



BANCA FINNAT

GRUPPO BANCA FINNAT

CONSOLIDATED INTERIM REPORT ON OPERATIONS
AT 30 SEPTEMBER 2022



CONSOLIDATED INTERIM
REPORT
AT 30 SEPTEMBER 2022

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Giampietro Nattino

Honorary Chair and Director ()*

Marco Tofanelli

Chair

Lupo Rattazzi

Vice Chair

Arturo Nattino

Managing Director

Maria Teresa Bianchi

Director

Roberto Cusmai

Director

Vincenzo Marini Marini

Director

Giulia Nattino

Director

Maria Sole Nattino

Director

Paola Pierri

Director

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

BOARD OF AUDITORS

Salvatore Ferri

Chair

Laura Bellicini

Acting Auditor

Barbara Fasoli Braccini

Acting Auditor

Nicola Pironti di Campagna

Alternate Auditor

Monica Petrella

Alternate Auditor

MANAGEMENT

Arturo Nattino

General Manager

Giulio Bastia

Joint General Manager, Deputy CEO and Financial Reporting Manager

Alberto Alfiero

Vice General Manager

INDEPENDENT AUDITORS

KPMG S.p.A.

NOTES ON READING THE INTERIM REPORT

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

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

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

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

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

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

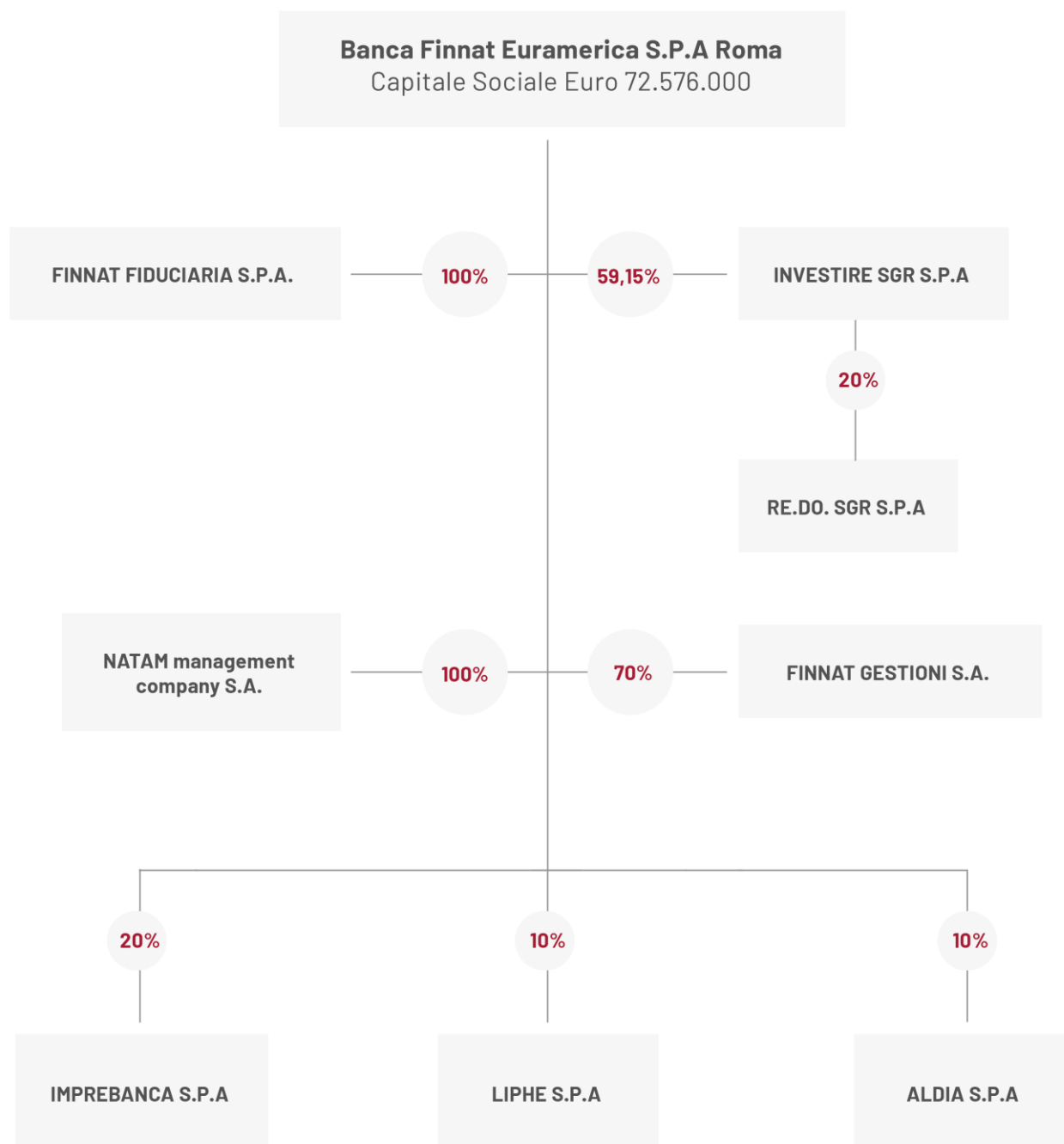
- the Income statement structure compares Q3 2022 data with those of the same period of 2021 and economic performance is shown for the first nine months of the current period compared with that of the same period in the previous year. The Statement of comprehensive income shows data from the first nine 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 2022 compared with those at 31 December 2021, while the Statement of changes in equity gives values at 31 December 2021 and 30 September 2022, as well as changes occurring in the period.

