



BANCA FINNAT

GRUPPO BANCA FINNAT

CONSOLIDATED INTERIM REPORT ON OPERATIONS  
AT 30 SEPTEMBER 2021





CONSOLIDATED INTERIM  
REPORT  
AT 30 SEPTEMBER 2021

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## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

**Giampietro Nattino**

*Honorary Chair and Director (\*)*

**Marco Tofanelli**

*Chair*

**Lupo Rattazzi**

*Vice Chair*

**Arturo Nattino**

*Managing Director*

**Maria Teresa Bianchi**

*Director*

**Roberto Cusmai**

*Director*

**Vincenzo Marini Marini**

*Director*

**Giulia Nattino**

*Director*

**Maria Sole Nattino**

*Director*

**Paola Pierri**

*Director*

(\*) On 14 June 2021 Mr Giampietro Nattino, formerly Honorary Chair, was appointed Director in place of Mr Ermanno Boffa who resigned on 19 May 2021.

## BOARD OF AUDITORS

Salvatore Ferri

*Chair*

Laura Bellicini

*Acting Auditor*

Barbara Fasoli Braccini

*Acting Auditor*

Nicola Pironti di Campagna

*Alternate Auditor*

Monica Petrella

*Alternate Auditor*

## MANAGEMENT

Arturo Nattino

*General Manager*

Giulio Bastia

*Joint General Manager, Deputy CEO and Financial Reporting Manager*

Alberto Alfiero

*Vice General Manager*

## INDEPENDENT AUDITORS

KPMG S.p.A.

## NOTES ON READING THE INTERIM REPORT

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

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

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

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

The aforesaid tables and brief information comply with that envisaged in the Banca d'Italia Circular no. 262 "Bank financial statement: tables and rules" – 6<sup>th</sup> update of 30 November 2018.

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

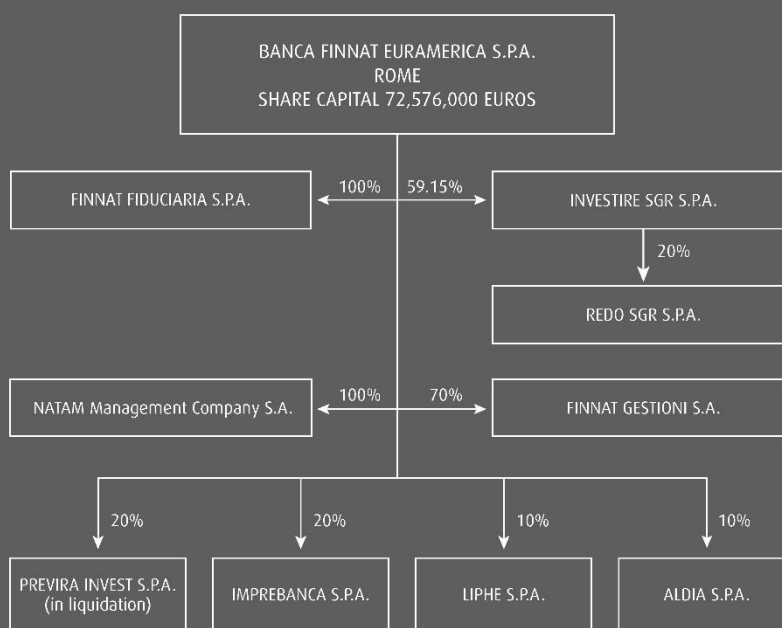
- the Income statement structure compares Q3 2021 data with those of the same period of 2020 and economic performance is shown for the first nine months of the current period compared with that of the same period in the previous year. The Statement of comprehensive income shows data from the first nine months of the current period compared with those from the same period of the previous year;
- the Statement of financial position gives values at 30 September 2021 compared with those at 31 December 2020, while the Statement of changes in equity gives values at 31 December 2020 and 30 September 2021, as well as changes occurring in the period.

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

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

## GROUP STRUCTURE

At 30 September 2021 the Group is structured as follows:



Compared to 31 December 2020, the Group Structure changed following the trading transaction made by the Bank, which increased its equity investment in Investire Immobiliare SGR from 50.16% to 59.15%.



## GROUP FINANCIAL HIGHLIGHTS

	30.09.2021	31.12.2020	30.09.2020
GROUP CONSOLIDATED SHAREHOLDERS EQUITY (in thousand Euro)	223,098	222,264	219,543
GROUP HUMAN RESOURCES	348	353	353
CONSOLIDATED PROFIT (LOSS) (in thousand Euro)	4,344	5,091	4,202

## BANCA FINNAT EURAMERICA MARKET CAPITALISATION

	Number shares	Stock Exchange Price 19 October 2021	Capitalisation 19 October 2021 (in thousands of euros)	Consolidated shareholders equity (in thousands of euros)	Share capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.2770	100,518	223,098	72,576

Changes in the Group's deposit  
(in thousands of Euros)

	December 2018	December 2019	December 2020	September 2021
Direct deposits from customers of parent company	677,119	802,644	663,025	699,326
- Due to customers (current accounts)	439,262	565,790	478,268	488,185
- Time deposits	209,607	211,941	184,757	211,141
- Securities issued	28,250	24,913	-	-
Indirect deposits of parent company	6,152,748	6,441,594	5,528,219	7,073,921
- Individual management	480,921	484,820	516,798	660,149
- Proxy management	278,565	279,479	256,551	291,432
- Administered deposits (UCIS and securities)	4,544,537	4,539,880	3,524,466	4,769,423
- Administered deposits in consultancy services (UCIS and securities)	695,044	859,826	921,118	1,021,146
- Third-party insurance products	153,681	277,589	309,286	331,771
Trusteeship	1,629,864	1,881,194	1,844,502	1,933,451
Real Estate Fund Management (*)	7,321,884	7,078,247	6,643,328	6,847,569
Luxembourg - based SICAV administration	662,936	770,279	767,470	769,177
<b>Total deposits</b>	<b>16,444,551</b>	<b>16,973,958</b>	<b>15,446,544</b>	<b>17,323,444</b>

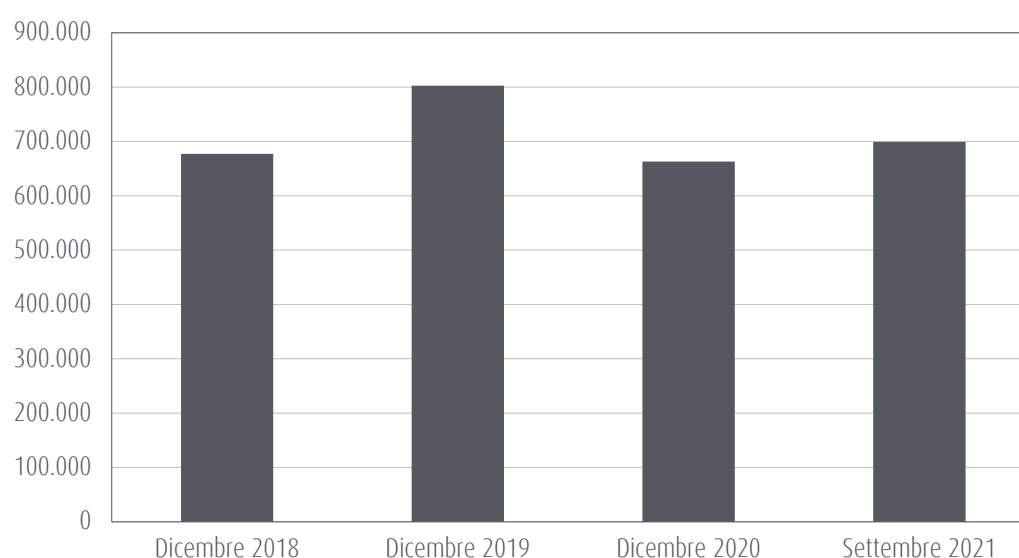
(\*) December 2018 data include volumes of business from FIL 1 and FIL 2 funds for a total of Euro 426,894 thousand, transferred in 2019 to REDO SGR S.p.A. following the transfer of the business unit from InvestiRE SGR S.p.A.

The Group's total volume of business stands at Euro 17.3 billion - a 12% increase from the end of the last period. This increase is driven in particular by the 28% increase in the Bank's indirect deposits, due in equal measure to both the entry of new volumes of business and the growth of global markets.

