	1,920,350	-	-	-	340,391,605
- without recourse	88,106,650	-	-	-	-	88,106,650	121,708,123	-	-	-	-	121,708,123
1.3 Consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Pledged loans	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in relation to payment services provided	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**426,301,600**	**6,225,062**	**-**	**-**	**-**	**432,526,662**	**460,179,378**	**1,920,350**	**-**	**-**	**-**	**462,099,728**

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

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transactions/Values	Total 30/06/2024			Total 31/12/2023		
	First and second stage	Third stage	Purchased or originated impaired	First and second stage	Third stage	Purchased or originated impaired
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Non-financial companies	-	-	-	-	-	-
2. Loans to:	**426,301,600**	**6,225,062**	**-**	**460,179,378**	**1,920,350**	**-**
a) Public administrations	2,900,624	-	-	-	-	-
b) Non-financial companies	420,596,680	6,225,062	-	449,098,554	1,920,350	-
c) Households	2,804,296	-	-	11,080,824	-	-
3. Other assets	-	-	-	-	-	-
Total	**426,301,600**	**6,225,062**	**-**	**460,179,378**	**1,920,350**	**-**

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

	Gross value					Total value adjustments				Total partial write-offs
	First stage	of which: instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	402,923,391	-	25,556,208	7,602,574	-	1,744,344	231,367	1,377,512	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total 30/06/2024	**402,923,391**	**-**	**25,556,208**	**7,602,574**	**-**	**1,744,344**	**231,367**	**1,377,512**	**-**	**-**
Total 31/12/2023	**440,566,120**	**-**	**20,936,515**	**2,819,952**	**-**	**890,927**	**166,563**	**899,602**	**-**	**-**

As at the date of these financial statements, there are no loans subject to "moratoria" pursuant to law or other forbearance measures or that constitute new liquidity granted through public guarantee mechanisms issued in response to Covid-19.

4.6 Financial assets measured at amortised cost: guaranteed assets

	Total 30/06/2024						Total 31/12/2023					
	Loans to banks		Receivables from financial companies		Loans to customers		Loans to banks		Receivables from financial companies		Loans to customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:	-	-	-	-	303,317,196	303,317,196	-	-	-	-	313,853,516	313,853,516
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	286,709,836	286,709,836	-	-	-	-	300,409,913	300,409,913
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	16,607,360	16,607,360	-	-	-	-	13,443,603	13,443,603
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets guaranteed by:	-	-	-	-	6,225,062	6,225,062	-	-	-	-	1,856,127	1,856,127
- Assets under finance lease	-	-	-	-	-	-	-	-	-	-	-	-
- Receivables for factoring	-	-	-	-	6,069,842	6,069,842	-	-	-	-	1,615,508	1,615,508
- Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
- Pledges	-	-	-	-	-	-	-	-	-	-	-	-
- Personal guarantees	-	-	-	-	155,220	155,220	-	-	-	-	240,619	240,619
- Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**309,542,258**	**309,542,258**	**-**	**-**	**-**	**-**	**315,709,643**	**315,709,643**

VE = book value of exposures

VG = fair value of guarantees

The table shows the value of financial assets measured at amortised cost (with recourse non-performing and performing loans) that are guaranteed and the amount of the related guarantee. The guarantees consist of factoring receivables transferred.

In addition, the Company acquires i) insurance guarantees to protect against the risk of default of the transferred debtors, ii) letters of patronage, iii) letters of compensation between transferors and iv) in some cases personal guarantees (sureties) from directors or shareholders of its transferors.

In the case of guarantees that have a value that exceeds the amount of the guaranteed asset, the value of the guaranteed asset is indicated in the column “Value of guarantees”.

Section 7 – Equity investments – Item 70

7.1 Equity investments: information on equity investments

Denominations	Registered office	Operational headquarters	% shareholding	Avail. votes %	Book value	Fair Value
C. Companies subject to significant influence						
a) Mit Partners S.p.A.	Milan	Milan	25%	25%	37,500	--
Total					**37,500**	

On 11 May 2023, the Company acquired a 25% stake in the company Mit Partners S.p.A., with registered office in Milan, Via Lodovico Mancini, 5, whose purpose is the acquisition and management of equity investments in other companies or entities and the provision of business and strategic consulting services, including management and turnaround services.

Section 8 - Property, plant and equipment - Item 80

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

Assets/Values	Total 30/06/2024	Total 31/12/2023
1. Owned assets	**2,487,554**	**2,502,858**
a) land	178,952	178,952
b) buildings	1,679,658	1,714,471
c) furniture	168,483	197,762
d) electronic systems	-	-
e) others	460,461	411,673
2. Rights of use acquired through leasing	**3,139,951**	**2,490,372**
a) land	-	-
b) buildings	2,784,644	2,133,006
c) furniture	-	-
d) electronic systems	-	-
e) others	355,307	357,366
Total	**5,627,505**	**4,993,230**
of which: obtained through the enforcement of guarantees received	-	-

As from 1 January 2019, this item also includes rights of use acquired through leasing and relating to property, plant and equipment that the Company uses for business purposes, including the accounting effects relating to lease and operating lease agreements in which the Company is the lessee.
The increase, compared to 31 December 2023, is due to the start of a new lease for additional office premises at the Milan headquarters.

Section 9 – Intangible assets – Item 90

9.1 Intangible assets: breakdown

Items/Valuation	Total 30/06/2024		Total 31/12/2023	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets				
of which: software	-	-	-	-
2.1 owned	2,968,833	-	2,603,700	-
- generated internally	640,529	-	423,499	-
- others	2,328,304	-	2,180,201	-
2.2 rights of use acquired through leasing	-	-	-	-
Total 2	**2,968,833**	**-**	**2,603,700**	**-**
3. Assets relating to finance leases				
3.1 unopted assets	-	-	-	-
3.2 assets withdrawn following termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
Total (1+2+3)	**2,968,833**	**-**	**2,603,700**	**-**
Total	**2,968,833**		**2,603,700**	

The item "Other internally generated intangible assets" includes – in terms of wages, salaries and other costs related to the employment of personnel involved in generating the business – the amount invested for the development of software applications whose use extends beyond a single year, also generating economic benefits in the future.

Section 10 - Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities

Denominations	Total 30/06/2024	Total 31/12/2023
Current tax assets	185,741	5,120,420
Deferred tax assets	566,235	557,491
Total	**751,976**	**5,677,911**

10.1 "Tax assets: current and deferred": breakdown

In addition, the item includes a number of tax credits yet to be used for offsetting purposes for a total amount of EUR 185,741.

The item "Deferred tax assets" includes deferred tax assets arising mainly from temporary differences for allocations to the bad debt provision and for provisions for risks and charges incurred and deductible in accordance with current tax regulations.

10.2 "Tax liabilities: current and deferred": breakdown

Denominations	Total 30/06/2024	Total 31/12/2023
Current tax liabilities	6,163,019	7,077,869
Deferred tax liabilities	73,434	47,265
Total	**6,236,453**	**7,125,134**

The item "*Current tax liabilities*" consists of the payable to the Tax Authorities for IRES of EUR 5,071,439 and for IRAP of EUR 1,091,580.

The item "*Deferred tax liabilities*" relates to the actuarial effect (Actuarial Gain) resulting from the actuarial valuation of the employee severance indemnity provision according to IAS 19.

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

Items/Values	Total 30/06/2024	Total 31/12/2023
Security deposits	51,824	32,623
Suppliers on advances	249,331	87,553
Withholding taxes	240,758	231,575
Accrued income and prepaid expenses	1,385,407	1,610,441
Sundry assets	360,119	764,384
110% superbonus tax credits	4,640,292	0
Total	**6,927,731**	**2,726,576**

The 110% superbonus tax credits relate to two individual purchases made during the half year, which are expected to be paid back by the end of 2027.

LIABILITIES

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

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

Items	Total 30/06/2024			Total 31/12/2023		
	to banks	to financial companies	to customers	to banks	to financial companies	to customers
1. Loans	**191,656,771**	**9,410,245**	**-**	**183,917,293**	**23,554,445**	**-**
1.1 repurchase agreements	-	-	-	-	-	-
1.2 other loans	191,656,771	9,410,245	-	183,917,293	23,554,445	-
2. Lease payables	**-**	**-**	**2,707,339**	**-**	**-**	**1,974,806**
3. Other payables	**-**	**172,823,258**	**1,105,716**	**-**	**166,501,036**	**803,190**
Total	**191,656,771**	**182,233,503**	**3,813,055**	**183,917,293**	**190,055,481**	**2,777,996**
Fair value – level 1	-	-	-	-	-	-
Fair value – level 2	-	-	-	-	-	-
Fair value – level 3	**191,656,771**	**182,233,503**	**3,813,055**	**183,917,293**	**190,055,481**	**2,777,996**
Total Fair Value	**191,656,771**	**182,233,503**	**3,813,055**	**183,917,293**	**190,055,481**	**2,777,996**

The total for this item therefore amounts to EUR 377,703,329.

Payables to banks refer to:

Technical form	Amount
Current account exposures for SBF advances	3,847,574
Unsecured loans	13,776,409
Pool loan	174,032,788
Total	**191,656,771**

As at the date of the financial report, the following unsecured loans were outstanding:

Bank	Expiry	Residual capital
Cassa di Risparmio di Asti S.p.A.	22/04/2025	10,000,000
Banca Galileo S.p.A.	03/10/2024	3,000,000
Cassa di Risparmio di Savigliano S.p.A.	11/11/2024	677,441

With regard to the revolving pool loan agreement, it should be noted that the Company – in the context of funding strategies – has obtained an extension of the contract's expiry from the credit institutions until January 2025. In this regard, it is specified that the RCF Agreement envisages certain covenants relating in particular to:

- the capitalisation of the Company ("Financial Parameter");
- the proportion of non-performing loans to total loans;
- the loan to value of the overall line;
- the degree of insurance coverage of credit exposures.

These covenants have been constantly respected since the signing of the RCF Contract and are in line with the contractual limits also with reference to 30 June 2024.
It should be noted that the Company has initiated talks with the financing banks with a view to extending the maturity of the RCF Contract for three years, until January 2028. The renewal process is expected to be finalised by the end of the current financial year.
At the current state of negotiations, it is noted that:
- the contractual amendments provide for improved operating conditions for the company;
- the banks participating in the pool are expected to remain more or less the same;
- previous renewals, starting in 2019, were negotiated without any critical issues;
- the covenants under the contract have always been respected during the contractual term.

Payables for loans to financial companies mainly refer to payables for re-factoring with recourse on Italian and foreign invoices (refactoring transactions).
Other payables to financial companies refer to payables to the special purpose vehicle relating to the securitisation transaction concluded in December 2021 and maturing in December 2024, relating to a revolving portfolio of receivables deriving from factoring contracts with and without recourse owned by the Company. With reference to the securitisation transaction in place, it should be noted that the contractual documentation signed with the lenders provides for certain triggers, after which the transaction may go into a phase of amortisation. These triggers refer in particular to the performance of the securitised portfolio (delinquency and default levels). These triggers are in line with the contractual limits also with reference to 30 June 2024.
The Company has initiated talks with the senior lenders of the securitisation with a view to extending the maturity of the securitisation programme for a further three years, until December 2027. The renewal process is expected to be finalised by the end of the current financial year.

Payables to customers refer to amounts to be paid to transferors deriving from collections of transferred receivables, to payables for leases, recognised following the adoption of the new accounting standard "IFRS 16 Leases".

1.2 Financial liabilities measured at amortised cost: breakdown by type of securities issued

Type of securities/Values	Total 30/06/2024				Total 31/12/2023			
	BV	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**13,034,157**	**-**	**-**	**13,034,157**	**12,781,091**	**-**	**-**	**12,781,091**
1.1 structured	-	-	-	-	-	-	-	-
1.2 others	13,034,157	-	-	13,034,157	**12,781,091**	-	-	**12,781,091**
2. other securities	**19,876,188**	**19,876,188**	**-**	**-**	**19,856,178**	**19,856,178**	**-**	**-**
2.1 structured	-	-	-	-	-	-	-	-
2.2 others	19,876,188	19,876,188	-	-	19,856,178	19,856,178	-	-
Total	**32,910,345**	**19,876,188**	**-**	**13,034,157**	**32,637,269**	**19,856,178**	**-**	**12,781,091**

With regard to bonds, during the months of September and October 2021, the Company issued and placed two Tier 2 subordinated bonds.
The first, with a duration of six years and maturity on 30 September 2027, was issued for an amount of EUR 5 million with an annual coupon at a fixed rate of 10%.
The second, with a duration of five years and maturity on 28 October 2026, was issued for an amount of EUR 7.5 million and with an annual coupon at a floating rate equal to the 3-month EURIBOR plus a spread of 800 basis points.
The bonds – subscribed by institutional investors – were entered into the centralised management system at Monte Titoli S.p.A. and subject to the dematerialisation regulations.

The other securities are commercial paper admitted in dematerialised form in Monte Titoli and traded on the ACCESS Professional Milan, professional segment of the ACCESS market, a multilateral trading system managed by Borsa Italiana S.p.A.
In particular, at the financial report's date, three bonds with similar characteristics were issued. The first, with a duration of twelve months, was issued for an amount of EUR 10 million, with a six-month coupon, at an annual floating rate of 6-month EURIBOR +1.45%. The second, with a duration of six months, was issued for a total of EUR 5 million, zero coupon, at a fixed

annual rate of 4.90%. The third and last, with a duration of six months, was issued for a total of EUR 5 million, zero coupon, at a fixed annual rate of 4.60%.

1.3 Payables and subordinated securities

The item "Debt securities issued" includes subordinated securities of EUR 13 million, relating to the issue of Tier 2 bonds for a nominal amount of EUR 12.5 million.

Section 6 - Tax liabilities - Item 60

For the content of the item "Tax liabilities", please refer to Section 10 of assets "Tax assets and Tax liabilities".

Section 8 – Other liabilities – Item 80

8.1 Other liabilities: breakdown

Items/Values	Total 30/06/2024	Total 31/12/2023
Accrued expenses and deferred income	4,660,217	3,841,299
Payables to tax authorities	364,133	318,249
Social security and welfare institutions	252,220	199,902
Payables to employees	485,127	475,933
Payables to suppliers and lenders	2,109,152	2,462,378
Payables for purchases of receivables without recourse	26,542,313	3,082,072
Sundry payables	11,307,917	3,657,684
Total	**45,721,079**	**14,037,517**

The item other payables includes, almost entirely, payments received from debtors for existing factoring transactions, for which the allocation to the relative positions has taken place in the first few days of July, and the differential between the items of bills with credit institutions and the relative positions still open on the transferred debtors, due to the time lag between the closing operation carried out by the credit institutions and that carried out by the Company, which, with the same expiry date, will take place when the security is actually collected.