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

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

GROUP STRUCTURE

At 30 September 2022 the Group is structured as follows:



Group structure has not changed compared to 31 December 2021.

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

GROUP FINANCIAL HIGHLIGHTS

	30.09.2022	31.12.2021	30.09.2021
GROUP CONSOLIDATED SHAREHOLDERS EQUITY (in thousand Euro)	214,616	227,200	223,098
GROUP HUMAN RESOURCES	351	347	348
CONSOLIDATED PROFIT (LOSS) (in thousand Euro)	3,028	6,130	4,344

BANCA FINNAT EURAMERICA MARKET CAPITALISATION

	Number shares	Stock Exchange Listing 25 October 2022	Capitalisation 25 October 2022 (in thousands of euros)	Consolidated shareholders equity (in thousands of euros)	Share capital (in thousands of euros)
ORDINARY SHARES	362,880,000	0.3080	111,767	214,616	72,576

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

	December 2019	December 2020	December 2021	September 2022
Direct deposits of parent company clients	802,644	663,025	862,508	871,798
- Due to customers (current accounts)	565,790	478,268	649,618	600,907
- Time deposits	211,941	184,757	212,890	270,891
- Securities issued	24,913	-	-	-
Indirect deposits of parent company	6,441,594	5,528,219	7,629,116	6,748,930
- Individual management	484,820	516,798	696,647	655,898
- Proxy management	279,479	256,551	316,372	257,738
- Administered deposits (UCIS and securities)	4,539,880	3,524,466	5,202,756	4,526,211
- Administered deposits in consultancy services (UCIS and securities)	859,826	921,118	1,045,216	959,419
- Third-party insurance products	277,589	309,286	368,125	349,664
Fiduciary Assets	1,881,194	1,844,502	1,878,158	1,747,918
Real Estate Fund Management	7,078,247	6,643,328	6,976,727	7,139,161
Luxembourg law SICAV administration	770,279	767,470	763,865	625,954
Total deposits	16,973,958	15,446,544	18,110,374	17,133,761

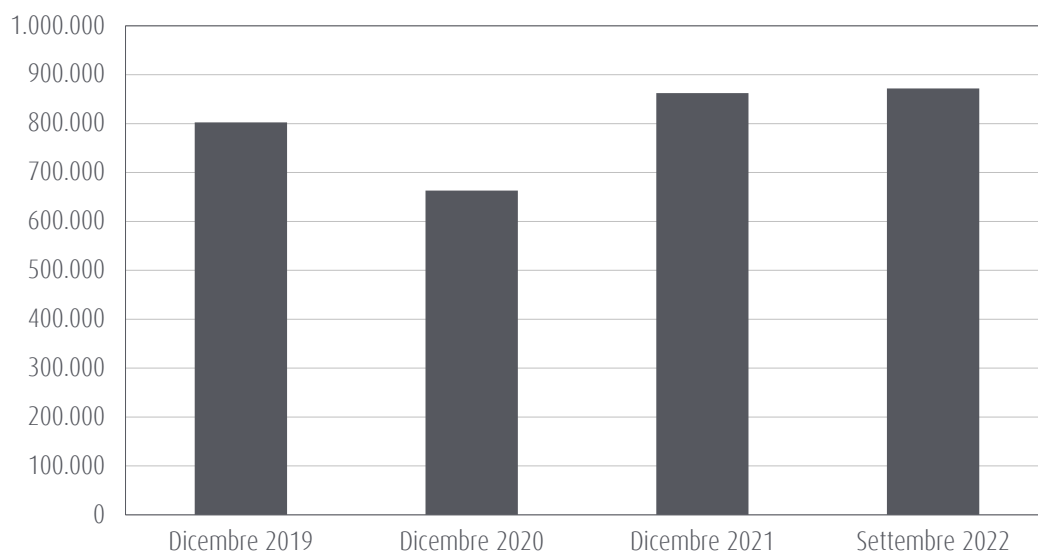
The Group's total volume of business stands at Euro 17.1 billion - a 5% decrease from the end of the last period. This change was mainly attributable to the 12% decrease in the Bank's indirect deposits, caused mainly by the drop in stock and bond indexes, partly offset by net contributions.