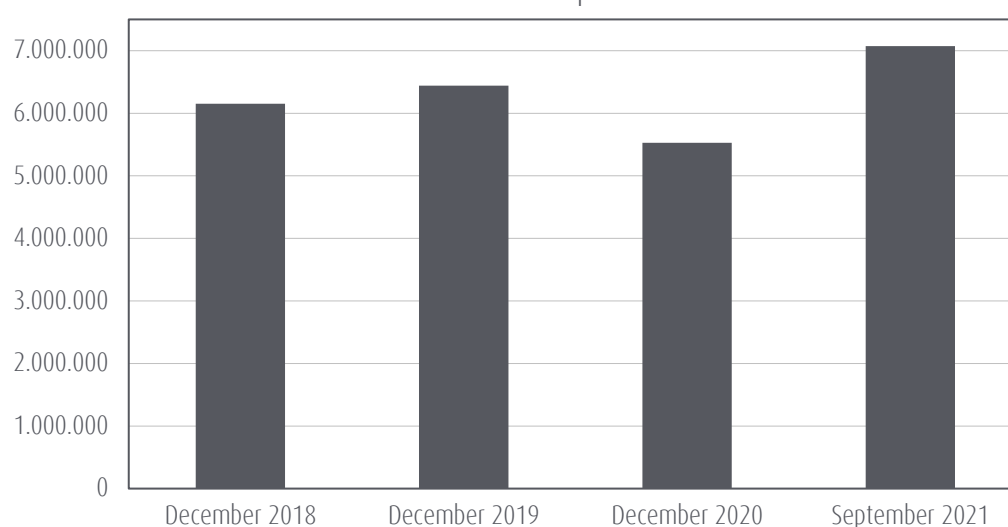
The above table shows the Group's total funding divided by type. In particular: a) direct and indirect deposits from customers refer to the Bank's activity and do not include reverse repurchase agreements, which are a counter party to the Compensation and Guarantee Fund; b) fiduciary assets include Finn timer Gestioni S.A. deposits; c) the volume of business of the subsidiary InvestIRE SGR S.p.A. is valued at the total market value of the assets managed inclusive of debt (GAV).

All figures shown in the table also take account of the amount invested in them and resulting from the other types shown with the exception of "Luxembourg law SICAV administration", which does not include proxy management already included under indirect deposits of parent company.

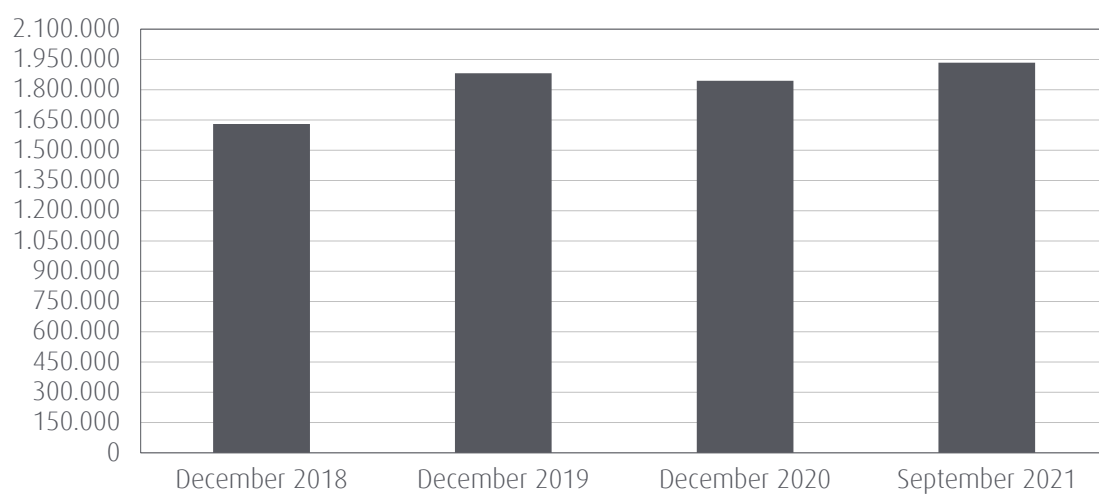
### Direct deposits from customers



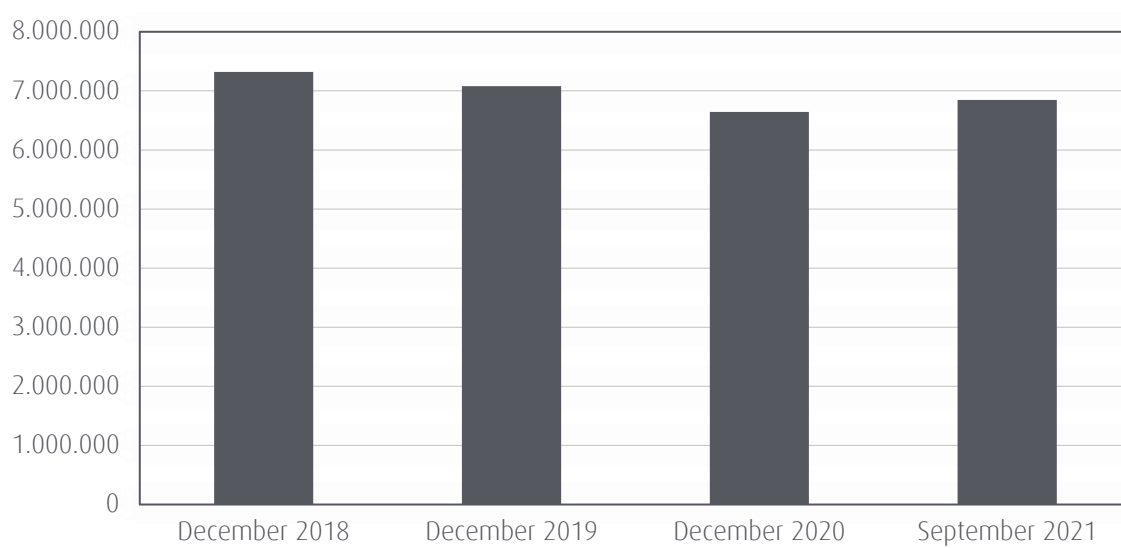
### Indirect deposits



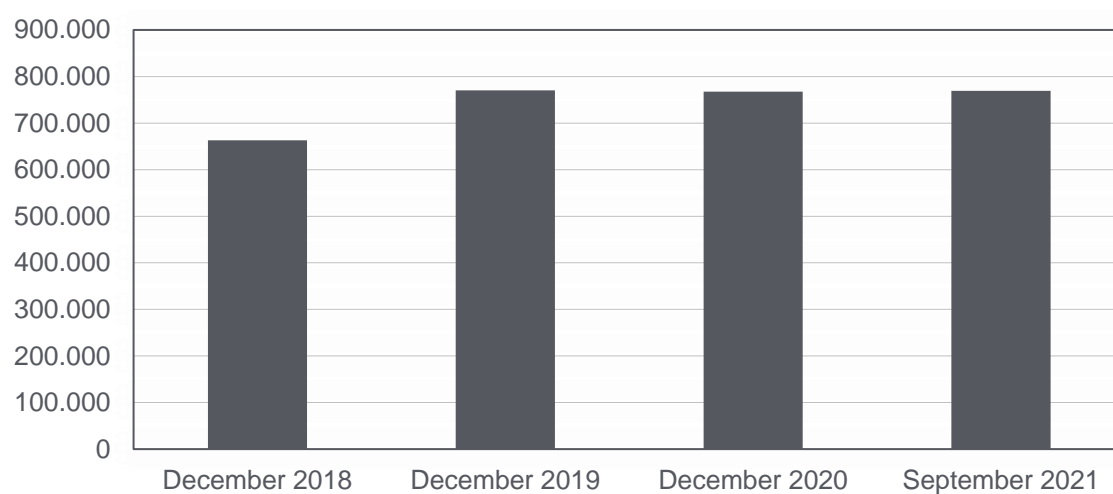
### Trusteeship



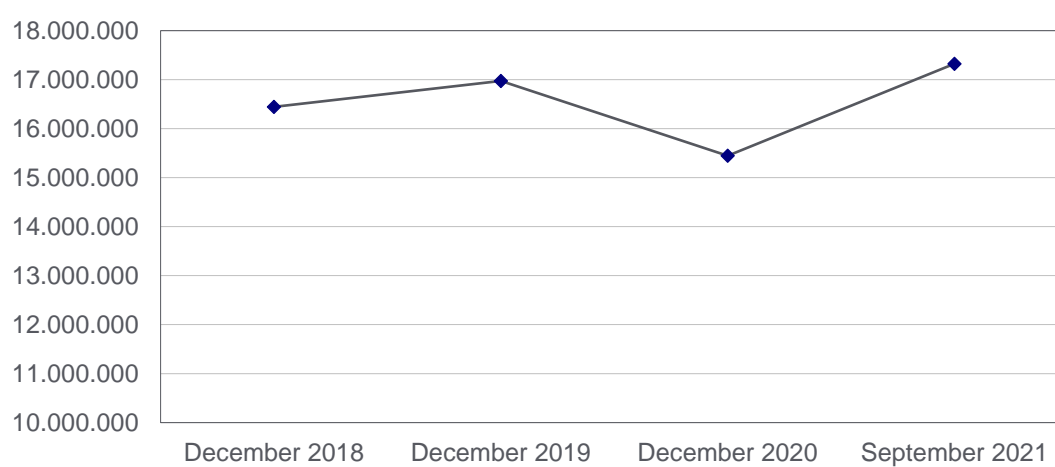
### Real Estate Funds



Luxembourg-based Sicav fund administration



Total Group's deposits



## STOCK MARKET SECURITY PERFORMANCE

Market price in euro on:

Security	19.10.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
BFE	0.2770	0.2810	0.2780	0.2390	0.2260	0.2020

BANCA FINNAT STOCK PRICE PERFORMANCE COMPARED WITH ITALIAN BANKING SECTOR INDEX



## FINANCIAL STATEMENTS



**INCOME STATEMENT**  
(in thousands of Euros)

		1 January 30 September 2021	1 January 30 September 2020	1 July 30 September 2021	1 July 30 September 2020
	Items				
10.	Interest and similar income	10,437	14,432	3,092	4,948
20.	Interest and similar expense	(2,459)	(1,883)	(903)	(715)
30.	<b>Net interest income</b>	<b>7,978</b>	<b>12,549</b>	<b>2,189</b>	<b>4,233</b>
40.	Fee and commission income	40,203	36,918	13,244	12,184
50.	Fee and commission expense	(1,698)	(1,973)	(563)	(633)
60.	<b>Net fee and commission income</b>	<b>38,505</b>	<b>34,945</b>	<b>12,681</b>	<b>11,551</b>
70.	Dividends and similar income	722	1,792	-	711
80.	Net trading expense	1,400	(800)	219	(188)
100.	Net gain from disposal or repurchase of:	81	800	37	46
	a) financial assets at amortised cost	61	64	-	-
	b) financial assets at fair value through other comprehensive income	20	736	37	46
110.	Net losses on other financial assets and liabilities at fair value through profit and loss	(124)	(529)	205	(111)
	b) other financial assets mandatorily measured at fair value	(124)	(529)	205	(111)
120.	<b>Total income</b>	<b>48,562</b>	<b>48,757</b>	<b>15,331</b>	<b>16,242</b>
130.	Net impairment losses for credit risk associated with:	(154)	(2,172)	(59)	(354)
	a) financial assets at amortised cost	(130)	(2,503)	(29)	(491)
	b) financial assets at fair value through other comprehensive income	(24)	331	(30)	137
140.	Net modification gains (losses)	(161)	(185)	(1)	(35)
150.	<b>Net financial income</b>	<b>48,247</b>	<b>46,400</b>	<b>15,271</b>	<b>15,853</b>
190.	Administrative expenses:	(40,843)	(38,055)	(12,479)	(11,852)
	a) personnel expenses	(27,860)	(25,834)	(8,850)	(8,337)
	b) other administrative expenses	(12,983)	(12,221)	(3,629)	(3,515)
200.	Net reversals of (accruals to) provisions for risks and charges	159	(77)	29	(10)
	a) commitments and guarantees given	159	(10)	29	(10)
	b) other	-	(67)	-	-
210.	Depreciation and net impairment losses on property, equipment and investment property	(2,553)	(2,550)	(854)	(853)
220.	Amortisation and net impairment losses on intangible assets	(140)	(181)	(49)	(63)
230.	Other operating income, net	3,802	3,610	1,274	1,098
240.	<b>Operating costs</b>	<b>(39,575)</b>	<b>(37,253)</b>	<b>(12,079)</b>	<b>(11,680)</b>
250.	Net loss on equity investments	326	(221)	(82)	(58)
290.	<b>Profit (loss) from continuing operations before taxes</b>	<b>8,998</b>	<b>8,926</b>	<b>3,110</b>	<b>4,115</b>
300.	Income taxes	(2,753)	(2,913)	(973)	(1,333)
310.	<b>Profit from continuing operations after taxes</b>	<b>6,245</b>	<b>6,013</b>	<b>2,137</b>	<b>2,782</b>
330.	<b>Profit for the year</b>	<b>6,245</b>	<b>6,013</b>	<b>2,137</b>	<b>2,782</b>
340.	Profit for the year attributable to non-controlling interests	1,901	1,811	555	643
350.	<b>Profit for the year attributable to the owner of the parent</b>	<b>4,344</b>	<b>4,202</b>	<b>1,582</b>	<b>2,139</b>

**STATEMENT OF COMPREHENSIVE INCOME**

(in thousands of Euros)

Items		1 January 30 September 2021	1 January 30 September 2020
10.	Profit for the year	6,245	6,013
Other comprehensive income after taxes that will not be reclassified to profit or loss			
20.	Equity instruments at fair value through other comprehensive income	78	(53)
70.	Defined benefit plans	79	(68)
90.	Share of valuation reserves of equity-accounted investments	(34)	20
Other comprehensive income after taxes that will be reclassified to profit or loss			
140.	Financial assets (other than equity instruments) at fair value through other comprehensive income	379	264
170.	Total other comprehensive income after tax	502	163
180.	Comprehensive income (Items 10+170)	6,747	6,176
190.	Comprehensive income attributable to non-controlling interests	1,978	1,777
200.	Comprehensive income attributable to owners of the parent	4,769	4,399



**STATEMENT OF FINANCIAL POSITION**  
(in thousands of Euros)

<b>Assets</b>		<b>30.09.2021</b>	<b>31.12.2020</b>
10.	Cash and cash equivalents	903	711
20.	Financial assets at fair value through profit and loss	33,525	27,867
	a) financial assets held for trading	8,558	6,847
	c) other financial assets mandatorily measured at fair value	24,967	21,020
30.	Financial assets at fair value through other comprehensive income	313,704	341,825
40.	Financial assets at amortised cost	1,616,649	1,378,338
	a) loans and receivables with banks	158,442	124,563
	b) loans and receivables with customers	1,458,207	1,253,775
70.	Equity investments	10,986	10,694
90.	Property, equipment and investment property	20,600	17,899
100.	Intangible assets	31,138	31,170
	of which:		
	- goodwill	28,129	28,129
110.	Tax assets	8,930	10,319
	a) current	71	809
	b) deferred	8,859	9,510
130.	Other assets	15,856	23,310
<b>Total assets</b>		<b>2,052,291</b>	<b>1,842,133</b>

**STATEMENT OF FINANCIAL POSITION**  
 (in thousands of Euros)

	<b>Liabilities and equity</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
10.	Financial liabilities at amortised cost	1,761,512	1,552,963
	a) due to banks	356	157
	b) due to customers	1,761,156	1,552,806
20.	Financial liabilities held for trading	1,878	40
60.	Tax liabilities	1,979	1,706
	a) current	556	487
	b) deferred	1,423	1,219
80.	Other liabilities	25,136	18,804
90.	Post-employment benefits	5,577	5,605
100.	Provisions for risks and charges:	155	313
	a) commitments and guarantees given	86	246
	c) other provisions for risks and charges	69	67
120.	Valuation reserves	8,051	7,627
150.	Reserves	152,186	151,029
170.	Share capital	72,576	72,576
180.	Treasury shares (-)	(14,059)	(14,059)
190.	Non-controlling interests (+/-)	32,956	40,438
200.	Profit for the year (+/-)	4,344	5,091
	<b>Total liabilities and equity</b>	<b>2,052,291</b>	<b>1,842,133</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021**  
(in thousands of Euros )

	Balances at 31.12.2020	Change in opening balances	Balances at 01.01.2021	Allocation of previous year profit		Changes during the year									Equity at 30.09.2021		
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions							Comprehensive income for 1 January - 30 September 2021	Total	Owners of the parent	Non-controlling interests
Capital:	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
a) ordinary shares	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	188,995	-	188,995	3,335	-	(8,952)	-	-	-	-	-	-	-	-	183,378	152,186	31,192
a) income-related	127,900	-	127,900	3,825	-	(4,439)	-	-	-	-	-	-	-	-	127,286	118,954	8,332
b) other	61,095	-	61,095	(490)	-	(4,513)	-	-	-	-	-	-	-	-	56,092	33,232	22,860
Valuation reserve	7,412	-	7,412	-	-	-	-	-	-	-	-	-	-	502	7,914	8,051	(137)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(14,059)	-	(14,059)	-	-	-	-	-	-	-	-	-	-	-	(14,059)	(14,059)	-
Profit for the year	7,778	-	7,778	(3,335)	(4,443)	-	-	-	-	-	-	-	-	6,245	6,245	4,344	1,901
Equity	262,702	-	262,702	-	(4,443)	(8,952)	-	-	-	-	-	-	-	6,747	256,054	223,098	32,956
of which: Attributable to the owners of the parent	222,264	-	222,264	-	(4,443)	508	-	-	-	-	-	-	-	4,769	223,098		
of which: Attributable to non-controlling interests	40,438	-	40,438	-	-	(9,460)	-	-	-	-	-	-	-	1,978	32,956		

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

Company	Share capital in Euro (1)	Registered office	% direct ownership 30.09.2021	% indirect ownership 30.09.2021	Balance sheet value of equity investment (in thousands of Euros)	Activity
<b>Parent company</b>						
Banca Finnat Euramerica S.p.A.	72,576,000	Rome				Banking and banking group parent company
<b>Direct subsidiaries</b>						
InvestiRE SGR S.p.A.	14,770,000	Rome	59.15			Promotion and management of real estate funds of the closed-end type
Finnat Fiduciaria S.p.A.	1,500,000	Rome	100.00			Fiduciary assets
Finnat Gestioni S.A.	750,000	Lugano	70.00			Financial management and consultancy
Natam Management Company S.A.	750,000	Luxembourg	100.00			Asset management company
<b>Directly controlled structured entities:</b>						
BFE Revalue (2)		Rome	100.00			Alternative investment property funds of the closed-end type
<b>Jointly-controlled companies</b>						
Redo SGR S.p.A. (3)		Milan		20.00	4,334	Asset management company
Aldia S.p.A.		Bologna	10.00		390	Industrial company
Liphe S.p.A.		Bologna	10.00		150	Industrial company
<b>Companies subject to significant influence</b>						
Prévira Invest S.p.A. in liquidation		Rome	20.00		9	Financial institution
Imprebanca S.p.A.		Rome	20.00		6,103	Banking
<b>Total</b>					<b>10,986</b>	

All subsidiaries belong to the Banca Finnat Euramerica banking group.