Section 9 - Employee severance indemnity - Item 90

9.1 Employee severance indemnity: annual changes

	Total 30/06/2024	Total 31/12/2023
A. Opening balance	**1,471,156**	**1,316,956**
B. Increases	**108,491**	**194,056**
B.1 Provision for the period	83,575	194,056
B.2 Other increases	24,916	-
C. Decreases	**219,515**	**39,856**
C.1 Payments made	124,356	6,327
C.2 Other decreases	95,159	33,529
D. Closing balance	**1,360,132**	**1,471,156**

The liability recognised in the financial statements as at 30 June 2024, relating to the employee severance indemnity, is equal to the present value of the obligation estimated by an independent actuarial study on the basis of demographic and economic assumptions.

9.2 Other information

The main actuarial assumptions are reported below:

Salary increase and inflation: based on analyses conducted on company data updated to 2023, the decision was taken to adopt an annual salary increase rate of 1.8% for all job categories. In addition to this salary increase, an annual increase was assumed due to inflation, the ratios of which are indicated below;

Average probabilities and percentages of use of the employee severance indemnity provision: given the modest size of the community under investigation, the probabilities and percentages of use were estimated, based on seniority and on the basis of experience derived from similar companies;

Probability of elimination from the community due to death: the census tables of the Italian general population (Tables ISTAT SIM / F 2021 of the Italian Institute of Statistics) differentiated according to gender were used;

Probability of elimination from the community due to retirement: given the small number of the community, probabilities already adopted for similar companies were used. These probabilities, differentiated by gender and by work category, take into account the latest provisions on retirement age;
Probability of elimination from the community for reasons other than death and retirement (resignation, permanent disability, etc.): on the basis of the historical series recorded by the Company, these probabilities were set at 1% per year;
Employee severance indemnity revaluation rates: appropriately taking into account both the most recent publications on inflation rates by the Bank of Italy and the respective values recorded in the "*Economic and Financial Document 2024-Def 2024*", and since at the same time no important changes were noted with respect to the values recorded as at 31 December 2023, a flat rate of 2% was chosen for this valuation for 2024 and subsequent years;
Interest rates: the Europe Corporate AA rating curve produced by Bloomberg Finance as at 28 June 2024 was used.

The table below summarises the results of the sensitivity analysis (in thousands of Euro).

	Value of the DBO	Increase (or decrease) in the DBO
Basic assessment	**1,360**	
Sensitivity with respect to interest rates		
I) 0.5% decrease in rates	1,441	5.95%
II) 0.5% increase in interest rates	1,286	-5.46%
Sensitivity with respect to the salary scale		
III) 0.5% decrease in the salary scale	1,339	-1.58%
IV) 0.5% increase in the salary scale	1,383	1.69%

Section 10 – Provisions for risks and charges – Item 100

10.1 Provisions for risks and charges: breakdown

Items/Values	Total 30/06/2024	Total 31/12/2023
1. Provisions for credit risk relating to commitments and financial guarantees issued	-	-
2. Provisions on other commitments and other guarantees issued	-	-
3. Company pension funds	**171,156**	**164,705**
4. Other provisions for risks and charges	**1,405,077**	**1,423,182**
4.1 legal and tax disputes	-	-
4.2 personnel expenses	-	-
4.3 others	1,405,077	1,423,182
Total	**1,576,233**	**1,587,887**

10.5 Defined benefit company pension funds

The "Pension funds" refer to the "Provision for supplementary customer indemnity" and the "Provision for non-competition agreements" allocated to the sole agent. These amounts will be paid at the end of the relationship.

10.6 Provisions for risks and charges - other provisions

"Other provisions for liabilities and charges" refer to the provision made for the long-term incentive plan for the 2022-2024 period approved by resolution of the Board of Directors at the meetings of 6 June and 22 November 2022.

With reference to the disputes in which the Company is involved as defendant, also on the basis of the specific opinions provided by the legal defence attorneys, at the reporting date, the same disputes were all assessed as having a "remote" risk of losing, except for two:

- the first, originating in 2018, concerning a claim for the restitution of sums charged during the course of the relationship. Although the value of the case (as declared by the plaintiff in the summons), is equal to EUR 201,626.19, the risk of losing is assessed as "possible" for EUR 94,986.76 (but "remote" for the residual amount);
- the second, resulting from the appeal brought by the opposing party against the first instance judgment in favour of the Company, relates to the re-proposal, at the appeal stage, of a request pursuant to Article 67 of the Bankruptcy Law, rejected without stating reasons by the court of first instance and re-proposed in second instance by the bankruptcy. The value of the case is EUR 2,246,457.00 and the risk of losing the case is assessed as "possible".

In line with the provisions of the relevant accounting standards and internal policies, the Company has not made any provisions.
As at the reporting date, seven disputes were brought against the Company.

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

11.1 Share capital: breakdown

Types	Amount
1. Share capital	**4,202,329**
1.1 Ordinary shares	4,202,329
1.2 Other shares	-

The share capital is equal to EUR 4,202,329.36 and is divided into no. 12,635,066 ordinary shares without nominal value, pursuant to paragraph 3 of Art. 2346 of the Italian Civil Code and Art. 5 of the current Articles of Association.
Based on the information available to the Company, as at 30 June 2024, it is broken down as follows:

- **GGH – Gruppo General Holding S.r.l. (GGH)**, which holds approximately 41.37% of the share capital (roughly 58.53% of the voting rights taking into account the increased vote);
- **Investment Club S.r.l.**, which holds approximately 9.55% of the share capital (approximately 6.76% of the voting rights);
- **BFF Bank S.p.A.**, which holds approximately 8.02% of the share capital (approximately 5.67% of the voting rights);
- **First4Progress S.p.A. (F4P)**, which holds approximately 5.39% of the share capital (approximately 3.81% of the voting rights);
- **Banca del Ceresio SA (BS)**, which holds approximately 4.98% of the share capital (approximately 3.53% of the voting rights);
- (floating) **market**, which overall holds an approximately 30.69% of the share capital (approximately 21.70% of total voting rights).

The shares, all ordinary and traded on Euronext STAR Milan, have equal rights, both administrative and financial, as established by law and by the Articles of Association, except for the provisions of the latter regarding increased voting rights. The shares are indivisible, registered and freely transferable by an act inter vivos and transmissible on death. The currently applicable legislation and regulations regarding representation, legitimate entitlement and circulation of shares set forth for financial instruments traded on regulated markets is applied to the shares. The shares are issued in dematerialised form.
Pursuant to Art. 127-quinquies of Italian Legislative Decree no. 58 of 24 February 1998 ("TUF" or "Consolidated Law on Finance"), each share gives the right to double votes (and therefore two votes for each share) where both the following conditions are met: (a) the share belongs to the same party, based on a real right that legitimately entitles them to exercise the voting right (full ownership with voting right or bare ownership with voting right or usufruct with voting right) for a continuous period of at least 24 (twenty-four) months; (b) the meeting of the condition pursuant to point (a) is certified by the continuous registration, for a period of at least 24 (twenty-four) months, in the duly established list, kept by the Company, in compliance with the legislative and regulatory provisions in force. The assessment of the prerequisites for the attribution of the increased vote is carried out by the administrative body.

11.2 Treasury shares: breakdown

As at 30 June 2024 and 31 December 2023, the Company held no treasury shares.

11.3 Equity instruments: breakdown

As at 30 June 2024 and 31 December 2023, the Company did not recognise the item equity instruments.

11.4 Share premium reserve: breakdown

Types	Amount
1. Share premium reserve	**25,419,745**
1.1 Ordinary shares	25,419,745
1.2 Other shares	-

PART C - INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Interest income and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	30/06/2024	30/06/2023
1. Financial assets measured at fair value through profit or loss:	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	X	-	-
3. Financial assets measured at amortised cost	-	**18,142,387**	-	**18,142,387**	**11,643,578**
3.1 Loans to banks	-	925,992	X	925,992	196,364
3.2 Receivables from financial companies	-	788,818	X	788,818	-
3.3 Loans to customers	-	16,427,577	X	16,427,577	11,447,214
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	**71,045**	**71,045**	**473,203**
6. Financial liabilities	X	X	X	-	-
Total	-	**18,142,387**	**71,045**	**18,213,432**	**12,116,781**
of which: interest income on impaired financial assets	-	-	-	-	-
of which: interest income on leases	X	-	X	-	-

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Payables	Securities	Other transactions	30/06/2024	30/06/2023
1. Financial liabilities measured at amortised cost	11,810,265	1,444,985	-	13,255,250	8,274,109
1.1 Due to banks	4,855,045	X	X	4,855,045	2,823,100
1.2 Payables to financial companies	6,926,611	X	X	6,926,611	4,194,576
1.3 Due to customers	28,609	X	X	28,609	18,322
1.4 Securities issued	X	1,444,985	X	1,444,985	1,238,111
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	X	X	1	1	3
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	-	-
Total	**11,810,265**	**1,444,985**	**1**	**13,255,251**	**8,274,112**
of which: interest expense on lease payables	**28,609**	**X**	**X**	**28,609**	**18,322**

Section 2 – Commissions – Items 40 and 50

2.1 Fee and commission income: breakdown

Detail	Total 30/06/2024	Total 30/06/2023
a) lease transactions	-	-
b) factoring transactions	18,016,786	14,593,436
c) consumer credit	-	-
d) guarantees issued	-	-
e) services of:		
- management of funds on behalf of third parties	-	-
- foreign exchange brokerage	-	-
- product distribution	-	-
- others	-	-
f) collection and payment services	-	-
g) servicing in securitisation transactions	-	-
h) other commissions	-	-
Total	**18,016,786**	**14,593,436**

2.2 Fee and commission expense: breakdown

Retail/Sectors	Total 30/06/2024	Total 30/06/2023
a) guarantees received	188	186
b) distribution of services by third parties	-	-
c) collection and payment services	-	-
d) other commissions	2,000,669	2,123,253
d.1 advances on business loans (It. Law no. 52/91)	232,394	251,658
d.2 others	1,768,275	1,871,595
Total	**2,000,857**	**2,123,439**

Fee and commission expense for advances on business receivables are represented by commissions and fees paid to third parties.
The sub-item "*Other*" is mainly composed of bank charges and commissions for EUR 861,400 and costs incurred for credit insurance for EUR 869,762.

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

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

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total 30/06/2024	Total 30/06/2023
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
			Write-off	Other	Write-off	Other						
1. Loans to banks	**(1,285)**	**-**	**-**	**-**	**-**	**-**	**49**	**-**	**-**	**-**	**(1,236)**	**(627)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	(1,285)	-	-	-	-	-	49	-	-	-	(1,236)	(627)
2. Receivables from financial companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans to customers	**(924,276)**	**(76,450)**	**-**	**(864,511)**	**-**	**-**	**70,859**	**11,646**	**386,601**	**-**	**(1,396,131)**	**(263,832)**
- for leases	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(924,276)	(76,450)	-	(864,511)	-	-	70,859	11,646	386,601	-	(1,396,131)	(263,832)
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans on pledge	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(924,276)**	**(76,450)**	**-**	**(864,511)**	**-**	**-**	**70,908**	**11,646**	**386,601**	**-**	**(1,397,367)**	**(264,459)**

The amounts included in the item “Loans to banks” refer to the amounts due from banks “on demand” reported in the item “Cash and cash equivalents”.
For further details, please refer to “Part D - Other information - Section 3 - Information on risks and related hedging policies”.

Section 10 – Administrative expenses – Item 160

10.1 Personnel expenses: breakdown

Types of expenses/Values	Total 30/06/2024	Total 30/06/2023
1. Employees	**3,636,658**	**3,071,970**
a) wages and salaries	2,520,279	2,069,030
b) social security contributions	652,716	585,318
c) employee severance indemnity	9,216	919
d) social security expenses	-	-
e) employee severance indemnity provision	110,662	98,758
f) allocation to the provision for pensions and similar obligations:		
- defined contribution	-	-
- defined benefit	-	-
g) payments to external supplementary pension funds:	64,062	51,935
- defined contribution	64,062	51,935
- defined benefit	-	-
h) other employee benefits	279,723	266,010
2. Other active personnel	**-**	**-**
3. Directors and Statutory Auditors	**653,025**	**651,574**
4. Retired personnel	**-**	**-**
5. Expense recoveries for employees seconded to other companies	**-**	**-**
6. Reimbursement of expenses for employees seconded to the company	**-**	**-**
Total	**4,289,683**	**3,723,544**

Item "*h) other employee benefits*" and item "*3. Directors and Statutory Auditors*" include the provisions made against the long-term incentive plan for the period 2022-2024 approved by resolution of the Board of Directors at the meetings of 6 June and 22 November 2022.

10.3 Other administrative expenses: breakdown

Type of expense/Values	Total 30/06/2024	Total 30/06/2023
Professional fees and consultancy	1,298,999	1,393,242
Charges for indirect taxes and duties	86,060	64,755
Maintenance costs	49,767	28,573
Utility costs	90,233	62,646
Rent payable and condominium expenses	82,507	100,131
Commercial information	394,249	365,484
Insurance	18,885	19,260
Other administrative expenses	1,213,060	1,103,798
Total	**3,233,760**	**3,137,889**

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

11.3 Net allocations to other provisions for risks and charges: breakdown

	Provisions	Uses	Write-backs	Reallocations of surpluses	30/06/2024	30/06/2023
1. Allocations to the pension fund	**(6,451)**	**-**	**-**	**-**	**(6,451)**	**(9,275)**
2. Allocations to other provisions for risks and charges:	**-**	**-**	**243,533**	**-**	**243,533**	**-**
a) legal and tax disputes	-	-	-	-	-	-
b) personnel expenses	-	-	243,533	-	243,533	-
c) others	-	-	-	-	-	-
Total	**(6,451)**	**-**	**243,533**	**-**	**237,082**	**(9,275)**

The write-back refers to the provision set aside in 2022 and 2023 in connection with the long-term incentive plan of an employee who terminated his employment during the first half of the year.

Section 14 – Other operating income and expenses – Item 200

14.1 Other operating expenses: breakdown

	Total 30/06/2024	Total 30/06/2023
Contingent liabilities	(33,281)	(7,642)
Donations	(20,400)	(29,500)
Others	(97,071)	(92,094)
Total	**(150,752)**	**(129,236)**

14.2 Other operating income: breakdown

	Total 30/06/2024	Total 30/06/2023
Reimbursement of expenses	279,541	300,500
Insurance reimbursements	22,073	7,622
Contingent assets	122,073	784,030
Others	372,139	138,988
Total	**795,826**	**1,231,140**

The sub-item “Other” includes EUR 279,560 for direct costs (essentially personnel costs) relating to the development of software generated internally.

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

19.1 Income taxes for the period on current operations: breakdown

	Total 30/06/2024	Total 30/06/2023
1. Current taxes (-)	(4,133,903)	(3,041,853)
2. Changes in current taxes from previous years (+/-)	-	-
3. Reduction in current taxes for the period (+)	-	-
3 bis. Reduction in current taxes for the period for tax credits pursuant to Italian Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	8,744	63,682
5. Change in deferred tax liabilities (+/-)	-	-
6. Taxes for the period (-) (-1+/-2+3+3 bis+/-4+/-5)	**(4,125,159)**	**(2,978,171)**

Current taxes pertaining to the first half of 2024 are estimated at EUR 3,398,394 for IRES and EUR 735,509 for IRAP.
For the calculation of the income tax (IRES), the rate of 27.5% was applied, including 3.5% relating to the IRES surcharge. For the regional tax on productive activities (IRAP), the rate of 5.57% was adopted.
The change in deferred tax assets is determined by the algebraic sum obtained from increases of EUR 133,717 for new deferred tax assets arising during the half-year and from decreases of EUR 124,973 for the recovery of taxable income taxed in previous years.

Earnings per share

The methods for calculating the basic earning (loss) per share and diluted earnings (losses) per share are defined by IAS 33 – Earnings per share. Basic earnings (loss) per share is defined as the ratio between the economic result or the result of operating activities in the period (thus excluding the result of non-current assets being disposed of net of taxes) attributable to the holders of ordinary capital instruments and the weighted average of ordinary shares outstanding during the period. The table below shows the basic earnings (loss) per share with the details of the calculation.

Detail	30/06/2024	30/06/2023
Earnings (loss) attributable to holders of ordinary shares	7,984,298	6,699,127
Weighted average of ordinary shares	12,635,066	12,635,066
Basic earnings (loss) per share	**0.63**	**0.53**

There are no instruments in place with a potential dilutive effect, therefore, the diluted earnings (loss) per share is therefore equal to the basic earnings (loss) per share.

PART D - OTHER INFORMATION

Section 1 – Specific references on operations carried out

B. Factoring and assignment of receivables

B.1 – Gross value and book value

B.1.1 – Factoring transactions

Items/Values	Total 30/06/2024			Total 31/12/2023		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing	**428,479,599**	**1,975,711**	**426,503,888**	**461,502,635**	**1,057,490**	**460,445,145**
• exposures to transferors (with recourse)	339,969,510	1,774,560	338,194,950	339,282,225	810,970	338,471,255
- assignment of future receivables	52,839,435	1,354,321	51,485,114	38,503,033	441,691	38,061,342
- others	287,130,075	420,239	286,709,836	300,779,192	369,279	300,409,913
• exposures to transferred debtors (without recourse)	88,510,089	201,151	88,308,938	122,220,410	246,520	121,973,890
2. Non-performing	**7,602,574**	**1,377,512**	**6,225,062**	**2,819,952**	**899,602**	**1,920,350**
2.1 Bad loans	1,357,377	567,951	789,426	1,890,833	776,898	1,113,935
• exposures to transferors (with recourse)	1,357,377	567,951	789,426	1,890,833	776,898	1,113,935
- assignment of future receivables	388,051	232,831	150,220	481,239	240,620	240,619
- others	969,326	335,120	634,206	1,409,594	536,278	873,316
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.2 Unlikely to pay	6,243,355	809,377	5,433,978	929,119	122,704	806,415
• exposures to transferors (with recourse)	6,243,355	809,377	5,433,978	929,119	122,704	806,415
- assignment of future receivables	-	-	-	75,557	11,334	64,223
- others	6,243,355	809,377	5,433,978	853,562	111,370	742,192
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
2.3 Non-performing past due exposures	1,842	184	1,658	-	-	-
• exposures to transferors (with recourse)	1,842	184	1,658	-	-	-
- assignment of future receivables	-	-	-	-	-	-
- others	1,842	184	1,658	-	-	-
• exposures to transferred debtors (without recourse)	-	-	-	-	-	-
- purchases below the nominal value	-	-	-	-	-	-
- others	-	-	-	-	-	-
Total	**436,082,173**	**3,353,223**	**432,728,950**	**464,322,587**	**1,957,092**	**462,365,495**

The table provides details of the value of the receivables recorded in item 40 of the Assets, with exclusive reference to the exposures relating to the specific activity of advancing business receivables (factoring).

Receivables are distinguished between performing and non-performing assets and classified by type of counterparty: transferor and transferred debtor.

The recognition of a receivable in the category “Exposures to transferred debtors” assumes that the assignment of the receivables determined the actual transfer to the transferee of all risks and benefits.

B.3 - Other information

B.3.1 – Turnover of receivables subject to factoring transactions

Items	30/06/2024	30/06/2023
1. Transactions without recourse	289,337,232	177,579,888
- of which: purchases below nominal value	-	-
2. Transactions with recourse	967,957,934	886,303,624
Total	**1,257,295,166**	**1,063,883,512**

The table details the turnover of receivables transferred (amount of the gross flow of receivables transferred by customers to the Company during first half-year), distinguishing the transactions in relation to the assumption or not by the transferor of the guarantee of solvency of the transferred debtor.

B.3.3 - Nominal value of contracts for the acquisition of future receivables

Items	30/06/2024	30/06/2023
Flow of contracts for the purchase of future receivables during the period	112,088,518	76,223,278
Amount of contracts outstanding at period end	86,879,790	47,636,069

As at 30 June 2024, the net exposure for future receivables amounted to EUR 51,640,334.

D. Guarantees given and commitments

D.1 – Value of guarantees (collateral or personal) issued and commitments

Transactions	Amount 30/06/2024	Amount 31/12/2023
1. Financial guarantees issued on first demand	**21,724,897**	**32,592,007**
a) Banks	12,314,652	9,037,562
b) Financial companies	9,410,245	23,554,445
c) Customers	-	-
2. Other financial guarantees issued	**-**	**-**
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
3. Commercial guarantees issued	**-**	**-**
a) Banks	-	-
b) Financial companies	-	-
c) Customers	-	-
4. Irrevocable commitments to disburse funds	**-**	**-**
a) Banks	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
b) Financial companies	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
c) Customers	-	-
i) with certain use	-	-
ii) with uncertain use	-	-
5. Commitments underlying credit derivatives: protection sales	**-**	**-**
6. Assets pledged as collateral for third party obligations	**-**	**-**
7. Other irrevocable commitments	**-**	**-**
a) to issue guarantees	-	-
b) others	-	-
Total	**21,724,897**	**32,592,007**

In relation to "Financial guarantees issued on first demand - a) Banks", it should be noted that, in relation to the medium/long-term loan agreement in place with a pool of banks, the company signed a specific pledge agreement based on which the credit balance of the current accounts indicated therein was pledged to guarantee the debt relating to the loan disbursed by the pool of banks.
As at 30 June 2024, the credit balance of the current accounts subject to the pledge amounted to EUR 12,314,652, while the payable relating to the loan, including interest payable, amounted to EUR 174,032,788.
In addition, it should be noted that the Company has pledged part of the receivables acquired from its Transferors as collateral to the pool of banks, in line with the provisions of the medium and long-term loan agreement. In particular, the contract envisages that Generalfinance – at each drawdown of the line – make assignments as collateral of nominal loans for a total amount equal to the amount of the line used as at the reference date. Since this is a particular case and different from a financial or personal guarantee, this guarantee is not indicated in the table above.

“Financial guarantees given on first demand – b) Financial companies” includes the amount of with-recourse guarantees issued in relation to the “refactoring” financing transactions with counterparties of Italian factoring companies, in which Generalfinance maintains the guarantee of solvency on reclassified loans. The amount of the guarantee, covering the entire with recourse exposure, is equal to the debt for with recourse transfer transactions as at the reference date.

Section 2 – Securitisation transactions, disclosure on structured entities not consolidated for accounting purposes (other than special purpose vehicles for securitisation) and asset disposal transactions

A – Securitisation transactions

Qualitative information

On 13 December 2021, Generalfinance signed a first securitisation programme – three-year and subject to annual renewal – of trade receivables under which it transfers without recourse, on a revolving basis, portfolios of performing trade receivables originated in the exercise of its core business to an Italian vehicle company established pursuant to the law on securitisation (General SPV S.r.l.). Subsequently, on 14 June and 9 December 2022 respectively, the entry of Intesa Sanpaolo (IMI Corporate & Investment Banking Division) and Banco BPM as new senior lenders was defined – alongside BNP Paribas – as part of the securitisation programme, currently with a maximum nominal amount EUR 737.5 million.

Purchases of receivables are financed through the issue of various classes of partly-paid type ABS securities, with different degrees of subordination; details of the notes outstanding as at 31 December 2023 are provided below:

- Maximum EUR 200,000,000 of A1 Senior Notes, subscribed by BNP Paribas, through the Matchpoint Finance LTD conduit, with a commitment of EUR 75 million and an uncommitted amount of EUR 75 million;
- Maximum EUR 200,000,000 of A2 Senior Notes, subscribed by Intesa Sanpaolo, through the Duomo Funding PLC conduit, with a commitment of EUR 75 million and an uncommitted amount of EUR 25 million;
- Maximum EUR 100,000,000 of A3 Senior Notes, subscribed by Banco BPM, with a commitment of EUR 50 million;
- Maximum EUR 53,000,000 of B1, B2 and B3 Mezzanine Notes, subscribed and retained by Generalfinance and which could be subsequently placed with institutional investors;
- Maximum EUR 37,000,000 of Junior Notes, fully subscribed and withheld by Generalfinance, also in order to satisfy the regulatory retention rule.

The securities issued by General SPV are unrated and are not listed.

In the context of securitisation – which does not lead to the deconsolidation of loans to customers, who therefore continue to remain registered in the balance sheet of the factor – Generalfinance operates as a sub-servicer.

From an accounting point of view – on the basis of the economic substance of the transaction – the amount of the senior notes subscribed by Matchpoint Finance LTD, Duomo Funding PLC and Banco BPM was recognised under liabilities in the balance sheet, under financial liabilities measured at amortised cost, net of the available liquidity in the vehicle's current account, as it represents the net debt obtained from Generalfinance through the securitisation structure. The mezzanine and junior notes – fully retained by Generalfinance – were subscribed to offset the corresponding part of the initial consideration relating to the assignment of the receivables by the originator; therefore, these notes do not appear in the financial statements as they do not represent a cash exposure of Generalfinance, and are recognised in the memorandum accounts.

Taking into account the formal maturity date of 31 December 2024, Generalfinance initiated discussions with senior investors, aimed at signing the contractual documentation relating to the extension of the securitisation programme for a further three years, therefore until 31 December 2027. It is expected that agreements amending the transaction's maturity date will be signed by the end of the current financial year.

The company has no exposure to third-party securitisation.

Quantitative information

As at 30 June 2024, the payable to the vehicle company (including accrued interest) amounted to EUR 172,823,258.

The capital structure – with the relative maximum values – of the only securitisation transaction in place at the reporting date is shown below.

Transaction: General SPV	Amount
Maximum nominal outstanding of receivables	737,500,000
Maximum nominal value of notes issued – General SPV	
Senior (A1)	200,000,000
Senior (A2)	200,000,000
Senior (A3)	100,000,000
Mezzanine (B1)	21,200,000
Mezzanine (B2)	21,200,000
Mezzanine (B3)	10,600,000
Junior	37,000,000
TOTAL	**590,000,000**

The table below shows the parts of the General SPV securitisation.

Role	Subject
Issuer and Transferee	General SPV S.r.l. – Special purpose vehicle established pursuant to Italian Law no. 130/99
Master Servicer	Zenith Service S.p.A.
Originator/Sub-Servicer	Generalfinance S.p.A.
Programme Agent	BNP Paribas S.A., Italian branch
Calculation Agent	Zenith Service S.p.A.
Corporate Servicer	Zenith Service S.p.A.
Representative of the bondholders	Zenith Service S.p.A.
Interim Account Bank	Banco BPM S.p.A.
Account Bank	The Bank of New York Mellon SA/NV Milan branch
Paying Agent	The Bank of New York Mellon SA/NV Milan branch
Subscriber of the ABS A1 Senior Notes	BNP Paribas S.A., through the Matchpoint Finance LTD conduit
Subscriber of the ABS A2 Senior Notes	Intesa Sanpaolo S.p.A., through the Duomo Funding PLC conduit
Subscriber of the ABS A3 Senior Notes	Banco BPM S.p.A.
Subscriber of the ABS Mezzanine and Junior Notes	Generalfinance S.p.A.

The following table shows the conditions of the senior funding, subscribed by Banco BPM, by BNP Paribas, through Matchpoint Finance LTD, and by Intesa Sanpaolo, through Duomo Funding PLC.

Description	Level
Senior Noteholders	BNP Paribas S.A., through Matchpoint Finance LTD Intesa Sanpaolo, through Duomo Funding PLC Banco BPM S.p.A.
Target of Senior Funding Line	Maximum amount of the Senior Loan Line: EUR 500 million
Senior committed line	EUR 200 million
Senior committed and uncommitted line (maximum amount)	EUR 300 million
Duration	3 years with commitment renewable annually, expiry 31.12.2024
Revolving period	3 years, subject to early termination events
Generalfinance percentage disbursement limit	Limit 85%
Senior Advance Rate	85% (senior note) of the advances (Initial Advanced Amount)
Portfolio subject to the Transaction	With Recourse Factoring and Without Recourse Factoring
Credit support	Dynamic Credit Enhancement based on the levels of (i) default, (ii) dilution, (iii) the average amount financed to the originators, subject to a floor and adjusted for the level of concentration of the debtors. The Credit Support corresponds to the Deferred Purchase Price (DPP)
Senior Notes	Variable Funding Notes equal to 85% of the advances of GF
Mezzanine Notes	Partly Paid Notes equal to roughly 8.8% of the advances of GF
Junior Notes	Partly Paid Notes equal to around 6.2%[1] of the advances of GF
Interest Rate	1-month EURIBOR with floor at 0% + Margin
Margin	1.1% for A1 and A2 notes 0.98% for A3 notes
Commitment Fee	30% of the margin of the senior notes, calculated on the portion of the committed line not used
Rating	Not provided for
Hedging	Not provided for

Notes: [1] Assuming an Initial Purchase Price equal to 80% of the nominal value of the loans transferred (factoring with recourse).