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

(2) Subscription to 30 September 2021 amounts to Euro 200.000.

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

## GENERAL COMMENTS

### Results of the Banca Finnat Euramerica Group

The first nine months of 2021 record net consolidated income of Euro 4,344 thousand compared to Euro 4,202 thousand at 30 September 2020.

Banca Finnat Group closed its income statement for the first nine months of 2021 with a result Euro 142 thousand higher than that recorded in the same period of the previous year. The significant increase in net fee and commission income recorded in the period partially offset the fall in net interest income attributable to the lower contribution from treasury transactions and from the banking book.

With regard to the Covid-19 emergency, there was a progressive easing of restrictions during the period in question; the impacts of the pandemic on business activities are outlined in the section entitled "The most significant operations and events of the period".

The main components that contributed to the formation of the result of the first nine months of 2021, compared with those of the same period of 2020, are outlined below:

**Total income** at 30 September 2021 is equal to Euro 48,562 thousand compared to Euro 48,757 thousand in the same period of the previous year. The overall Euro 195 thousand decrease is made up as follows:

#### Increases

- Euro 3,560 thousand for Net fee and commission income (Euro 38,505 thousand in the first nine months of 2021 compared to Euro 34,945 thousand in the same period of 2020);
- Euro 2,200 thousand net trading income. The item at 30 September 2021 records net trading income of Euro 1,400 thousand compared to net trading expense of Euro 800 thousand in the first nine months of 2020;
- Euro 405 thousand for Net losses on other financial assets mandatorily measured at fair value (Euro 124 thousand loss at 30 September 2021 compared to a Euro 529 thousand loss in the same period of 2020).

#### Decreases

- Euro 4,571 thousand for Net interest income (Euro 7,978 thousand at 30 September 2021 compared to Euro 12,549 thousand in the same period of 2020);
- Euro 1,070 thousand for Dividends and similar income (Euro 722 thousand at 30 September 2021 compared to Euro 1,792 thousand in the first nine months of 2020);
- Euro 719 thousand for Profits on disposal of financial assets at amortised cost and Financial assets at fair value through other comprehensive income (Euro 81 thousand at 30 September 2021 compared to Euro 800 thousand in the same period of 2020);

**Net impairment losses for credit risk.** This item amounted at 30 September 2021 to Euro 154 thousand relating to impairment losses on Financial assets at amortised cost (Euro 130 thousand) and Financial assets at fair value through other comprehensive income (Euro 24 thousand). At 30 September 2020 impairment losses of

Euro 2,503 thousand were made on Financial assets at amortised cost and value recoveries of Euro 331 thousand on Financial assets at fair value through other comprehensive income.

In the first nine months of 2021, **Administrative expenses** amounted to Euro 40,843 thousand compared to Euro 38,055 thousand in the same period of 2020, made up as follows:

- personnel expenses, equal to Euro 27,860 thousand, are Euro 2,026 thousand higher than the same period of the previous year (Euro 25,834 thousand). The Bank accounts for Euro 810 thousand of this increase, in part due to high-profile additions to its workforce (which happened at the end of the last period) while the subsidiary InvestiRE SGR S.p.A. accounts for Euro 1,168 thousand (mainly due to the allocation of variable costs provided for under the incentive scheme);
- other administrative expenses, equal to Euro 12,983 thousand, are Euro 762 thousand higher than the same period of the previous year (Euro 12,221 thousand). Other administrative expenses include recoveries from customers allocated under item Other operating income, net; net of these recoveries, other administrative expenses amount to Euro 9,265 thousand, Euro 180 thousand higher than the same period of the previous year (Euro 9,085 thousand).

**Depreciation and net impairment losses on property, equipment and investment property.** The item reports impairment losses of Euro 2,553 thousand (Euro 2,550 thousand at 30 September 2020) and includes Euro 2,276 thousand in depreciation of the right to use leased assets (Euro 2,258 thousand at 30 September 2020), including Euro 2,062 thousand in other administrative expenses and Euro 214 thousand in personnel expenses.

**Other operating income, net** at 30 September 2021 presents a positive balance of Euro 3,802 thousand compared to Euro 3,610 thousand in the same period of 2020. This item includes cost recoveries from customers for Euro 3,887 thousand, including Euro 3,718 thousand in other administrative expenses (Euro 3,298 thousand in the first nine months of 2020, including Euro 3,136 thousand in other administrative expenses). The item also includes Euro 647 thousand in net charges from settlements (in part tied to the acquisition of new customers) and from administrative charges.

**Income taxes** at 30 September 2021 amount to Euro 2,753 thousand compared to Euro 2,913 thousand at 30 September 2020.

\* \* \*

The overall result of the first nine months of 2021, which also includes the change in “Valuation reserve”, is shown in the Statement of Comprehensive Income.

**BUSINESS PERFORMANCE****Indications on disclosures to the market**

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

- with reference to the request formulated by Banca d'Italia on 17 June 2008, the Bank and the other companies in the Group, at 30 September 2021, do not hold any exposure and/or interest, including through special purpose vehicles or other non-consolidated entities, in financial instruments or UCIS the policy of which includes high risk investments such as: - *SPE (Special Purpose Entities)* - *CDO (Collateralized Debt Obligations)* - Other exposures to subprime and Alt-A - *CMBS (Commercial Mortgage-Backed Securities)* - *Leveraged Finance*.
- the Banca Finnat Euramerica S.p.A. board of directors, pursuant to Consob Resolution no. 18079 of 20 January 2012, decided, on 21 January 2013, to adhere to the simplification regime envisaged in art. 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 and subsequent amendments, exercising its right, as a listed company, to waive the obligation to submit the disclosure documents envisaged in Annex 3B of the Consob Resolution related to future significant extraordinary mergers, demergers, capital increases via issue for non-cash consideration, acquisitions and disposals;
- with reference to the requests contained in the joint Banca d'Italia, Consob and Isvap document no. 2 of 6 February 2009, in the subsequent document no. 4 of 4 March 2010 and in sections 15 and 25 of IAS 1, relating to disclosures on valuations with respect to the going concern assumption, see that laid down in the Notes to the Accounts 2020 in Part A Section 2 – General drafting principles and Part E – Information on risks and relative hedging policies;
- within the envisaged deadline of 1 February 2018, the Bank opted to apply the transitional arrangement envisaged by EU Regulation 2017/2395 which modifies “EU Regulation no. 575/2013 aimed at mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State”. The foregoing transitional arrangement envisages the possibility of including in the Common Equity Tier 1 capital a portion, calculated as a percentage, of the increased expected credit loss provisions due to the effects of the first application of IFRS 9. This benefit is recognised for a period of 5 years in decreasing quotas (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, 25% in 2022). From 1 January 2023 the impact from first adopting IFRS 9 will be fully reflected in the own funds calculation. In addition to the possibility of mitigating the impact of first adopting the new financial reporting standard on 1 January 2018, the transitional arrangement also envisages the possibility of mitigating any impact of the new impairment model in the first reporting periods following the date IFRS 9 is first adopted, although this is limited to impact arising from valuation of performing financial assets. On 28/4/2020 the EU issued Regulation 2020/0066 in response to the Covid-19 pandemic, which integrated the aforesaid transitional arrangements and extended their application from 2022 to 2024 (with progressively decreasing percentages) for new provisions made in 2020 and in 2021 on performing financial assets.