Section 3 - Information on risks and related hedging policies

FOREWORD

Corporate risk governance

Generalfinance is exposed to the typical risks of a financial intermediary. In particular, also on the basis of the defined ICAAP process, the Company is exposed to the following significant "first pillar" risks:

- **Credit risk**: risk that the debtor (and the transferor, in the case of with-recourse transactions) is not able to meet its obligations to pay interest and repay the principal. It includes counterparty risk, i.e. the risk that the counterparty to a transaction is in default before the final settlement of the cash flows of a transaction.
- **Operational risk**: risk of losses resulting from procedural malfunctions, inadequacy of internal processes, human resources and technological systems or deriving from unexpected external events.

Generalfinance is also exposed to the following other risks:

- **Concentration risk**: risk deriving from exposures to counterparties, including central counterparties, groups of related counterparties and counterparties operating in the same economic sector, in the same geographical region or carrying out the same activity or trading in the same goods, as well as the application of credit risk mitigation techniques, including, in particular, risks deriving from indirect exposures, such as, for example, with respect to individual providers of guarantees (for concentration risk with respect to individual counterparties or groups of related counterparties).
- **Country risk**: risk of losses caused by events occurring in a country other than Italy. The concept of country risk is broader than that of sovereign risk as it refers to all exposures regardless of the nature of the counterparties, whether natural persons, companies, banks or public administrations.
- **Transfer risk:** the risk of exposure to a borrower financing itself in a currency other than that in which it earns its main sources of income, and therefore realising losses due to the borrower's difficulties in converting its currency into the currency in which the exposure is denominated.
- **Interest rate risk**: the risk that arises as a result of unfavourable market rate trends and relates to the mismatch of maturity and repricing dates (repricing risk) and the different trend in the reference rates of asset and liability items (basis risk).
- **Liquidity risk**: the risk of not being able to meet its payment commitments due to the inability both to raise funds on the market (funding liquidity risk) and to sell its assets (market liquidity risk). For Generalfinance, the case of funding liquidity risk is particularly relevant. In other words, the liquidity risk derives from a possible imbalance between expected cash flows and outflows and the consequent imbalances/surpluses in different maturity brackets, depending on the collectability of the assets or payment of the liabilities divided by residual life (maturity ladder).
- **Residual risk:** risk that the recognised techniques for mitigating credit risk used by the Company are less effective than expected. This risk essentially arises when, at the time of the debtor's impairment, the mitigation instrument against the exposure provides, in fact, a degree of protection lower than that originally envisaged and, consequently, the equity benefit obtained with the related usage is overestimated.
- **Securitisation risk**: risk determined by the absence of adequate policies and procedures to ensure that the economic substance of said transactions is fully in line with their risk assessment and with the decisions of the corporate bodies. The Company has a securitisation transaction in place (General SPV), which does not envisage the transfer of the portfolio's credit risk, as the transaction is exclusively aimed at raising funds on the institutional market and envisages the underwriting of the mezzanine and junior notes by the originator (Generalfinance).
- **Excessive leverage risk**: risk that a particularly high level of indebtedness with respect to the amount of equity makes the intermediary vulnerable, making it necessary to adopt corrective measures to its business plan, including the sale of assets with recognition of losses that could be entail value adjustments also on the remaining assets.
- **Strategic risk**: defined as the current or future risk of a decline in profits or capital deriving from changes in the operating environment or from incorrect company decisions, inadequate implementation of decisions, poor responsiveness to changes in the competitive environment.
- **Reputational risk**: the current or future risk of a decline in profits or capital deriving from a negative perception of the image of the intermediary by customers, counterparties, shareholders of the intermediary, investors or supervisory authorities.
- **Risk of non-compliance**: risk of incurring judicial or administrative sanctions, significant financial losses or damage to reputation as a result of violations of mandatory provisions (of law or regulations) or of self-regulation rules (e.g. articles of association, codes of conduct, etc.), including legislation governing international money laundering/terrorism financing and legislation governing the transparency of banking and financial transactions and services.

- **IT risk**: risk of incurring economic, reputation and market share losses in relation to the use of Information and Communication Technology (ICT).
- **Risk deriving from outsourcing:** risk linked to the outsourcer's activities, in particular to its inefficiency/service disruptions and to the loss of skills by the Company's human resources. These are mainly operational risks, although the implications for credit, compliance and reputational risks are not negligible.

In this context, the resulting risks are monitored by specific organisational structures (which operate in agreement with the Risk Management Department), policies and procedures aimed at their identification, monitoring and management. In particular:

- the Credit Department (Chief Lending Officer) and the Operations Department (Chief Operating Officer) oversee the management of credit risk, country risk and concentration risk, being organisationally responsible for the various phases of the credit process, i.e. investigation, granting and monitoring as regards the Credit Department and management and recovery in relation to the Operations Department;
- the Finance and Administration Department (Chief Financial Officer) manages and monitors liquidity, interest rate, residual, securitisation, excessive leverage and strategic risks (the latter, in particular, in close collaboration with the Chief Executive Officer);
- the Legal and Corporate Affairs Department manages and monitors reputational risks (in collaboration with the CFO, as regards relations with the media).
- the AML and Compliance Department monitors the risk of non-compliance (which includes the risk of money laundering) and the risk deriving from outsourcing relationships;
- the Internal Audit Office oversees third-level controls on the credit process;
- the ICT and Organisation Department oversees IT risk.

On an operational level, the Finance and Administration Department provides periodic reports (through the management planning and control system) to the corporate bodies on the performance of the activities and on the deviations from the budget and the business plan; this disclosure is structured on a daily (commercial data, asset figures, profitability of factoring transactions) and monthly (tableau de bord, which summarises financial, portfolio risk and liquidity information, capitalisation) basis. The Risk Management Office monitors in detail the trend of the main risk indicators with a specific "tableau de bord Risk", which is presented quarterly to the Board of Directors, and through the monitoring of the main indices defined in the Risk Appetite Framework, through a specific quarterly disclosure (Risk Appetite Statement), submitted to the Board.

The Company therefore has a management control and risk management system aimed at allowing the operating areas to periodically acquire detailed and updated information on the operating results, financial position and cash flows and the trend of the main figures related to the risks assumed. The management control system, which is part of the wider internal control system, was developed by Generalfinance from a strategic point of view as it systematically and, in advance, draws the attention of management to the consequences of the decisions taken on a daily basis (management). It is therefore intended as the integrated set of technical-accounting tools, information and process solutions used by management to support planning and control activities.

This model provides for the assignment of responsibilities to clearly identified individuals within the Company to ensure the constant monitoring of critical success factors (FCS) and risk factors (FCR) through the identification of performance and risk indicators (KPI and KRI) and, where necessary, the activation of other types of control.

CONTROL SYSTEM

The internal control system implemented by the Company ("ICS") consists of the set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

- verification of the implementation of company strategies and policies;
- safeguarding the value of assets and protection against losses;
- effectiveness and efficiency of business processes;
- reliability and security of company information and IT procedures;
- prevention of the risk of involvement, even involuntary, in illegal activities (with particular reference to those connected with money laundering, usury and terrorism financing);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, regulations and procedures.

Risk Management Department

In the organisation of Generalfinance, the risk management department is located in the "Risk Management Office".
The office reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.
Risk management activities aim to verify compliance with prudential supervisory rules and the management of company risks. In particular, this office contributes to the definition of risk measurement methods, verifying ongoing compliance with the overall prudential supervisory limits imposed by the Supervisory Authority.

Compliance Function

The compliance function is carried out by the AML and Compliance Office, which is responsible for the activities relating to the monitoring and verification of compliance with the regulations. The purpose of compliance control activities is to monitor the compliance of procedures, regulations and company policies with respect to regulatory provisions. In particular, the AML and Compliance Office, with the help of the Legal and Corporate Affairs Department, identifies the rules applicable to the Company and assesses and measures their impact on the business, proposing appropriate organisational changes in order to ensure effective and efficient monitoring of the identified non-compliance and reputational risks.

The Anti-Money Laundering Function

The Anti-Money Laundering Function is part of the AML and Compliance Office. The office reports directly to the body with management functions (Chief Executive Officer), with direct access to the Board of Directors through periodic information flows.
The Anti-Money Laundering Function (hereinafter AML) deals with:

- monitoring the risk of money laundering, overseeing the proper functioning of business processes;
- preparing activities related to combating money laundering and the financing of international terrorism;
- overseeing compliance with anti-money laundering regulations within the Company and monitoring its development, verifying the consistency of anti-money laundering and anti-terrorism processes with respect to regulatory requirements;
- carrying out checks and controls on customer due diligence and proper data storage.

In addition, it is involved in the preliminary investigation process prior to reporting suspicious transactions to the relevant bodies. In compliance with the general principle of proportionality, the Head of the AML Function is also granted the mandate for the Reporting of Suspicious Transactions ("SOS"), pursuant to art. 35 of Italian Legislative Decree no. 231 of 21 November 2007. The AML Function sends to the Board of Directors, to the Board of Statutory Auditors, at least once a year, a report on the activities carried out during the previous year.

Internal Audit Function

The internal audit function is carried out by the Internal Audit Office, which reports directly to the Board of Directors, ensuring compliance with sound and prudent management.
The internal audit activity is aimed, on the one hand, at checking the regularity of operations and risk trends, including through ex-post checks at the individual organisational units, and on the other hand at assessing the functionality of the overall internal control system and to bring to the attention of the Board of Directors possible improvements to risk management policies, control mechanisms and procedures.

3.1 CREDIT RISK

Qualitative information

1. General aspects

Credit risk is a typical risk of financial intermediation and can be considered the main risk to which the Company is exposed. Factoring, which is the operating area of Generalfinance, is the main determinant of credit risk. The factoring activity also has some specific characteristics that help contain the relative risk factors: the presence of several parties (transferor and transferred debtor), the insurance guarantee that covers the bulk of business volumes, any additional personal guarantees acquired and, in particular, the transfer to the factor of the supply credit between the transferor and the transferred debtor. These factors, on the one hand, make it possible to contain credit risk compared to that of ordinary banking activities and, on the other hand, characterise the entire credit process that is regulated by specific policies in Generalfinance.

Guaranteed loans

The Company did not approve moratoria on existing loans, did not grant changes to the loan agreements as a result of Covid-19 and did not disburse loans backed by the State guarantee. The Company showed itself to be willing – in the context of the ordinary management of trade receivables – to reschedule certain deadlines in order to facilitate transferred debtors and transferors, with some rescheduling of trade receivables, almost all of which returned to normal conditions and were collected as at the reporting date.

2. Credit risk management policies

2.1 Organisational aspects

The assumption of credit risk is governed by the policies approved by the Board of Directors and is governed by internal procedures that define the management, measurement and control activities and identify the organisational units responsible for them.

Credit risk management is carried out by the Credit and Operations Departments.

The Credit Department acts through:

- the Transferor Assessment Office, ensuring the compliance of loan applications with the Company's credit policy and expresses opinions for decision-making purposes. This Office is also responsible for the activities that characterise the preliminary phase and the secretarial activities of the Credit Committee;
- the Legal Support Office, constantly monitoring the changes and updates of the legal aspects of the transferor customers. This Office manages the legal aspects that arise over the course of the relationship with the transferor customers, assists the Collection Office in the judicial debt collection activities and manages disputes by maintaining relations with the appointed lawyers, providing them with indications and agreeing on strategies for legal proceedings;
- the Debtor Assessment Office, dealing in detail with the assessment of the individual transferred debtors and defining the overall risk of the transferred debtor portfolio;
- the Portfolio Monitoring Office, monitoring credit risk from a portfolio perspective, assessing performance and credit quality indicators.

The Operations Department acts through:

- the Collection Office, which is entrusted with the continuous monitoring of maturities and the management of the collection of receivables. This Office is responsible for the credit recovery process in all the different phases, from the past due to any legal recovery;
- the Debtor Management Office, which is responsible for managing the relationship with the transferred debtors as part of the operating procedures defined with the Transferor and managing the reconciliation of daily collections;
- the Back Office, which monitors compliance with the operating procedures envisaged for the specific relationship and deals with the process of disbursement of credit and settlement of amounts not advanced to the transferors.

Credit disbursement is the responsibility of the Company's Credit Committee on the basis of the powers granted to it by the Board of Directors.

The Credit Committee is composed of six members, of which three with voting rights and three without voting rights.

Members with voting rights are:

- the Chief Executive Officer;
- the Head of the Credit Department (CLO);
- the Head of the Sales Department (CCO).

Non-voting members are:

- the Head of the Operations Department (COO);
- the Head of the Corporate Customer Management Office;
- the Head of the Retail Customer Management Office.

Sessions in which the Credit Committee is called upon to examine the credit classification of an active position must also be attended by the Head of the Risk Management Office, who intervenes with an advisory function, without voting rights.

The resolutions of the Credit Committee are passed by open vote and by simple majority of the members present with voting rights. Although each of the voting members may cast only one vote, the vote of the Chief Executive Officer (as a connecting and controlling element of the Board of Directors) influences the outcome of the vote, if they are placed in a minority. In this case, in fact, the decision cannot be validly taken by the Credit Committee but is the responsibility of the Board of Directors.

The Head of the Transferor Assessment Office also participates in the meetings of the Credit Committee, in their capacity as Secretary of the Credit Committee and, depending on the topics dealt with or the subject of the resolution, the Customer Managers (each with reference to the customers in its portfolio).

As part of its functions, the Committee performs an in-depth analysis of the documentation and the level of risk of the loan transaction and resolves, if the assessment is positive, the disbursement of the loan.

In the analysis phase, the Credit Committee is supported by the proprietary management information system (Generalweb/TOR) and by the data analytics systems, which allow a detailed analysis of each individual credit facility requested, both with reference to the assessment of the transferor and the transferred debtors. The process of approving the granting/disbursement of credit is managed electronically through the appropriate functions of the company management system (electronic credit application and transferor position), through which it is possible to acquire immediate evidence of all the data relating to the various positions subject to assessment and the outcome of the resolutions. Once the analysis is completed and the resolution adopted by the Credit Committee, the process concludes with the generation of specific disclosures for the various company departments and customers concerned.