## The most significant operations and events of the period

- On 10 February 2021 the Bank's board of directors reviewed and approved the Group's new industrial plan for 2021-2023.
- On 8 March 2021 Banca Finnat acquired from Covivio 7 S.p.A. (formerly Beni Stabili Siiq) - which owns a 17.89% stake in InvestiRE SGR - the entire shareholding (2,643 shares) at a price that takes account of the non-controlling discount due to the illiquidity of the shares sold; at the same time the Bank sold to E.N.P.A.F. (Ente Nazionale di Previdenza e di Assistenza Farmacisti) 8.9% (1,315) of the shares purchased under the same price conditions. This transaction enabled the entry of E.N.P.A.F. into the capital of InvestiRE which, as a long-standing shareholder of SGR, will be able to contribute to the strategic development of InvestiRE. Once the transaction was finalised, the Bank increased its stake in Investire Immobiliare SGR from 50.16% to 59.15%. Details of the transactions are outlined in the "Disclosure document on significant transactions with related parties" published on the Bank's website [www.bancafinnat.it](http://www.bancafinnat.it) under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.
- On 30 April 2021 the Bank's ordinary shareholders' meeting:
  - approved the Separate financial statement and reviewed the Statement of financial position to 31 December 2020;
  - taking account of Banca d'Italia's recommendation on the distribution of dividends of 16 December 2020, ruled on the distribution of the following dividends to shareholders: 1) an initial gross dividend of Euro 0.00245 per share paid starting 26 May 2021 (dividend registered on 24 May 2021); this amount is within the maximum permitted in compliance with the provisions of the above recommendation; 2) a second dividend of Euro 0.01085 per share to be paid between 1 October 2021 and 31 January 2022, distribution of which, in compliance with the provisions of the above recommendation, is subject to verification by the Board of Directors of the absence of the limits and conditions set out by the European Central Bank and by Banca d'Italia that may hinder or limit said distribution. This dividend was distributed on 27 October 2021.
  - appointed members of the board of directors and board of auditors for the three-year period 2021-2023;
  - appointed Mr Giampietro Nattino as Honorary Chair for the three-year period 2021/2023;
  - appointed Mr Salvatore Ferri as Chair of the Board of Auditors for the three-year period 2021/2023;
  - approved the Remuneration Policy written pursuant to art. 123-ter of Leg. Dec. 58/98.
- On 5 April 2021 the Bank's board of directors appointed Mr Marco Tofanelli as Chair, Mr Lupo Rattazzi as Vice Chair, and Mr Arturo Nattino as Managing Director. The new corporate appointments are illustrated on page 4. The board also appointed the members of the Remuneration Committee, the Risk Committee, the Appointments Committee and the Supervisory Body.
- On 14 June 2021 the Bank's Board of Directors, with the favourable view of the Appointments Committee and the approval of the Board of Auditors, ruled on the co-opted appointment of Cav. Lav. Dott. Giampietro Nattino as executive director in place of Mr Ermanno Boffa who resigned on 19 May 2021. At the same meeting the Board established the Group's Management and Coordination



Committee, which will assist the Managing Director and CEO in the coordination of the Bank's and Group's business initiatives and in the guidance and coordination of its subsidiaries.

- On 14 July 2021 the Bank committed, as per the ruling of the Board of Directors of 14 June 2021, to irrevocably underwrite the shares in the real estate fund “BFE Revalue” for a total of Euro 2 million, to be completed by cash payments (Euro 200 thousand paid on 30 September 2021). This fund, managed by the subsidiary InvestiRE SGR S.p.A., will manage property pledged as collateral for credits subject to executive proceedings with actions aimed primarily at participating in auctions and stimulating market demand, in order to facilitate the liquidation of unsatisfied credits, sustaining the value of assets with a potential for value outside the executive proceedings. The fund will also manage property contributed by the Bank resulting from the assignment to the same, following the positive outcome of pending executive procedures.
- On 5 August 2021 the Bank's Board of Directors appointed Mr Giulio Bastia, Joint General Manager and Financial Reporting Manager, to the role of “Deputy” CEO to enable the Joint General Manager to perform the duties assigned to the General Manager in the event of his/her absence from service or impediment.
- On 22 September 2021 the Bank's Board of Directors met in the presence of the full Board of Auditors to take delivery from Banca d'Italia of the Audit Report resulting from the ordinary audit of the entire Banking Group from 6 April 2021 to 14 July 2021. The audit focused in particular on Group governance, operational and reputational risks, and the Bank's lending activities.

### Covid-19

With regard to the health emergency arising from the Covid-19 pandemic, the general epidemiological situation in the country worsened in early January 2021. In this context the Italian Government issued Leg. Dec. 2 on 14 January, extending to 30 April 2021 the state of emergency associated with the COVID-19 pandemic which had been due to expire on 31 January; on the same date the Government also issued a new Prime Ministerial Decree with measures in force from 16 January to 5 March 2021. The Prime Ministerial Decree restricts travel between regions and confirms the division of the country into red, orange and yellow zones according to infection rates, reiterating all the measures already in place and due to expire at the end of January. To combat and reduce the spread of the pandemic in early January, the first phase of the vaccination programme was rolled out nationwide. The programme, launched on 27 December 2020 (so-called “vaccine day”) after approval by the EMA (European Medicines Agency) of the first COVID vaccine, is proceeding according to the directives outlined in the National Vaccination Plan drawn up by the Department of Health. On 2 March the Government issued a further Prime Ministerial Decree, which confirms the previous rules and sets out new ones, in force from 6 March to 6 April. These restrictions include the closure of all schools within red zones.

On 21 April 2021, in light of the encouraging scientific data on the epidemic and the vaccine rollout, the Government approved the Reopening Decree in force from 26 April to 31 July. The decree outlines a timeline for the gradual easement of restrictions introduced in previous months with the gradual scheduled reopening of bars, restaurants, gyms and cultural activities. The various measures include the nationwide introduction of the “Covid-19 green certification”, which shows the holder has been vaccinated, recovered from the virus, or had a negative PCR or LFT test; the pass allows the holder to travel between different-coloured zones.

The decree also extended the state of emergency due to expire on 30 April to 31 July. In June there was a clear improvement in the nationwide epidemiological situation mainly due to the high vaccination rate. On 28 June the Department of Health issued a decree declaring the whole country as a “white zone”.

On 28 June the Prime Minister signed a Decree outlining the release of the “Covid-19 digital green certification” (so-called *Green Pass*). The aim of the Pass is to facilitate participation at public events and national travel and, from 1 July, guarantees free circulation within the European Union.

In light of the above, the measures implemented by the Bank and by the other companies in the Group throughout the pandemic in work organisation, workplace safety, and information and support for customers have ensured continuity of services to counterparties and the market, guaranteeing maximum efficiency for customers in branch and via remote channels.

### Significant events occurring after the end of the quarter

After 30 September 2021 and up to the date on which this interim report was written, no significant events occurred that could affect the Group's economic, equity and financial position.

The following are nonetheless highlighted:

- On 20 October 2021 the Bank's Board of Directors, in line with that established by the shareholders' meeting of 30 April 2021, taking account of Banca d'Italia's recommendation on the distribution of dividends of 16 December 2020 and having verified the absence of the limits and conditions set out by the European Central Bank and by Banca d'Italia that may hinder or limit said payment, arranged payment of the second dividend equal to €0.01085 per share, which was paid on 27 October 2021 (distribution date 25 October 2021 – coupon 37).

### Covid-19

On 13 October 2021, in compliance with that laid down in Leg. Dec. 127/2021, which extends the obligation, starting 15 October, to use the COVID-19 Green Pass also to workers employed in the private sector, the Bank issued a circular covering the Green Pass checking procedure. The circular, also used by other companies in the Group, sets out the methods for checking the Green Pass to allow workers to access the workplace and carry out their duties. Those obliged to carry and exhibit (upon request) the green pass are all those who, for any reason, carry out their work on the Bank's premises, namely: employees, co-workers, apprentices, external consultants and suppliers. At each workplace, the Bank formerly appointed persons in charge of checking the green pass using the national app *Verifica C19*. The Bank also appointed a Covid Manager to coordinate the activity of all persons in charge of checking the green pass.

In the first few months of the fourth quarter, the epidemiological situation saw continuous and constant improvement across the entire country due both to the increasing vaccination coverage and the obligation to use the COVID-19 green pass.

The Bank's coronavirus emergency committee continues to constantly monitor the pandemic in order to provide information, which also extends to the Group's subsidiaries, for handling any cases that may arise.

## Foreseeable evolution of management

The current year forecasts, drawn up at the start of the year by the Bank and the other companies in the Group, were made while taking account of the continuing Covid-19 health emergency but also the benefits of the economic policy measures adopted nationally and internationally and a consequent resolution of the pandemic-related crisis starting from the end of the current financial year. For the 2021 financial year we expect to confirm, at Group level, similar levels of profitability and capitalisation.

## DRAFTING CRITERIA

### General principles

Banca Finnat Group's Interim Report at 30 September 2021 was drawn up - as outlined in section "Notes on reading the interim report" - as laid down in art. 2.2.3 paragraph 3 of the Borsa Italiana Regulation for companies listed on the STAR segment and referring to the criteria envisaged by IAS/IFRS. The Report provides quantitative equity and economic information expressed in thousands of Euro, where possible using the tables envisaged in the Banca d'Italia Circular no. 262 "Bank financial statements: tables and rules" 6<sup>th</sup> update of 30 November 2018.