Subsequently, a document containing the outcome of the resolution is generated. The outcome of the resolution is then uploaded to the system to input data into or update the management records that report the specific economic and operating conditions that govern the relationship with the transferor, in such a way that all criteria and operating limits are set in a definitive and complete manner for the subsequent disbursement phase.

The Credit Committee – on the basis of the provisions of the "Classification and measurement of credit exposures" Policy supplemented, operationally, by the "Credit & Collection Policy" – also resolves: i) the transfers between administrative statuses (past due, UTP, bad loan) and the related analytical provisions and ii) the transfers from Stage 1 to Stage 2 (in reference to "discretionary triggers", in accordance with IFRS 9).

The results of the Committee's deliberations are always forwarded to the CFO, the head of the Administration and Personnel Department and the head of the Supervisory Reporting Office, in order for the results to be correctly incorporated into the financial and reporting framework, as well as to the head of the Risk Management Office.

As part of the credit process, the Risk Management Office plays an important role, which relates to second-level controls on the credit process. The Risk Management Office, as part of the lending activities carried out by the Company, is responsible for carrying out checks aimed at ascertaining the adequacy of the various phases of the credit process and assessing their compliance with the credit policy.

As part of the credit risk management process, the Risk Management Office monitors the risk level of the Company's loan portfolio. This activity is aimed at ensuring the continuous analysis and monitoring of the composition of the portfolio and the related risk. In particular, the Risk Management function is responsible for the following activities:

• the measurement of the credit risk underlying the performing portfolio and the problem portfolio;
• monitoring of "problem loans" (non-performing, doubtful and watchlist);
• monitoring of limits and exceptions to company policies;
• verification of consistency over time between the rules for assessing creditworthiness and the related pricing;
• monitoring the concentration limits of credit exposures to a single Counterparty (Groups of companies), as per the regulations of the Supervisory Authority;
• monitoring the IFRS 9 framework, as part of the determination of the Expected Credit Loss.

2.2 Management, measurement and control systems

General considerations

The main types of customers are represented by the following two segments into which "Distressed" transactions are structured:

- companies "in crisis", to which the Company, through operations to support the sales and distribution and/or purchasing cycles, offers specific skills geared towards financial assistance in the event of the financial tension situations, during and after the restructuring procedure;
- "performing" companies, which are offered flexible services, aimed at solving financing problems, also extended to customers and suppliers.

The reference area in which the company operates, as regards transferred debtors, is mainly represented by the so-called "Eurozone". A component – historically around 25% – of turnover is achieved with foreign transferred debtors, mainly in the EU and North America, with a limited assumption of "country risk". As regards Transferors, the scope of operations relates to Italian companies. In particular, at geographical level, operations are mainly concentrated in Northern Italy – with a particular focus on Lombardy – and, at sector level, in manufacturing and sales.

The core business of the Company is represented by the granting of loans to the parties indicated above (typically identified with the term "transferor customers" or simply "transferors") by advancing trade receivables claimed by them in the technical form of factoring.

In particular, the Company's main transactions are as follows:

• With recourse factoring: the Company operates through the granting of a loan to customers, which at the same time transfers to the Company business receivables, the payment of which is attributed to the repayment of the financed sum. The collection of the receivable transferred gradually extinguishes the loan and covers its costs and the residual amount (any difference between the nominal amount of the receivable collected and the amount disbursed as an advance) is transferred to the transferor.

The average percentage of advance payments on the entire portfolio with recourse stood, over the years, at around 80% of the nominal value of the loan transferred; the percentage of disbursement per individual assignment varies according to the specific characteristics of the transaction, the Transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor, the transferor's situation, past relations, collection trend data and other elements that are assessed from time to time for granting purposes). In this type of transaction, the risk of insolvency of the transferred debtor remains with the transferor.

• Without recourse factoring: this type of transaction follows the same operating methods described in the previous point but requires the Company to assume the risk of non-payment of the receivable transferred. The transactions without recourse carried out by the company are IAS-compliant, with the transfer of risks from the transferor to the factor.

The transactions carried out by Generalfinance normally provide for the notification of the individual assignments to the transferred debtor ("Factoring Notification"); based on specific operational controls, transactions are implemented without notification ("Non-notification").

The assignments normally concern receivables that have already arisen while in certain situations – on the basis of specific operational controls defined from time to time by the decision-making body – assignments of future receivables are carried out (contracts or orders).

The assumption of risks involves the acquisition of suitable documentation to allow an assessment of the individual customer, codified in an investigation process, which also provides for customer profiling for anti-money laundering purposes. Through this activity, an analysis report is prepared in favour of the Credit Committee (summarised in a document called Electronic Credit Application or PEF) aimed at highlighting the level of credit risk associated to the Transferor and the Transferred Debtors (evaluated, in said case, also at overall portfolio level), as well as the compatibility between the individual loan applications and the credit policy adopted by the Company. The preliminary investigation process is completed when all the additional checks required by internal and supervisory regulations (e.g. anti-money laundering) are completed, at the end of which the case may be submitted to the Credit Committee.

As the transferee of trade receivables, Generalfinance is exposed to trade credit risk and, subsequently, to financial credit risk. In particular, the risk is appropriately managed through:

- the analysis of the customer (transferor) and the Transferred debtor, both through internal processing of information taken from company databases, and with the help of data from third parties and specialised public and private bodies; in particular, a score is calculated for each transferor and debtor, based on the methodology developed over time by Generalfinance. The score at the debtor level is then aggregated at the portfolio level, so as to calculate the overall score of the factoring transaction, based on the weighted average between the Transferor and the Debtor portfolio. Taking into account the self-liquidating nature of the risk assumed, the greatest weight in the scope of the scoring method is assigned to the debtor portfolio;
- the continuous verification of the entire position of the transferor, both statically, i.e. with reference to the overall risk situation, and dynamically, i.e. with reference to the performance of its relationship with each individual transferred debtor;
- the verification and analysis of any intragroup relations, understood as relations between a transferor and transferred debtors belonging to the same legal or economic group;
- continuous verification of the regularity of payments by the transferred debtors;
- portfolio diversification;
- the continuity and quality of commercial relations between supplier and customer;
- the analysis of the consistency and size of the transferor in order to obtain the balance of the assumed risk.

In addition to the above-mentioned elements of a purely valuation nature, the prudential policy of the Company is also expressed in the adoption of underwriting and contractual measures:

- insurance coverage of most of the turnover;
- explicit acceptance of the assignment (also in the form of recognition) by the transferred debtor, on positions deemed worthy of special attention;
- notification to debtors of the Letter of Initiation – LIR and of the individual assignments in order to obtain the enforceability of the factoring transactions and the channelling of collections;
- setting a limit on the amount that can be disbursed to customers (as determined by the Credit Committee) with particular attention to any situations of risk concentration;
- diversification of customers by economic sector and geographical location.

The phases of the Company's credit process were identified as follows:

• Investigation: represents the moment in which credit applications from customers are acquired and assessed submitted, in order to provide the decision-making bodies, with the utmost possible objectivity, with a complete and exhaustive representation of the position of the credit applicant with regard to its capital assets and all other elements necessary for the assessment of creditworthiness and its reliability. In this phase, the information collected with reference to the potential transferred debtors for the purposes of their assessment is analysed.

• Resolution: final act of the decision-making process to which credit applications are submitted. This may have as its object the acceptance or rejection of the request.
• Initiation of the relationship: phase in which the contractual documentation is formalised.
• Disbursement: indicates the management process at the end of which the amount subject to the advance of the transferred credit is credited to the transferor. It therefore refers to a progression of management activities that result in the provision of funds in favour of the transferor.
• Settlement: indicates the possible management process, at the end of which the amounts Not Disbursed Available are credited to the transferor, accrued as a result of the collection of the transferred receivables, following the payment made by the transferred debtor.
• Monitoring and review: these describe the methods for monitoring the loans disbursed in order to ensure proper credit management, as well as a correct representation of the Company's exposure to each transferor or group of connected customers. The monitoring is also carried out in order to promptly review the conditions of the loan if the circumstances relating to both the economic performance of the situation of the transferor and the value of the guarantees should change.
• Renewal: represents the systematic activity – on an annual basis – of complete revision of the position.
• Reporting: reporting is the set of information flows intended for the Corporate Bodies and the functions involved in the loan disbursement and monitoring process.

The possibility for the transferor to receive the advance payment of the purchase price of the receivables is subject to an in-depth assessment of the transferred debtors, as well as the transferor itself and the prior granting of an adequate credit line, referring to each debtor.

Maximum Payable

A limit is also defined ("Maximum Payable") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of advance payment of the purchase price of the receivables. It refers to the entire position of the transferor (individual or at Group level), considered as a whole, and constitutes an operating ceiling, resolved internally by the Company, predetermined and defined to meet operational needs of a management nature. Having these characteristics and not representing any contractual commitment to the customer to grant advances on the transferred receivables up to the defined amount, the above-mentioned limit may be reviewed and modified at its discretion by the Company at any time. The Maximum Payable per transferor is decided by the Credit Committee or by the Board of Directors based on the autonomy and powers granted.

Percentage of disbursement

The percentage of disbursement is defined as the ratio between the value advanced by Generalfinance during the disbursement phase and the nominal value of the loans transferred by the customer to the Company.
The percentage of disbursement, in respect of factoring with recourse, per individual transferor/debtor varies at the discretion of the factor based on the specific characteristics of the transaction, the transferor and the transferred debtors (e.g. according to the method of payment of the receivables, the nature and solvency of the transferred debtor and other elements that are assessed on each occasion a disbursement is carried out). With regard to non-recourse factoring, the disbursement percentage is 100%, as these are only outright purchases (IAS Compliant). The disbursement percentage per transferor is decided by the Credit Committee or by the Board of Directors based on the autonomy and powers granted.

Debtor Advance Limit

In addition to the previous one, an additional operating limit is assessed ("Debtor Advance Limit" or "Cross credit line") which represents the maximum amount within which Generalfinance is available to disburse amounts by way of Advance on receivables due from a single debtor or a group of related debtors. It represents the ratio between the maximum limit (in terms of nominal value) of receivables due from a single debtor (or group of related debtors) that the Company is willing to acquire from a particular transferor ("Cross Credit Line") and the percentage of advances on individual loans.
In any case, the Debtor Advance Line cannot, in any case, exceed the limits envisaged by the applicable Supervisory provisions.
The Cross Credit Line by debtor is approved by the CLO, the Credit Committee or the Board of Directors based on the autonomy and powers granted.

Pricing

The pricing of factoring transactions is also calculated on the basis of the findings of the automated model and depends largely on the outcome of the analysis of the transferred debtors, the prospective volume of business, the complexity of portfolio management and the form of payment used by the debtor.
The following factors are relevant for the purposes of defining the conditions:

- the turnover forecasts proposed by the transferor (the turnover cluster);
- the score of the overall transaction;
- the complexity of the relationship (considering, for example, the number of debtors, the percentage of foreign counterparties on the total, the form of payment and the management of the receivable borne by the Factor);
- the level of commercial oversight (considering turnover and revenues from sales).

The automatic preliminary assessment is then duly defined by the Sales Department according to the system of powers.

Internal rating (scoring)

The Company assigns each factoring transaction (understood as the overall assessment of the profiles relating to the transferor and the debtors portfolio) its own internal rating ("GF Score") to classify the risk of the factoring relationship according to a numerical progression corresponding to a certain level of creditworthiness. The score is assigned to the transferor when the relationship is initiated and is continuously updated until its termination.

The GF Score of the transaction is calculated on the basis of the following elements:
- the risk of the transferred debtors that have the most significant weight for valuation purposes;
- the objective and subjective assessment of the transferor (through qualitative/quantitative analysis of the economic and financial results together with an assessment of the main business elements such as, for example: the goods/services offered, the market to which it belongs, the production and management organisation, as well as on the legal status and corporate relations).

In the event that the analysis of the debtor's creditworthiness reveals the existence of risk factors or areas of attention, the Transferor Assessment Office reports this in the analysis report intended for the Credit Committee. For these positions, at the time of its resolution, the Credit Committee can define specific operating methods, aimed at mitigating the credit risk such as, for example, the reduction of the percentage of advances relating to receivables due from the debtor concerned, or the containment of the exposure, again with regard to the debtor concerned, within a given maximum limit of the total credit line granted to the transferor.

If, on the other hand, the analysis of the creditworthiness of the debtor should reveal the existence of significant risk factors, the Credit Committee excludes the transferred receivables due from the debtor concerned from those subject to advances.

Heading of the risk on the Transferred Debtor

In consideration of the fact that sector regulations (i.e. Circular no. 288 of 3 April 2015) allow the performing exposure to be assigned to the transferred debtor – rather than the transferor – if certain legal and operational requirements are met aimed at ensuring that the recovery of the credit exposures depends on the payments made by the same debtor, rather than on the solvency of the transferor, the Credit Committee assesses the advisability of adopting this approach in the case of transactions that, as a whole: (i) concern advances to the transferor for an amount exceeding EUR 2 million or (ii) in the event in which it is considered necessary to strengthen the controls for monitoring of the loan assignment relationship, by virtue of the characteristics of the portfolio of "transferred customers".

In order to verify the fulfilment of the aforementioned requirements of the supervisory regulations, Generalfinance has provided that, in the case of the choice of the "transferred customer" approach, a specific "check list" is compiled, subject to evaluation and approval by the Credit Committee and stored electronically to accompany the investigation of the transferor position.

Specific controls are defined with reference to non-notification operations, in order to comply with the provisions of Circular 288.

In addition, both with reference to the "transferred debtor" approach and that relating to the "transferor debtor", Generalfinance has adopted internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the business loans acquired, as well as adequate procedures that make it possible to manage any anomalies that may arise during the relationship (e.g. management of anomalous loans, recovery actions, etc.).

Insurance guarantees and maximum duration of the loan

The decision-making bodies (CLO, Credit Committee and Board of Directors, as appropriate) define minimum levels of insurance coverage associated with the transferred debtor portfolio and maximum credit durations. In particular, there are minimum insurance coverage thresholds differentiated between without recourse and with recourse transactions. Beyond certain thresholds envisaged by the Credit Regulation on the duration of the loan or insurance coverage, resolutions may be passed exclusively by the higher bodies, up to the Board of Directors.

Staging criteria – Stage 1 and Stage 2

The Company – in compliance with the approach defined by IFRS 9 for the classification of financial assets (the "Standard"), as well as in relation to the methods for determining the relative provision to cover losses – provides for the allocation of financial assets in three clusters called Stage, in relation to the level of credit risk inherent in the instrument.