This Report, and the six-monthly Financial Report 2021, also takes account of the additions to the provisions of the aforesaid Circular, announced by Banca d'Italia with Protocol 1676157/20 of 16 December 2020, on the impacts of COVID-19 and the measures supporting the economy and amendments to IAS/IFRS. The purpose of these additions is to provide the market with information on the effects COVID-19 has had on strategies, objectives and risk management policies, as well as on the Group's equity and economic situation. The Report also takes account of the interpretative and supporting documents in the application of accounting standards in relation to the impacts of COVID-19 issued by European regulatory and supervisory bodies and by standard setters aimed at clarifying the methods of applying IAS/IFRS in the current pandemic context (ESMA announcements, EBA guidelines and the letter from the ECB dated 4 December 2020).

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

The accounting standards adopted for the preparation of this Report are unchanged compared to those adopted for the preparation of the 2020 Financial statement with the exception of:

- the change made to point "6- Method for determining impairment losses" in section "13- Other Information" concerning in particular the identification of the "significant increase" of the credit risk. Starting from the current financial year, the outsourcer that provides the operating system used by the Bank has updated the rating model and introduced the new default definition given in art. 178 of Regulation 575/2013 (CRR) already adopted by the Bank and compliant with the definition of "impaired" financial assets given in accounting standard IFRS 9. The updating of the rating model resulted, starting 30 June 2021, in a change to one of the quantitative criteria established by the Bank's updated policy aimed at identifying the "significant increase" in credit risk exclusively with regard to the staging method set out for the credit portfolio. The new rule makes no reference to the worsening of rating classes, but is based on the variation in *Lifetime Probability of Default* with respect to the *origination* of financing;
- the change made to point "3 Recognition of revenues and costs" with respect to the method for recognising revenues relating to the obligatory production of research in analyst coverage and financial analysis services, performed for corporate clients, which, as of 2021, takes place when the research is issued and no longer over time, based on the amount the Bank is entitled to invoice;

- the change made to section “Notice on fair value” with respect to the introduction of the criterion, previously not envisaged as relating to a case not present, concerning the valuation of investments with lock-up clause in UCIS managed directly by Group companies.

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

The quarterly accounting positions used in the consolidation process are those set out by the subsidiaries approved by the respective Governing Bodies with reference to 30 September 2021. For associates, on the other hand, the latest accounting position available at the time of writing this report was used. The accounting positions acquired are adjusted, where necessary, to adapt them to the Group's financial reporting standards.

In particular:

- consolidated income statement data were provided both for the reference quarter and for the interim period between the beginning of the reporting period and the end date of 30 September 2021 and were compared with the same periods of the previous year; whereas the Statement of consolidated comprehensive income data were provided for the first nine months of this year and were compared with data from the same period of the previous year;
- financial position data at 30 September 2021 were compared with those at 31 December 2020;
- shareholders equity data show values to 31 December 2020 and to 30 September 2021, and the changes occurred in the interim period;
- the period result is net of taxes calculated at current rates and of items available on the date of writing. The Bank and its Italian subsidiaries have adhered to the “Italian national tax consolidation” pursuant to art. 117/129 of the Income Tax Act (TUIR). Because of this option, the Group's companies calculate their own tax burden and the corresponding tax income (taxable income or tax loss) is transferred to the parent company, after which a single taxable income or a single tax loss is calculated (resulting from the algebraic sum of its own income/losses and that of participating subsidiaries) and, consequently, a single debt/credit for tax on company income.

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

The consolidation area has changed compared to the financial statement closed on 31 December 2020 following the entry of the BFE Revalue Fund set up in July 2021 and managed by subsidiary InvestiRE SGR. During the set-up the Bank committed to irrevocably underwrite the fund's shares for a total of Euro 2 million to be completed by cash payments. At 30 September 2021 the amount paid uniquely by the Bank was equal to Euro 200 thousand.

In March 2021 the Bank also increased its stake in subsidiary InvestiRE SGR S.p.A. by 8.99%, from 50.16% to 59.15%.

Both acquisitions are outlined in section “The most significant operations and events of the period”.

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

## NOTICE ON TRANSFERS BETWEEN PORTFOLIOS AND ON FAIR VALUE HIERARCHY

## Transfers between financial asset portfolios

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

## Fair value hierarchy

Below are shown the balances at 30 September 2021 and at 31 January 2020 of the financial instrument portfolios at fair value divided into a hierarchy of levels that reflects the significance of the inputs used in the valuations.

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

- Level 1: quoted prices (without adjustments) in active markets for the asset or liability;
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs not based on observable market data for the asset or liability.

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

Financial assets/liabilities measured at fair value	30.09.2021			31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit and loss	2,623	24,380	6,522	2,660	23,994	1,213
a) financial assets held for trading	1,919	5,443	1,196	2,021	4,826	-
b) financial assets at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	704	18,937	5,326	639	19,168	1,213
2. Financial assets at fair value through other comprehensive income	301,743	-	11,961	330,147	-	11,678
3. Hedging derivatives	-	-	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>304,366</b>	<b>24,380</b>	<b>18,483</b>	<b>332,807</b>	<b>23,994</b>	<b>12,891</b>
1. Financial liabilities held for trading	-	78	1,800	-	40	-
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>78</b>	<b>1,800</b>	<b>-</b>	<b>40</b>	<b>-</b>

Key:

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

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

## INCOME STATEMENT

The most significant comprehensive income from the first nine months of 2021 is shown below in thousands of Euros:

## INTEREST

	1 January 30 September 2021	1 January 30 September 2020
Interest and similar income	10,437	14,432
Interest and similar expense	(2,459)	(1,883)
<b>Net interest income</b>	<b>7,978</b>	<b>12,549</b>

The net interest income, pertaining almost exclusively to the Bank, reports a Euro 4,571 thousand decrease, mainly attributable to the lower margins made by the treasury from investments in Italian government bonds against deposits in reverse repurchase agreements.

The net interest income for Q3 2021 amounts to Euro 2,189 thousand compared to Euro 4,233 thousand in the same period of 2020.

## COMMISSIONS

	1 January 30 September 2021	1 January 30 September 2020
Fee and commission income	40,203	36,918
Fee and commission expense	(1,698)	(1,973)
<b>Net fee and commission income</b>	<b>38,505</b>	<b>34,945</b>

Net fee and commission income for the first nine months of 2021 increase by Euro 3,560 thousand compared to the same period of the previous year. The Bank accounts for Euro 2,250 thousand, the subsidiary InvestiRE SGR Euro 1,260 thousand, and other Group companies Euro 50 thousand of this increase.

Net fee and commission income for Q3 2021 amount to Euro 12,681 thousand compared to Euro 11,551 thousand in the same period of 2020.

**NET TRADING INCOME**

Net trading income, pertaining exclusively to the Bank, in the first nine months of 2021 was Euro 1,400 thousand compared to a Euro 800 thousand trading expense in the same period of the previous year, and is made up as follows:

- Euro 230 thousand for positive balance of profit and losses on trading in securities and derivatives;
- Euro 688 thousand for the positive difference between unrealised capital gains and capital losses for fair value adjustment of the trading portfolio;
- Euro 482 thousand for net profit on foreign exchanges.

Net trading income for Q3 2021 is Euro 219 thousand compared to the Euro 188 thousand trading expense from the same period of the previous year.

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

This item, pertaining exclusively to the Bank, amounts to Euro 61 thousand in the positive from the first nine months of 2021 compared to Euro 64 thousand in the positive from the first nine months of 2020.

**b) financial assets at fair value through other comprehensive income**

This item amounts to Euro 20 thousand in the positive from the first nine months of 2021 compared to Euro 736 thousand in the positive from the first nine months of 2020.

In Q3 2021, financial assets at fair value through other comprehensive income amounts to Euro 37 thousand in the positive (compared to Euro 46 thousand in the positive in Q3 2020), while financial assets at amortised cost did not change between the two periods.

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

In the first nine months of 2021, this item recorded a Euro 124 thousand loss arising from Euro 249 thousand net losses on UCIS shares recorded by the Bank and from a total of Euro 125 thousand gains and profit on disposal recorded by InvestiRE SGR S.p.A.. This item recorded Euro 529 thousand losses in the first nine months of 2020.

The result, for Q3 2021, is Euro 205 thousand in the positive compared to the negative Euro 111 thousand from the same period of the previous year.



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

In the first nine months of 2021, this item recorded Euro 130 thousand in net impairment losses, Euro 165 thousand of which made by the Bank (including Euro 163 thousand impairment losses on loans and receivables with customers and Euro 2 thousand loans and receivables with banks). Other companies in the Group made a total of Euro 35 thousand impairment losses (InvestiRE SGR S.p.A. 14 thousand, Finnati Fiduciaria S.p.A. Euro 20 thousand and Finnati Gestioni S.A. Euro 1 thousand). The first nine months of 2020 saw impairment losses of Euro 2,503 thousand.

**b) financial assets at fair value through other comprehensive income**

In the first nine months of 2021, this item recorded net impairment losses of Euro 24 thousand made exclusively by the Bank. The first nine months of 2020 saw value recoveries of Euro 331 thousand.

In Q3 2021, impairment losses on credit risk of Euro 59 thousand were recorded compared to impairment losses of Euro 354 thousand in the same period of the previous year.

**ADMINISTRATIVE EXPENSES**

	1 January 30 September 2021	1 January 30 September 2020
Personnel expenses	27,860	25,834
Other administrative expenses	12,983	12,221
<b>Total</b>	<b>40,843</b>	<b>38,055</b>

Administrative expenses overall are Euro 2,788 thousand higher than the first nine months of 2020.

Personnel expenses are Euro 2,026 thousand higher than the same period of the previous year. The Bank accounts for Euro 810 thousand of this increase, in part due to high-profile additions to its workforce (which happened at the end of the last period) while the subsidiary InvestiRE SGR S.p.A. accounts for Euro 1,168 thousand (mainly due to the allocation of variable costs provided for under the incentive scheme).

Personnel expenses for Q3 2021 amount to Euro 8,850 thousand compared to Euro 8,337 thousand in the same period of 2020.

Other administrative expenses increased by Euro 762 thousand compared to the first nine months of 2020. Other administrative expenses include recoveries from customers allocated under item Other operating income, net; net of these recoveries, other administrative expenses amount to Euro 9,265 thousand, Euro

180 thousand higher than the same period of the previous year (Euro 9,085 thousand), mainly due to the effect of higher contributions to the National Resolution Fund.

Other administrative expenses for Q3 2021 amount to Euro 3,629 thousand compared to Euro 3,515 thousand in the same period of 2020.

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

The item reports impairment losses of Euro 2,553 thousand (Euro 2,550 thousand for the first nine months of 2020) and includes Euro 2,276 thousand in depreciation of the right to use leased assets (Euro 2,258 thousand for the first nine months of 2020), of which Euro 2,062 thousand are for other administrative expenses and Euro 214 thousand for personnel expenses.

In Q3 2021, impairment losses of Euro 854 thousand were recorded compared to Euro 853 thousand in the same period of the previous year.

#### **OTHER OPERATING INCOME, NET**

Other operating expense/income presents a positive balance of Euro 3,802 thousand compared to Euro 3,610 thousand in the first nine months of 2020. This item includes cost recoveries from customers for Euro 3,887 thousand, including Euro 3,718 thousand in other administrative expenses (Euro 3,298 thousand in the first nine months of 2020, including Euro 3,136 thousand in other administrative expenses). The item also includes Euro 647 thousand in net charges from settlements (in part tied to the acquisition of new customers) and from administrative charges.

In Q3 2021, the item presents a positive balance of Euro 1,274 thousand compared to an equally positive balance of Euro 1,098 thousand in the same period of the previous year.

#### **INCOME TAXES**

The item, in the first nine months of the current reporting period, presents a balance of Euro 2,753 thousand compared to Euro 2,913 thousand in the same period of the previous year.

In Q3 2021, the item presents a balance of Euro 973 thousand compared to Euro 1,333 thousand in the same period of the previous year.

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

## COMPREHENSIVE INCOME

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

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

The change in valuation reserves recorded under item “20. Equity instruments at fair value through other comprehensive income” is Euro 78 thousand in the positive and pertains solely to the parent company.

The change in valuation reserves recorded under item “70. Defined benefit plans” is Euro 79 thousand in the positive with Euro 2 thousand relating to the Group and Euro 77 thousand to non-controlling interests.

The change in valuation reserves recorded under item “90. Share of valuation reserves of equity-accounted investments” is Euro 34 thousand in the negative and pertains solely to the parent company.

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

The change in valuation reserves recorded under item “140. Financial assets (other than equity investments) at fair value through other comprehensive income” is Euro 379 thousand in the positive and concerns debt securities. The change refers entirely to the Group and stands at Euro 352 thousand in the positive for the Bank and Euro 27 thousand for Finn timer Fiduciaria S.p.A..

\* \* \*

At 30 September 2021 the Group's valuation reserves (after taxes) are as follows:

### Valuation reserves

#### A) Financial assets at fair value through other comprehensive income

##### Parent company

Azioni SIA S.p.A.	Euro	4,774
Quote CSE S.r.l.	Euro	-80
Azioni Net Insurance S.p.A.	Euro	245
Quote Real Estate Roma Olgiata S.r.l.	Euro	-444
Fideuram Asset Management SGR S.p.A.	Euro	910
Debt securities	Euro	1,800

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Euro 7,205

##### Other companies in the Group

Euro -

Total A) Euro 7,205

Defined benefit plans B) Euro -518

Revaluation reserves C) Euro 1,364

**Total Revaluation reserves (A+B+C) Euro 8,051**

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

**STATEMENT OF FINANCIAL POSITION**

The most significant financial position data, expressed in thousands of Euros, at 30 September 2021, are analysed below:

**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS****a) financial assets held for trading**

Financial assets held for trading, pertaining solely to the Bank, amount to Euro 8,558 thousand.

The item includes debt securities for Euro 919 thousand, UCIS shares for Euro 5,467 thousand and equity and warrants for Euro 1,249 thousand. The item also includes Euro 27 thousand of positive valuation on forward contracts for currency dealing and Euro 896 thousand for the counter-value of the earn-outs relating to the Bank's sale of 8.9% of InvestiRE SGR S.p.A. to Enpaf. The transaction is described in more detail in the "Disclosure document on significant transactions with related parties" published on the Bank's website [www.bancafinnat.it](http://www.bancafinnat.it) under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.

**c) other financial assets mandatorily measured at fair value**

The item records a balance of Euro 24,967 thousand and includes Euro 20,090 thousand UCIS shares owned by the Bank and Euro 4,862 thousand owned by InvestiRE SGR S.p.A.; it also includes Euro 12 thousand Carige shares owned by the Bank through the FITD Voluntary Scheme and Euro 3 thousand in the Astaldi equity financial instrument also owned by the Bank.

**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The item amounts to Euro 313,704 thousand and refers to financial instruments of the Group's companies as indicated below:

The Bank's portfolio contains a total of Euro 313,698 thousand:

- debt securities for an equivalent of Euro 301,685 thousand;
- equity for an equivalent of Euro 12,013 thousand made up of strategic investments:
  - Level 1: Net Insurance S.p.A. (Euro 554 thousand inclusive of the positive valuation reserve of Euro 262 thousand);
  - Level 3: Fideuram Asset Management SGR S.p.A. (Euro 1,788 thousand inclusive of the positive valuation reserve of Euro 978 thousand), SIA S.p.A. (Euro 6,250 thousand inclusive of the positive valuation reserve of Euro 5,130 thousand), CSE Consorzio Servizi Bancari S.r.l. (Euro 2,420 thousand inclusive of the negative valuation reserve of Euro 84 thousand), SIT S.p.A. (Euro 15 thousand) and Real Estate Roma Olgiata S.r.l. (Euro 986 thousand inclusive of the negative valuation reserve of Euro 470 thousand).

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

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

Total impairment losses made up to and including 30 September 2021 on debt securities under this item relate exclusively to the Bank for Euro 82 thousand. The amount was reported under Valuation reserves instead of under the losses of the item in question.

## FINANCIAL ASSETS AT AMORTISED COST

### a) loans and receivables with banks

Loans and receivables with banks amount to Euro 158,442 thousand (of which Euro 124,990 thousand pertaining to the Bank) net of total impairment losses of Euro 83 thousand (of which Euro 60 thousand pertaining to the Bank). There are no debt securities under this item. The first nine months of 2021 saw total value recoveries of Euro 7 thousand.

### b) loans and receivables with customers

Loans and receivables with customers amount to overall Euro 1,458,207 thousand and relate to Euro 456,472 thousand in loans and Euro 1,001,735 thousand in debt securities, solely owned by the Bank. Amounts are reported net of global impairment losses up to and including 30 September 2021 equal to Euro 31,843 thousand (of which Euro 31,698 thousand on loans and Euro 145 thousand on securities).

On the date of reference of this Report, **non-performing assets (Bucket 3)** due to the parent company reported under current accounts, mortgages and other loans amount to an overall Euro 49,757 thousand (Euro 22,934 thousand after write-offs):

- **bad loans** for overall Euro 36,498 thousand (Euro 12,084 thousand after write-offs), referable to the positions outlined below:
  - Euro 4,572 thousand (Euro 966 thousand after write-offs) for the remainder of a mortgage settled on 8 July 2011. The operation was a first charge mortgage loan on property the valuation of which – backed by appraisal – entirely covers the net exposure value; in July 2021 the property sold at auction for an amount exceeding the value of the net loan.
  - Euro 15,249 thousand (Euro 3,043 thousand after write-offs) referring to a loan receivable from the company Bio-On. The estimated realisable value of the loan remained unchanged from that determined for the purposes of the 2019 financial statement and confirmed in the preparation of the 2020 financial statement.
  - Euro 8,256 thousand (Euro 5,166 thousand after write-offs) referring to a mortgage resolved on 24 December 2020 backed by first charge mortgage loans on property and by other property loans that amply cover the net exposure value.
  - Euro 8,421 thousand of which Euro 1,763 thousand refers to commercial credit (Euro 222 thousand after write-offs) and Euro 6,658 thousand (Euro 2,687 thousand after write-offs) to cash loans.