Value adjustments are therefore defined as follows:

- *Stage 1:* the write-down is equal to the expected loss within the next 12 months (12-month ECL), taking account of the duration of the loans;
- *Stage 2:* the write-down is equal to the expected loss over the entire residual life of the financial instrument (lifetime ECL)*;*
- *Stage 3*: for non-performing financial assets, the write-down is equal to the lifetime expected loss and is measured in relation to management and debt collection activities.

For the purposes of classification in the three stages, the following rules apply:

- *Stage 1*: performing financial assets (including "Watchlist" financial assets) that have not undergone a significant increase in credit risk since origination;
- *Stage 2*: performing financial assets for which there has been a significant increase in credit risk (SICR) between the origination date and the reporting date or are characterised by unique characteristics defined in the "backstops" possibly adopted by the Company;
- *Stage 3*: includes all positions classified in default status at the reporting date according to the regulatory definition of impaired loans (EU Regulation no. 575/2013, Regulation (EU) no. 2019/630, EBA GL 2016/07 and Circular no. 288/2015 which acknowledged Consultation Document of the Bank of Italy from 10 June 2020 to 8 September 2020 "Amendments to the supervisory provisions for financial intermediaries: application of the new definition of default and other changes regarding credit risk, own funds, investments in property and significant transactions").

The process of allocation to internships adopted by the Company, with simultaneous verification of the conditions inherent to the significant increase in credit risk, is also characterised by elements of complexity and subjectivity. In line with the requirements of the Standard, the quantification of the SICR must be based on the change in the risk of default expected for the expected life of the financial asset and not on the change in the amount of expected loss (ECL). The Company has chosen to measure the significant increase in the credit risk of the counterparty (transferor) with subsequent classification of the exposure in Stage 2 in relation to certain automatic events (triggers), for the past due condition is evaluated, according to the definition of the Delegated Regulation (EU) no. 171/2018 on the materiality threshold of past due obligations pursuant to Art. 178, paragraph 2, letter d) of the CRR (RD) and discretionary (based on the assessment of the status of the counterparty, in particular in cases of access to an insolvency procedure by the transferor after the disbursement of the loan).

If, in relation to an exposure classified in Stage 2, the conditions for this classification no longer apply at a subsequent reporting date, it will be reclassified by the Credit Committee to Stage 1.

The Standard requires that the same transfer criteria be used to transfer an exposure from the different stages. This also refers to the so-called symmetrical approach, which allows an entity to recognise an expected loss over a time horizon of 12 months for all exposures classified in Stage 1, unless the recognition of the expected loss throughout the life of the receivable is changed once the credit risk of these exposures has increased significantly after initial recognition. Therefore, IFRS 9 provides for the possibility of allocating financial assets in Stage 2 or Stage 3 and to report these exposures in the initial categories if subsequent assessments show that the credit risk has decreased significantly.

In this regard, the Standard states that "if in the previous year an entity measured the loss provision of the financial instrument at an amount equal to the expected losses over the entire life of the instrument, but at the current reporting date it determines that the paragraph 5.5.3 is no longer satisfied, it must measure the loss provision at an amount equal to the expected credit losses in the 12 months following the current reporting date".

Calculation of expected credit loss – Stage 1 and Stage 2

The Company has implemented an accounting model in line with the provisions of international accounting standards, in order to calculate the risk parameters underlying the determination of the Expected Credit Loss (ECL): PD, LGD, EAD, at the level of individual exposure.

The Standard provides that the calculation of expected losses (ECL) must reflect:

a) a target, probability-weighted amount determined by assessing a range of possible outcomes;
b) the time value of money, discounting the expected cash flows at the reporting date;
c) reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For the measurement of expected losses, the Company has a set of rules defined in accordance with the requirements set out by the accounting standard.

For exposures in Stage 1 and 2, the expected losses at 12 months and lifetime are calculated respectively, based on the stage assigned to the exposure, taking into account the duration of the financial instrument.
In this regard, the approach adopted is differentiated to take into due consideration the potential significant increase in credit risk associated with loans classified in Stage 2. In light of these considerations, taking into account the short duration (less than one year) of loans disbursed by the Company, a time factor is applied to positions classified as Stage 1 that rescales the exposure on the basis of the residual life of the loan, applying a minimum floor (30 days), according to the following formula:

$$EAD = Exposure * N/365$$

Where N represents the number of days remaining for the single due date of the loan (so-called "practical line").

In the case of loans classified as Stage 1, the following corrective measures apply in any case:
a) a minimum "floor" of 30 days in the case of receivables falling due with a residual life of less than 1 month and up to 5 days for performing past due (minimum technical time for recording the collection);
b) a factor N equal to 365, or no split if the credit exposure is past due by at least 6 days and not yet collected.

On the other hand, with regard to the positions classified as Stage 2, in consideration of the observed significant increase in credit risk, the exposure is not reproportioned from a timing perspective. In fact, a duration of the exposure of 12 months is assumed, consistent with the Probability of Default (PD) time horizon.

The calculation of expected losses – with the related definition of the risk parameters – is updated monthly and in any case at each reporting date. In particular, the expected loss recognised is measured taking into consideration the specific nature of the portfolio and the business model, or the active risk mitigation policies used in portfolio management.
The ECL is therefore calculated according to the following formula:

$$ECL = PD * LGD * EAD$$

- PD represents the probability of default considering a time horizon of 1 year;
- LGD represents the loss given default;
- EAD measures exposure at default.

Considering that the average credit days are very limited (less than 90 days), the different degree of risk recorded between the positions classified in Stage 2 compared to those in Stage 1 is intercepted through the use of a time factor applied to the EAD, added to the calculation formula, as specified above.
With regard to credit exposures to financial intermediaries, a 12-month ECL is considered (since the company does not have exposures other than on demand to financial institutions) equal to the average EL of a peer group of Italian banks, based on the probability of default provided by external providers (Bloomberg), taking into account an estimated LGD of 10%.

Risk parameters: Probability of Default (PD)
The Probability of Default is measured at the level of the transferred debtor; this approach is also consistent with the company's business model, which assesses the risk of the counterparties primarily on the basis of the transferred debtors portfolio. The approach is also consistent with the provisions of the Supervisory regulations which, under certain legal and operating conditions, allow the transfer of the risk to the transferred debtor – in place of the transferor – for prudential purposes also for with recourse transactions, which represents the core business of Generalfinance.
The 12-month PD is that inferred from the ratings provided by external providers associated with the rating classes which are then reclassified within a single distribution of risk classes (mapping).

Taking into account the estimated time horizon of the PD, i.e. 12 months, it is considered reasonable to consider the rating of each transferred debtor on an annual basis. Where the rating has been validated beyond the previous 12 months, it is discarded by the system and the position is treated as unrated.
With regard to the estimate of the lifetime PD to be used to calculate the ECL for loans classified as Stage 2, the following elements were taken into consideration:

- specific nature of the business model ("factoring");
- average days of credit of the portfolio, less than 90 days on average.

The proxy of the lifetime PD, is the 12-month PD identified according to the previously reported approaches.

With regard to counterparties for which it is not possible to identify any rating provided by external providers, a PD equal to the weighted average PD of the loan portfolio is used as a proxy. This PD is updated periodically (at least annually) in order to reflect the latest information available on the portfolio in the calculation.
Finally, in the presence of future credit advances, the relative PD is calculated as the average PD of the transferor's transferred debtors with recourse portfolio, in order to correctly reflect the risk profile of this operation.

Risk parameters: Loss Given Default (LGD)
For the definition of the Loss Given Default (LGD) parameter to be used, due consideration was given to the company's business model that makes it possible, for receivables with recourse on loans that have already arisen, to recover the credit position from both the transferred and the transferor. In this sense, it is considered reasonable to use different approaches, for with and without recourse portfolios and the future credit advances portfolio, in order to incorporate a different estimate of the loss, in line with i) the management of the portfolio ii) the specific nature of the factoring business iii) the risk mitigation policies used by the company.
With reference to advances on future receivables, the relative LGD is prudentially assumed to be equal to the regulatory LGD of the IRB – Foundation models (45%).
With reference to positions in Stage 3, the policy envisages increasing minimum levels of provisions for past due, unlikely to pay and bad loans.

Risk parameters: Exposure at Default (EAD)
The Exposure at Default or EAD at the reference date consists of the carrying amount at amortised cost. More specifically, the EAD for factoring transactions is equal to the exposure (disbursed not yet collected net of any unpaid portions already collected and not yet retroceded to the transferor) at the reporting date.

Forward-looking elements and macro-economic scenarios
IFRS 9 requires the inclusion of forward-looking elements in the expected loss estimates, so that they are suitable to represent the macroeconomic conditions forecast for the future. The inclusion of forward-looking information in the estimate of the lifetime expected loss is therefore fundamental for a correct implementation of IFRS 9. However, in consideration of the approach adopted for the estimate of the ECL, the following elements are noted:

- the use of an accurate PD from "third-party" information sources makes it possible to incorporate forward looking elements that are reasonably foreseeable in the short term and taken into consideration by the infoproviders that process the external ratings;
- the updating of the LGD on an annual basis makes it possible to increase the representativeness of the estimate, already incorporating forward-looking elements in the calculation model.

Write-off
The write-off is an event that gives rise to a full or partial derecognition, when there are no longer reasonable expectations of recovering all or part of the financial asset.
The standard defines the write-down of the gross carrying amount of a financial asset as a result of the reasonable expectation of non-recovery as a case of derecognition. The write-off may concern the entire amount of a financial asset or a part of it and corresponds to the reversal of total value adjustments, as an offsetting entry to the gross value of the financial asset and, for the part exceeding the amount of the total value adjustments, to the impairment of the financial asset recognised directly in the income statement.
If the Company has reasonable expectations of recovering the receivable, the latter can be maintained in the financial statements (current receivable) without effecting a write-off and, in all cases in which there is an expected loss, an appropriate provision must be made to cover the possible lack of full recovery.
Otherwise, if the Company does not have reasonable expectations of recovering it, in whole or in part, the write-off must be carried out, with the effect of shifting the receivable itself or part of it from the financial statements assets to dedicated escrow accounts.
The amount of the write-offs carried out in the reference period that exceeds the amount of the total adjustments made in previous years (and which is therefore recorded as a loss directly in the income statement) is included in the value adjustments.
Any recoveries from collections subsequent to the write-off, on the other hand, are recognised in the income statement under write-backs as a result of the improvement in the creditworthiness of the debtor and the recoveries of the assets previously written down.

Operationally, the write-off resolutions are adopted by the Credit Committee on the proposal of the Credit Department, once the reasonable expectations of recovery, including legal, of the exposure no longer exist. In any case, the maximum term for maintaining the exposure in the financial statements is 2 years. After this deadline, the exposure must be fully written off.

2.3 Credit risk mitigation techniques

Insurance guarantees

Generalfinance has signed with Allianz Trade (formerly Euler Hermes S.A.), secondary office and general representation for Italy, two insurance policies against the risks of insolvency of the transferors of the trade receivables and/or the related transferred debtors acquired by the Company in the context of factoring transactions (the “Policies”).

In order to improve the disclosure of risk-weighted assets relating to the core business, the Company uses the Policies as instruments to mitigate credit risk, also for prudential purposes for the management of credit risk (credit risk management, “CRM”), in compliance with the provisions of the CRR and the Circular no. 288/2015. This use takes place in the context of a long-term strategic partnership with the company whose primary objective is to support the internal structures in the risk assessment activity, thanks to the enormous information assets, at global level, that it can boast on the transferred debtors. For Generalfinance, the company is therefore seen as a business partner, rather than a pure protection “provider”, which makes the insurance contract particularly effective in the ordinary management of the activity and high-performing from the point of view of the “claims on premiums” ratio.

Due to the recognition of the Policies for CRM purposes, the Company has a so-called “large exposure” towards the guarantor Allianz Trade. Therefore, the overall exposure to Allianz Trade must comply with the requirements of the CRR and, in particular, not exceed 25% of the Company’s eligible capital, thus limiting the maximum protection effects recognised for prudential purposes to this amount.
In this context, the impacts deriving from the recognition of the Policies for prudential purposes – in terms of lower risk-weighted assets – are calculated on the basis of the maximum exposure to Allianz Trade, an entity currently weighted at 20% based on its rating; in essence, Generalfinance calculates on a quarterly basis the ratio between the limit of large risks and the total exposure insured by Allianz Trade. This percentage is then applied to the insured risk of each exposure, thus dividing the insurance benefit proportionally over all guaranteed exposures.
The activities carried out by Generalfinance and defined in a specific company policy are summarised below, in order to continuously verify the eligibility of insurance policies for CRM purposes and consequently recognise their effect in the calculation of capital requirements.
The guarantee management process for CRM purposes is divided into the following sub-phases:

- Acquisition of the guarantee: in this phase, the supplier of the guarantee (i.e. the insurance company) is selected and evaluated. In this context, attention is also paid to the possible concentration risk that would derive from the use of the personal guarantee, taking into account the nature of the guarantee provider, its creditworthiness and business model; in any case, from an internal policy point of view, also taking into account the constraints relating to loan agreements, Generalfinance underwrites policies to hedge credit risk exclusively with leading companies (Allianz Trade – current partner – Coface or Atradius) for the purpose of avoiding the concentration of risks on insurance intermediaries of lower standing. The assessment is carried out by the Credit Department and resolved by the Board of Directors.
- Assessment of eligibility requirements: the eligibility of the guarantee for CRM purposes is assessed, in particular by verifying the type of guarantee and whether the contractual conditions are in line with regulatory provisions; in this context, the contractual text of the policy is defined by the Credit Department and must be submitted in advance to the AML and Compliance Office, which is responsible for assessing compliance with regulatory provisions on CRM, in coordination with the Finance and Administration Department.
- Monitoring of the guarantee, a phase in turn broken down into:
  - Monitoring of eligibility requirements: the purpose of this monitoring is to verify the continued compliance of the guarantee contract with the regulatory provisions, with particular attention to the phases of renewal of the insurance policy contract or in the presence of contractual changes; in this context, the contractual text of the policy is defined by the Credit Department and must be submitted in advance to the Finance and Administration Department for the assessment of impacts and to the AML and Compliance Office, which is responsible for assessing its adequacy with respect to regulatory provisions on CRM;
  - Compliance with contractual conditions and clauses: the objective of this phase is to comply with the operating procedures and practices that allow Generalfinance to operate in compliance with the contractual conditions contained in the guarantee contract, in order to maintain the effectiveness of the protection; this activity is the responsibility of the Credit Department, which assesses that the Company’s operations are constantly in line with contractual provisions.