Analytical write-offs made are therefore equal to Euro 24,414 thousand (including Euro 1,541 thousand for commercial credit) with a total coverage rate of 67%.

- **unlikely to pay** for an overall Euro 12,480 thousand (Euro 10,098 thousand after write-offs), made up of:
  - opening of current account credit facilities of Euro 2,350 thousand (Euro 1,888 thousand after write-offs);
  - mortgages of Euro 10,023 thousand (of which Euro 795 thousand past due instalments and Euro 9,228 thousand capital to fall due (Euro 8,187 thousand after write-offs);
  - commercial credit of Euro 107 thousand (Euro 23 thousand after write-offs).
 Analytical write-offs are equal to Euro 2,382 thousand (including Euro 84 thousand for commercial credit);
- **other past due loans** by over 90 days for Euro 779 thousand (Euro 752 thousand after write-offs).

At 30 September 2021 the Bank records 44 forborne exposures, including:

- 20 non-performing positions for an overall Euro 38,450 thousand (Euro 19,194 thousand after write-offs) including 3 positions re-included in bad loans for Euro 26,518 thousand, 16 positions re-included in unlikely to pay for Euro 11,657 thousand and 1 position re-included in past due for Euro 275 thousand.
- 24 performing positions for an overall Euro 16,047 thousand.

At 30 September 2021 the Bank calculated the portfolio write-offs on performing loans and receivables with customers in **Bucket 1** and **Bucket 2** related to cash loans. At Euro 1,944 thousand, this write-off was lower than the provisions made under this item up to and including 31 December 2020 (equal to Euro 2,741 thousand).

In the first nine months of 2021, the Bank recorded in its Income Statement Euro 16 thousand of portfolio impairment losses on government bonds; it also recorded Euro 147 thousand in net impairment losses on loans and receivables with customers, made up as follows; Euro 797 thousand in portfolio value recoveries, Euro 322 thousand in individual value recoveries, Euro 1,110 thousand in individual impairment losses and Euro 156 thousand in losses from write-offs.

At 30 September 2021 the provision for the loss in value of the Bank's loans and receivables with customers, excluding securities, reached Euro 28,767 thousand, including Euro 26,823 thousand analytical and Euro 1,944 thousand in portfolio write-offs. For the other companies in the Group, the analytical provision for loss in value of loans (**Bucket 3**) at 30 September 2021 amounts for Finnati Fiduciaria S.p.A. to Euro 827 thousand for non-performing gross loans of Euro 1,124 thousand, and for InvestiRE SGR S.p.A. to Euro 2,080 thousand for non-performing gross loans equal to Euro 2,080 thousand. Whereas portfolio losses relating to loans and receivables with customers alone (**Bucket 1** and **Bucket 2**) up to and including 30 September 2021 amount to Euro 21 thousand for InvestiRE SGR S.p.A. and Euro 3 thousand overall for the other companies in the Group. In the current year, subsidiaries recorded net value recoveries on loans and receivables with customers of Euro 26 thousand.

**EQUITY INVESTMENTS**

Equity investments amount to Euro 10,986 thousand and are indicated separately in the statement reported on page 19.

**TANGIBLE AND INTANGIBLE ASSETS**

Property, equipment and investment property amount to Euro 20,600 thousand, including Euro 13,581 thousand pertaining to the parent company and Euro 6,768 thousand to the subsidiary InvestiRE SGR S.p.A.. Property, equipment and investment property relating to rights of use acquired under leases amount to Euro 16,402 thousand.

Intangible assets amount to Euro 31,138 thousand. The item includes goodwill recorded in 2003 by the Bank for Euro 300 thousand and that recorded in 2015 by the subsidiary InvestiRE SGR S.p.A. for Euro 27,829 thousand. The latter value originally of Euro 37,429 thousand fell in 2019 by Euro 9,600 thousand as a result of the transfer of the business unit to REDO SGR S.p.A.

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

**TAX ASSETS**

Tax assets equal to Euro 8,930 thousand are made up of Euro 71 thousand current tax credits and Euro 8,859 thousand deferred tax credits.

**OTHER ASSETS**

The item presents a balance of Euro 15,856 thousand and includes loans to Ice Clear Europe for Euro 5,501 thousand, loans to Erario as a withholding agent for Euro 5,888 thousand and loans to Counterparties and Brokers for Euro 51 thousand.

**FINANCIAL LIABILITIES AT AMORTISED COST**

## a) due to banks

The item amounts to Euro 356 thousand and pertains almost exclusively to the Bank.

## b) due to customers

The item amounts to Euro 1,761,156 thousand and includes Euro 1,017,286 thousand of reverse repurchase agreements entered into by the Bank with the Compensation and Guarantee Fund. The item also includes Euro 16,764 thousand in leasing debts.



**FINANCIAL LIABILITIES HELD FOR TRADING**

Financial liabilities held for trading amount to Euro 1,878 thousand, including Euro 78 thousand from the negative valuation on forward contracts for currency dealing and Euro 1,800 thousand for the counter-value of the earn-outs relating to the Bank's sale of InvestiRE SGR S.p.A. shares. The transaction is described in more detail in the "Disclosure document on significant transactions with related parties" published on the Bank's website [www.bancafinnat.it](http://www.bancafinnat.it) under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.

**TAX LIABILITIES**

Tax liabilities equal to Euro 1,979 thousand are made up of Euro 556 thousand current tax arrears and Euro 1,423 thousand deferred tax arrears.

**OTHER LIABILITIES**

Other liabilities equal to Euro 25,136 thousand include Euro 1,309 thousand debt for social and insurance contributions, Euro 1,980 thousand due to Counterparties and Brokers, Euro 2,136 thousand due to Erario in its role as withholding agent, Euro 2,344 thousand due to suppliers, and Euro 5,060 thousand due to personnel and co-workers.

**PROVISIONS FOR RISKS AND CHARGES**

## a) commitments and guarantees given

The item, pertaining solely to the Bank, equal to Euro 86 thousand, relates to impairment losses recorded up to and including 30 September 2021. The first nine months of 2021 saw net value recoveries of Euro 159 thousand.

## c) other provisions for risks and charges

The item, pertaining solely to the Bank, includes Euro 67 thousand in provisions made last year to cover for any indemnity to be recognised to an employee and Euro 2 thousand for the increase in leased assets relating to restoration costs.

## SHAREHOLDERS EQUITY

The Group's consolidated shareholders equity amounts to Euro 223,098 thousand. At 31 December 2020 the Group's shareholders equity was Euro 222,264 thousand. The movement of total shareholders equity, of the Group and non-controlling interests, that occurred in the reporting period in question is shown in the appropriate statement.

Own funds at 30 September 2021 amount to Euro 185,280 thousand (Euro 184,465 thousand at 31 December 2020), whereas the *Total capital ratio*, the *CET1 capital ratio* and the *Tier1 ratio* are equal to 30.2% (34.9% at 31 December 2020). To mitigate the impact arising from application of the new reporting standard on its funds, the bank opted to adhere to the transitional arrangements illustrated in section "Indications on disclosures to the market". Without this application, own funds would have been equal to Euro 184,072 thousand, whereas *Total capital ratio*, *CET1 capital ratio* and *Tier1 ratio* would have been equal to 30.0%.

These indices are much higher than the minimum capital requirements, at consolidated level, required of us by Banca d'Italia to conclude the supervisory review process (*SREP*) laid down in Directive 2013/36/EU (*CRD IV*).

At 30 September 2021, treasury shares in the portfolio, held solely by the parent company, numbered 28,810,640. These shares, for an overall Euro 14,059 thousand, equal to 7.9% of the Bank's share capital, were used to adjust the shareholders equity following the application of IAS 32. During the reporting period in question, the Bank neither purchased nor sold any of its treasury shares.

Rome, 12 November 2021

DICHIARAZIONE DEL DIRIGENTE PREPOSTO ALLA REDAZIONE DEI DOCUMENTI CONTABILI SOCIETARI

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

attesta

che il Resoconto intermedio di gestione consolidato al 30 settembre 2021 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Roma, 12 novembre 2021

Il Dirigente preposto alla redazione  
dei documenti contabili societari

  
(Giulio Bastia)

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Società quotata al mercato ufficiale con azioni ammesse alla negoziazione nel segmento STAR  
I dati sopra riportati sono relativi alla capogruppo Banca Finnat Euramerica S.p.A.

[www.bancafinnat.it](http://www.bancafinnat.it)