- Identification of the relevant characteristics of the policy for reporting purposes: the characteristics of the guarantee used for CRM purposes are analysed in order to identify the relevant aspects for the Supervisory Reports, such as the determination of the value of the guarantee or the weighting to be associated with the supplier of the guarantee, with particular reference to compliance with concentration limits. This activity falls under the responsibility of the Finance and Administration Department (Supervisory Reporting Office).

External ratings provided by ECAI

For the purposes of the Standardised Approach, to determine the risk weight of an exposure, the regulator envisages the use of the external credit assessment only if issued, or endorsed, by an external credit assessment agency (External Credit Assessment Institution "ECAI").
The list of authorised ECAIs is periodically published on the EBA website and adopted by the Bank of Italy. The technical standards regarding the association between the credit risk assessments and the creditworthiness classes of the ECAIs are identified in Implementing Regulation (EU) no. 2016/1799, in accordance with Article 1361, paragraphs 1 and 3, of Regulation (EU) no. 575/2013.

In line with the aforementioned regulations, Generalfinance uses Cerved Rating Agency and Modefinance as external rating agencies (ECAIs) for the calculation of RWAs relating to exposures to companies, with specific reference to those counterparties (Italian and foreign, respectively) that have, as of the reporting date, an exposure greater than EUR 100,000, in the context of a factoring relationship (without recourse or with recourse, with the risk being borne by the assigned debtor) with a maximum payable amount greater than EUR 2 million.

3. Non-performing credit exposures

The Company has internal procedures that make it possible to ascertain ex ante the deterioration of the financial situation of the individual debtor and the quality of the trade receivables purchased, as well as adequate procedures that allow it to manage any anomalies that may arise during the relationship (e.g. management of outstanding debts, recovery actions, etc.).
The entire business process is homogeneous for the types of customers and is implemented by all company functions. It is developed – as mentioned above – along the following main phases: (i) customer acquisition; (ii) investigation (customer/transferor assessment, debtor assessment, guarantor assessment); (iii) approval of the Credit Committee; (iv) formalisation and activation of the advance relationship; (v) monitoring and management of existing relationships, credit lines and guarantees.
The Company carries out periodic checks – typically on a daily basis – to verify the emergence, both among transferors and debtors, of unpaid positions that may generate particular critical issues and in order to promptly adopt the appropriate decisions, if there are any reasons for alarm or criticality. Moreover, on the basis of the flow acquired by the Home Banking system and any information obtained from other company or external sources, all non-payments are duly and promptly recorded and credit risk is continuously monitored.
With reference to the specific risk deriving from delay or non-collection of receivables, the operating methodology developed allows Generalfinance to obtain a series of important safeguards for its exposure. In fact, by virtue of the credit assignment agreement, the Company has the possibility of recovering from the transferred debtor and in the case of with-recourse assignment, also against the transferor.

Classification – Stage 3

Stage 3 includes all exposures with objective evidence of impairment, therefore all non-performing exposures: past due loans, unlikely to pay and bad loans.
As regards the classification in the three stages highlighted, note that:

- the classification as impaired past due takes place automatically, on the basis of the provisions of Bank of Italy Circular no. 217, with specific reference to the technical form of factoring and the new definition of default valid from 1 January 2021 provided for by the European Regulation relating to prudential requirements for credit institutions and investment firms (Article 178 of Reg. (EU) no. 575/2013);
- with regard to unlikely to pay, the classification in this stage takes place automatically on the basis of the days past due and based on specific triggers defined in the company policies;
- with regard to bad loans, a classification in this status is envisaged, in the event of initiation of legal actions on a significant portion of the transferred portfolio and also based on specific triggers defined in the company policies.

The classification as unlikely to pay/bad loans is always resolved by the Credit Committee on the proposal of the Credit Department.

As the conditions no longer apply, the Committee resolves on the possible reclassification of the exposure from unlikely to pay or bad loans.

Expected Credit Loss - Stage 3

The Standard requires the entity to recognise a provision to cover losses for expected credit losses on financial assets measured at amortised cost or at fair value through other income components (FVOCI), receivables implicit in lease contracts, assets deriving from contract or commitments to disburse loans and financial guarantee agreements to which the provisions on impairment apply.

Exposure at Default (EAD) (as at the reporting date) consists of the book value at amortised cost net of the insurance guarantee supporting the loan, except for the commitment component to disburse the loan, for which the exposure is the off-balance sheet value weighted by the Credit Conversion Factor (CCF) estimated by the Company. In this regard, it should be noted that the Company has no commitments to disburse funds, therefore the EAD is equal to the exposure (disbursed not yet collected net of any unpaid portions already collected and not yet retroceded to the transferor) net of the insurance guarantee as at the reporting date.

The Standard also requires an entity to measure the expected credit losses of the financial instrument in a way that reflects:

a) a target, probability-weighted amount, determined by assessing a range of possible outcomes;

b) the time value of money; and

c) reasonable and demonstrable information that is available without excessive cost or effort at the reporting date on past events, current conditions and forecasts of future economic conditions.

For a non-performing financial asset as at the reporting date, which is not a purchased or originated impaired financial asset, the entity must measure the expected credit losses as the difference between the gross carrying amount of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. Adjustments are recognised as a profit or loss due to impairment in the income statement.

With regard to unlikely to pay and bad loans, the value of the provisions is always established by resolution of the Credit Committee on the proposal of the Credit Department, at the time of classification in said administrative statuses.

The company policy also envisages increasing minimum thresholds for provisions for positions classified as past due, unlikely to pay or non-performing.

In terms of credit risk management, the Risk Management Office handles second-level control by continuously monitoring credit exposures, identifying potentially problematic positions and the relative level of provisions. The Risk Management Office carries out its verification activities on the basis of information flows from the corporate functions, periodically reporting to the Board of Directors on credit risk trends.

Quantitative information

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

Portfolios/Quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	789,426	5,433,978	1,658	17,519,497	408,984,391	432,728,950
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	23,249	23,249
5. Financial assets held for sale	-	-	-	-	-	-
Total 30/06/2024	**789,426**	**5,433,978**	**1,658**	**17,519,497**	**409,007,640**	**432,752,199**
Total 31/12/2023	**1,113,935**	**806,415**	**-**	**15,069,753**	**445,398,366**	**462,388,469**

6. Credit exposures to customers, banks and financial companies

6.1 Credit and off-balance sheet exposures to banks and financial companies: gross and net values

Types of exposures/Values	Gross exposure					Total value adjustments and total provisions					Net exposure	Total partial write-offs
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. Cash credit exposures												
A.1 On demand	**83,473,602**	**83,473,602**	**-**	**-**	**-**	**1,668**	**1,668**	**-**	**-**	**-**	**83,471,934**	**-**
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	83,473,602	83,473,602	-	X	-	1,668	1,668	-	X	-	83,471,934	-
A.2 Others	**206,376**	**206,376**	**-**	**-**	**-**	**4,088**	**4,088**	**-**	**-**	**-**	**202,288**	**-**
a) Bad loans	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
b) Unlikely to pay	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
c) Non-performing past due exposures	X	X	-	-	-	X	X	-	-	-	-	-
- of which: forborne exposures	X	X	-	-	-	X	X	-	-	-	-	-
d) Performing past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	206,376	206,376	-	X	-	4,088	4,088	-	X	-	202,288	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**83,679,978**	**83,679,978**	**-**	**-**	**-**	**5,756**	**5,756**	**-**	**-**	**-**	**83,674,222**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	X	X	-	-	-	X	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B)	**83,679,978**	**83,679,978**	**-**	**-**	**-**	**5,756**	**5,756**	**-**	**-**	**-**	**83,674,222**	**-**

6.4 Credit and off-balance sheet exposures to customers: gross and net values

Types of exposures/Values	Gross exposure					Total value adjustments and total provisions					Net exposure	Total partial write-offs
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. Cash credit exposures												
a) Bad loans	1,357,377	X	-	1,357,377	-	567,951	X	-	567,951	-	789,426	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	6,243,355	X	-	6,243,355	-	809,377	X	-	809,377	-	5,433,978	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	1,842	X	-	1,842	-	184	X	-	184	-	1,658	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	17,880,609	12,811,188	5,069,421	X	-	361,112	322,351	38,761	X	-	17,519,497	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	410,392,614	389,905,827	20,486,787	X	-	1,610,511	1,417,905	192,606	X	-	408,782,103	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (A)	**435,875,797**	**402,717,015**	**25,556,208**	**7,602,574**	**-**	**3,349,135**	**1,740,256**	**231,367**	**1,377,512**	**-**	**432,526,662**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	-	-	-	X	-	-	-	-	X	-	-	-
TOTAL (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL (A+B)	**435,875,797**	**402,717,015**	**25,556,208**	**7,602,574**	**-**	**3,349,135**	**1,740,256**	**231,367**	**1,377,512**	**-**	**432,526,662**	**-**

9. Credit concentration

9.3 Large Exposures

(values in Euro)	30/06/2024
a) book value	169,691,965
b) weighted value	103,164,066
c) number	13

The table shows the amount and number of counterparties with a weighted exposure, according to the rules envisaged by the prudential supervisory regulations, greater than 10% of the eligible capital.
The risks with respect to individual customers of the same intermediary are considered as a whole if there are legal or economic connections between the customers.
The amount is the sum of cash risk assets and off-balance sheet transactions with a customer.

10. Models and other methods for measuring and managing credit risk

For the purposes of measuring the capital requirement for credit risk, Generalfinance adopts the standardised approach envisaged by prudential regulations, taking into account any portion of exposure guaranteed by insurance policies on eligible credits for CRM purposes. The company also makes use of Cerved Rating Agency and Modefinance as external rating agencies (ECAIs) for the calculation of RWAs relating to exposures to companies, with specific reference to those counterparties (Italian and foreign, respectively) that have, as of the reporting date, an exposure greater than EUR 100,000, in the context of a factoring relationship (without recourse or with recourse, with the risk being borne by the assigned debtor) with a maximum payable amount greater than EUR 2 million.

11. Other quantitative information

There are no other quantitative aspects worthy of mention in this section.

3.2 MARKET RISKS

3.2.1 Interest rate risk

Qualitative information

1. General aspects

Interest rate risk is caused by differences in maturities and in the repricing times of the interest rate of assets and liabilities. In the presence of these differences, fluctuations in interest rates can determine both a change in the expected net interest income and a change in the value of assets and liabilities and therefore in the value of shareholders' equity.
The operations of Generalfinance are concentrated in the short-term; the loans granted are self-liquidating and have a short residual life directly related to the collection times of the transferred trade receivables.
In addition, a large proportion of asset and liability items are variable-rate, with a natural immunisation against fluctuations in market rates.
These characteristics determine a significant mitigation of the exposure to interest rate risk.

3.2.2 Price risk

Qualitative information

1. General aspects

The financial institution does not normally assume price fluctuations.

3.2.3 Currency risk

Qualitative information

1. General aspects

The financial institution does not normally assume exchange rate risks.

3.3 OPERATIONAL RISKS

Qualitative information

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

In relation to operational risk, understood as the risk of losses deriving from malfunctions at the level of procedures, personnel and internal systems, or from external events, the Company is constantly engaged in the implementation of processes and controls – particularly with regard to the proprietary IT platform – in order to improve the monitoring of operational risks.

Generalfinance is exposed to risks typically associated with operations that include, inter alia, risks associated with the interruption and/or malfunctioning of services (including IT services), errors, omissions and delays in the services offered, as well as failure to comply with the procedures relating to risk management.

The Company is therefore exposed to multiple types of operational risk: (i) risk of fraud by employees and external parties; (ii) risk of unauthorised transactions and/or operational errors; (iii) risks related to the failure to keep the documentation relating to the transactions; (iv) risks related to the inadequacy or incorrect functioning of company procedures relating to the identification, monitoring and management of company risks; (v) errors and/or delays in providing the services offered; (vi) risk of sanctions deriving from violation of the regulations applicable to the Company; (vii) risks associated with the failure and/or incorrect functioning of IT systems; (viii) risks related to damages caused to property, plant and equipment deriving from atmospheric events or natural disasters.

To monitor operational risk, the Company has the following controls in place:

- definition of a clear organisational structure, with well-defined, transparent and consistent lines of responsibility; in particular, the ICT and Organisation Department oversees the maintenance and development of the proprietary IT platform which – through the progressive digitalisation of processes and services – allows, natively, a reduction in operational risks;
- mapping and formalisation of business processes (“core” and “support” processes) that describe operating practices and identify first-level controls;
- adoption of a “Code of Ethics”, which describes the ethical principles, i.e. the rules of conduct that inspire the style of the Company in the conduct of relations with its stakeholders to which each Recipient must refer;
- adoption of the “Organisation, management and control model”, pursuant to Italian Legislative Decree no. 231 of 8 June 2001, which sets out the set of preventive and disciplinary measures and procedures suitable for reducing the risk of commission of offences envisaged by the aforementioned decree, within the company organisation;
- provision of specific SLAs (Service Level Agreements) in outsourcing contracts.

In relation to the operations of the Company, a significant type of operational risk is represented by legal risk. In this regard, to mitigate potential economic losses resulting from pending legal proceedings against the Company, a provision has been made in the financial statements to an extent consistent with international accounting standards. In view of the requests received, the Company posts the appropriate provisions in the financial statements based on the definition of the amounts potentially at risk, the assessment of the risk carried out according to the degree of actual “probability” of loss, as defined by accounting standard IAS 37 and taking into account the most consolidated relevant case law.

In particular, the amount of the provision is estimated on the basis of multiple elements of opinion mainly concerning the forecast on the outcome of the case and, in particular, the probability of losing the case with the conviction of the Company, and the elements of quantification of the amount that, in the event of losing the case, the Company may be required to pay the counterparty.

The forecast on the outcome of the case (risk of losing) takes into account, for each individual case, the aspects of law raised in the court, assessed in the light of the case law stance, the evidence actually emerged during the proceedings and the progress of the proceedings, as well as the outcome of the first instance judgement, as well as past experience and any other useful element, including the opinions of experts, which allow adequate account to be taken of the expected development of the dispute.

The amount due in the event of losing is expressed in absolute terms and shows the value estimated on the basis of the results of the proceedings, taking into account the amount requested by the counterparty, the technical estimate carried out internally on the basis of accounting findings and/or those that emerged in the course of the proceedings and, in particular, of the amount ascertained by the court-appointed expert witness – if ordered – as well as the legal interest, calculated on the principal from the notification of the preliminary statement, in addition to any expenses due in the event the case is lost. In cases where it is not possible to determine a reliable estimate (failure to quantify the claims for compensation by the plaintiff, presence of legal and factual uncertainties that render any estimate unreliable), no provisions are made as long as it is impossible to predict the results of the judgment and reliably estimate the amount of any loss.

Quantitative information

For the purpose of measuring operational risk, Generalfinance adopts the basic method proposed by the Supervisory Authority. The capital requirement for operational risk is equal to 15% of the average of the relevant indicators for 2021-2023 pursuant to Art. 316 of Regulation (EU) no. 575/2013.

3.4 LIQUIDITY RISK

Qualitative information

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

Liquidity risk measures the risk that the Company may not be able to meet its obligations when they mature. Non-payment may be caused by the inability to obtain the necessary funds (funding liquidity risk) or by limits on the disposal of certain assets (market liquidity risk). The liquidity risk calculation also includes the risk of meeting its payment deadlines at out-of-market costs, i.e. incurring a high cost of funding or even incurring capital losses. With specific reference to the operations of Generalfinance, the funding liquidity risk is significant.

The risk assessment takes place through the preparation of a maturity ladder (prepared both daily and monthly) that models future receipts (which, for the Company, are essentially identified with the collection of receivables transferred from customers, plus the opening of new loans and cash flows generated by the profitability of the core business) and expected cash outflows (mainly: disbursements of loans, payment of suppliers and repayments of loans, payments of dividends and taxes), determining the positive and negative imbalances relating to certain time horizons and comparing the imbalances themselves with the amount of liquidity reserves (available on bank current accounts and unused credit lines or other unused funding instruments).

Liquidity risk is therefore controlled based on the dynamics of future cash flows, generated by the expected disbursements and by the financial needs covered with the use of available lines and with the cash flow generated by ordinary operations.

The funding structure guarantees an adequate structural balance, benefiting from diversified credit lines and financing instruments, partly committed; in particular:

- a loan disbursed by a pool of banks – maturing in January 2025 – for the amount of EUR 173 million;
- a three-year securitisation programme, maturing in December 2024, for a total maximum senior financing of EUR 500 million, with an approved line of EUR 300 million, of which EUR 200 million committed. The maximum amount of the notes, also including the mezzanine and junior notes purchased by Generalfinance, is EUR 590 million. The maximum outstanding amount of receivables that can be purchased remains unchanged at EUR 737.5 million;
- bilateral bank lines and lines with factoring companies for a total of roughly EUR 187 million;
- a programme for the issue of commercial paper of up to EUR 100 million.

Lastly, the Company also issued subordinated bonds for EUR 12.5 million.

It should be noted that in relation to the securitisation programme and the syndicated financing facility, Generalfinance has initiated discussions with lenders and financers in order to define the three-year early renewal of both funding instruments. These three-year renewals are expected to be formalised by the end of the current year.

The Company adopts a careful loan acquisition policy, which has historically guaranteed a limited duration of assets (loans to customers) (around 70 days in the first half of 2024) and low seasonality of turnover, elements that help to reduce funding needs; in addition to this, the constant monitoring of the maturities and effective credit collection makes it possible to achieve significant benefits in terms of the structural liquidity profile, reducing its overall needs.

Lastly, the Company has defined a Contingency Funding Plan that makes it possible to monitor the liquidity risk on a daily basis and, if necessary, to promptly activate funding initiatives, where liquidity levels fall below the minimum levels established, also taking into account the external market context.

Section 4 - Information on equity

4.1 – Company equity

4.1.1 Qualitative information

In the first half of 2024, the profit amounted to EUR 7,984,298, bringing shareholders' equity to EUR 67,031,968.

The nature of the mandatory minimum external capital requirements and the related monitoring methods

Generalfinance is required to comply with the mandatory minimum capital requirements, pursuant to prudential regulations, with reference to credit risk and operational risk. Market risk, according to the definition provided by the prudential regulations, is not present in the activities of Generalfinance, since the Company does not hold a regulatory trading portfolio. Therefore, the risk is not relevant for the purpose of determining the mandatory minimum requirements.

Currency risk, according to the definition provided by the prudential regulations, is also not significant in Generalfinance's activities, as assets and liabilities are all denominated in euro.
The company carries out a constant analysis of capital absorption against credit risk and operational risk.
The credit risk control methods and the related supporting reporting are described in the company operating procedures on:
- Resolution and renewal of factoring transactions;
- Debtor assessment;
- Management of the ordinary relationship with customers;
- Management of problem loans.

The presence of the operational requirements instrumental to the transfer of the risk to the debtor in the context of with-recourse or without recourse exposures not recorded is guaranteed by the procedures defined in the loans domain.
The management of operational risk is mainly entrusted to the organisational units (line controls), the risk management function (second level controls) and the internal audit function (third level controls).

4.1.2 Quantitative information

4.1.2.1 Shareholders' equity: breakdown

Items/Values	Total 30/06/2024	Total 31/12/2023
1. Share capital	4,202,329	4,202,329
2. Share premium reserve	25,419,745	25,419,745
3. Reserves	29,236,823	21,624,119
- of profits	29,236,823	21,624,119
a) legal	840,465	840,465
b) statutory	-	-
c) treasury shares	-	-
d) others	28,396,358	20,783,654
- others	-	-
4. (Treasury shares)	-	-
5. Valuation reserves	188,773	119,783
- Equity securities designated at fair value through other comprehensive income	-	-
- Hedging of equity securities designated at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-	-
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Cash flow hedging	-	-
- Hedging instruments (non-designated elements)	-	-
- Exchange rate differences	-	-
- Non-current assets and disposal groups	-	-
- Financial liabilities designated at fair value through profit or loss (changes in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial gains/losses relating to defined benefit plans	188,773	119,783
- Portion of valuation reserves relating to equity-accounted investments	-	-
6. Equity instruments	-	-
7. Profit (loss) for the period	7,984,298	15,067,393
Total	**67,031,968**	**66,433,369**

4.2 – Own funds and regulatory ratios

4.2.1 – Own funds

4.2.1.1 Qualitative information

1. Tier 1 capital

It should be noted that – in accordance with Article 26(2) of Regulation (EU) no. 575/2013 of the European Parliament (the "CRR") – the Tier 1 Capital includes the net profits resulting from the financial statements for the period related to the first half of 2024, net of expected dividends.

For the purposes of the above, please note that:

- the profits were verified by entities independent from the entity responsible for auditing the entity's accounts, as required by Article 26 (2) of the CRR.
- the profits were valued in compliance with the standards established by the applicable accounting regulations;
- all foreseeable charges and dividends were deducted from the amount of profits;
- the amount of dividends to be deducted was estimated in accordance with applicable regulations.

The amount referred to the so-called "Quick Fix" with which the value of the assets in the form of software to be deducted from the Common Equity Tier 1 capital and the amount referred to intangible assets in progress was also deducted from Tier 1 capital.

2. Tier 2 capital

Tier 2 capital includes subordinated bonds that the Company issued in 2021, net of the amortisation charge calculated in accordance with Art. 64 of the CRR (EU Regulation no. 575/2013).

4.2.1.2 Quantitative information

	Total 30/06/2024	Total 31/12/2023
A. Tier 1 capital before the application of prudential filters	**67,031,968**	**62,033,139**
B. Prudential filters of Tier 1 capital	-	-
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A+B)	**67,031,968**	**62,033,139**
D. Elements to be deducted from Tier 1 capital	5,360,705	6,276,890
E. Total Tier 1 capital (C-D)	**61,671,263**	**55,756,249**
F. Tier 2 capital before the application of prudential filters	**12,500,000**	**12,500,000**
G. Prudential filters of Tier 2 capital	-	-
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 capital gross of elements to be deducted (F+G)	**12,500,000**	**12,500,000**
I. Elements to be deducted from Tier 2 capital	5,746,166	4,500,274
L. Total Tier 2 capital (H-I)	**6,753,834**	**7,999,726**
M. Elements to be deducted from total Tier 1 and Tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**68,425,097**	**63,755,975**

4.2.2 – Capital adequacy

4.2.2.1 Qualitative information

Generalfinance assesses the adequacy of own funds to support current and future assets, in line with its own risk containment policy.

In the context of the ICAAP process, Generalfinance defines the components of total capital (capital components to cover internal capital, i.e. the capital requirement relating to a given risk) on the basis of the prudential methodology. The components of total capital therefore coincide with the items of shareholders' equity and with those of own funds.

The Company measures the following types of risk: credit, operational, concentration, interest rate on the banking book, liquidity. With regard to the first four types, the Company determines the internal capital necessary to hedge the risks generated by current and future assets. Pillar I risks are measured with similar criteria to those used to determine the minimum prudential requirements and, in particular, the standardised method for credit risk and the basic method for operational risk. With reference to the pillar II risks, Generalfinance uses the following quantitative measurement tools proposed in Bank of Italy Circular no. 288/15:

- for concentration risk (by parties and by groups of connected customers), the simplified method proposed in Bank of Italy Circular no. 288/15 under Title IV, Chapter 14, Annex B;
- for interest rate risk on the banking book, the simplified method envisaged by Bank of Italy Circular no. 288/15 in Title IV, Chapter 14, Annex C;
- for liquidity risk, the funding risk measurement maturity ladder model, envisaged by Bank of Italy Circular no. 288/15.

The other Pillar 2 risks are subject to qualitative assessment.

4.2.2.2 Quantitative information

Categories/Values	Non-weighted amounts		Weighted amounts/requirements	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
A. RISK ASSETS	-	-	-	-
A.1 Credit and counterparty risk	536,232,753	506,583,205	367,720,512	369,062,956
B. REGULATORY CAPITAL REQUIREMENTS	-	-	-	-
B.1 Credit and counterparty risk	-	-	29,417,642	29,525,036
B.2 Risk for the provision of payment services	-	-	-	-
B.3 Requirement for the issue of electronic money	-	-	-	-
B.4 Specific prudential requirements	-	-	4,656,969	4,656,969
B.5 Total prudential requirements	-	-	34,074,611	34,182,005
C. RISK ASSETS AND SUPERVISORY RATIOS	-	-		-
C.1 Risk-weighted assets	-	-	425,932,634	427,275,078
C.2 Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	-	-	14.5%	13.0%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)	-	-	16.1%	14.9%

The risk-weighted assets, shown in item C.1, also used in the calculation of the ratios reported in items C.2 and C.3, are calculated as the product of the total prudential requirement (item B.5) and 12.50 (inverse of the mandatory minimum coefficient of 8%).

Section 6 - Transactions with related parties

At present, national legislation does not provide any definition of "related parties"; Art. 2427, par. 2, therefore, refers to the provisions of international accounting practice. The accounting standard of reference is IAS 24, the new version of which, approved by the IASB on 4 November 2009, was endorsed with Regulation no. 632 of 19 July 2010. This version defines a related party as a person or entity related to the one preparing the financial statements. Two entities cannot be included among related parties simply because they share a director or another key manager.

6.1 Information on remuneration of key management personnel

In addition to the directors, two key managers have been identified, namely the CFO, the CCO and the CLO. The gross annual remuneration of key management personnel amounts to a total of EUR 446,200.

This amount does not consider allocations to the employee severance indemnity provision, the employee severance indemnity provision paid to supplementary pension funds, the non-competition agreement and any bonuses in relation to short-term and medium/long-term monetary incentive plans determined on the basis of the Company's results.

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

It should be noted that the company has no receivables due from directors and statutory auditors and that no guarantees have been issued in favour of directors and statutory auditors.

6.3 Information on transactions with related parties

The following table shows the amounts relating to the balance sheet and income statement transactions with related parties in the first half of 2024 as defined above on the basis of the provisions of IAS 24.

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
BALANCE SHEET ITEMS		
40. Financial assets measured at amortised cost	-	709,343
120. Other assets	-	109,800
Total assets	**-**	**819,143**
80. Other liabilities	-	499,607
90. Employee severance indemnity	-	66,212
100. Provisions for risks and charges	-	1,123,771
Total liabilities	**-**	**1,689,590**

TRANSACTIONS WITH RELATED PARTIES (amounts in Euro)	Parent company	Other related parties
INCOME STATEMENT ITEMS		
10. Interest income and similar income	-	25,063
40. Fee and commission income	-	20,613
160. Administrative expenses: a) personnel expenses	-	(1,112,946)
160. Administrative expenses: b) other administrative expenses	-	(229,293)
200. Other operating expenses/income	7,759	2,243
Total items	**7,759**	**(1,294,320)**
NB. It should be noted that the costs include non-deductible VAT.		

DETAILED STATEMENT OF RELATIONS WITH GROUP COMPANIES (amounts in Euro)	GGH – Gruppo General Holding S.r.l.	Generalbroker S.r.l.
INCOME STATEMENT ITEMS		
200. Other operating expenses/income	7,759	151
Total items	**7,759**	**151**

All transactions with related parties were carried out under market conditions.

Attestation on the half-yearly financial statements

Certification of the half-yearly condensed financial statements pursuant to art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. The undersigned Massimo Gianolli, as Chief Executive Officer, and Ugo Colombo, as Financial Reporting Manager, of Generalfinance S.p.A. certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the preparation of the half-yearly condensed financial report, during the period 1 January 2024 - 30 June 2024.

2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the half-yearly condensed financial report as at 30 June 2024 took place on the basis of methods defined by Generalfinance S.p.A in line with the COSO and COBIT models (for the IT component) that make up the generally accepted framework at international level.

3. It is also certified that:

   3.1 the half-yearly condensed financial statements
   - *a)* have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - *b)* correspond to the results of the accounting books and records;
   - *c)* are suitable for providing a true and fair view of the equity, economic and financial situation of the issuer and of the group of companies included in the consolidation.

   3.2 The interim report on operations includes a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the half-yearly condensed financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 26 July 2024

Massimo Gianolli
Amministratore Delegato

Ugo Colombo
Dirigente preposto alla redazione
dei documenti contabili societari

Limited audit report

Deloitte.

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
Generalfinance S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed financial statements, which comprise the balance sheet and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and the related explanatory notes of Generalfinance S.p.A. as of June 30, 2024. The Directors are responsible for the preparation of the half-yearly condensed financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed financial statements of Generalfinance S.p.A. as at June 30, 2024 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Avolio

Deloitte.

Partner

Milan, Italy
August 2, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

GENERAL FINANCE

HALF-YEARLY REPORT
AS AT 30 June 2024