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 Finnati Gestioni S.A.

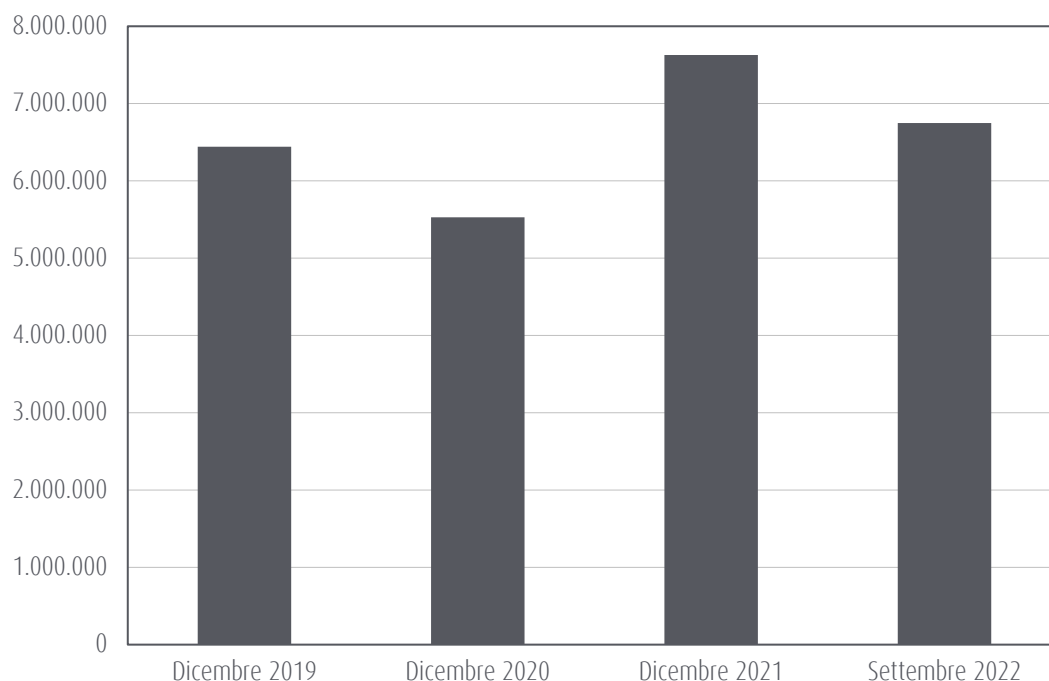
deposits; c) the volume of business of the subsidiary InvestIRE SGR S.p.A. is valued at the total market value of the assets managed inclusive of debt (GAV).

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.

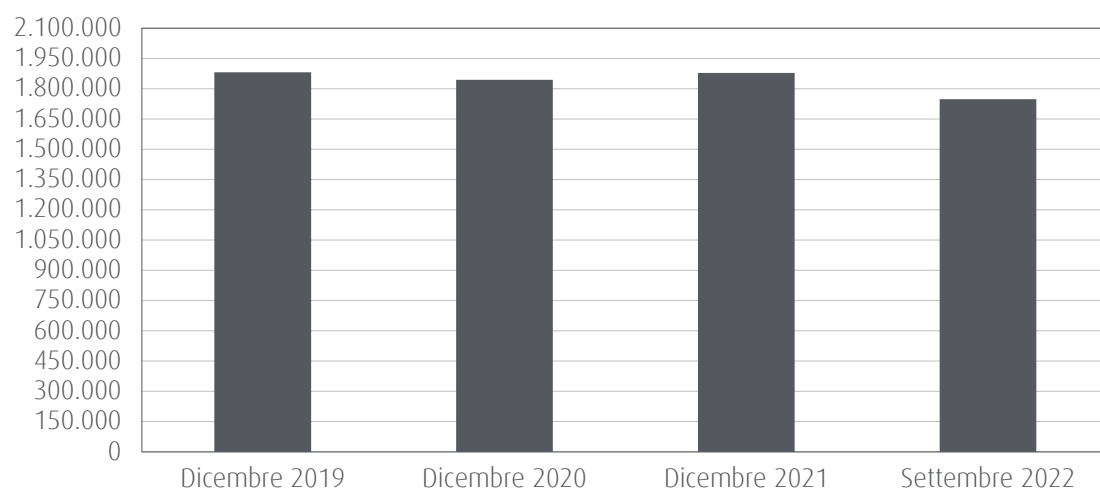
Raccolta diretta clientela



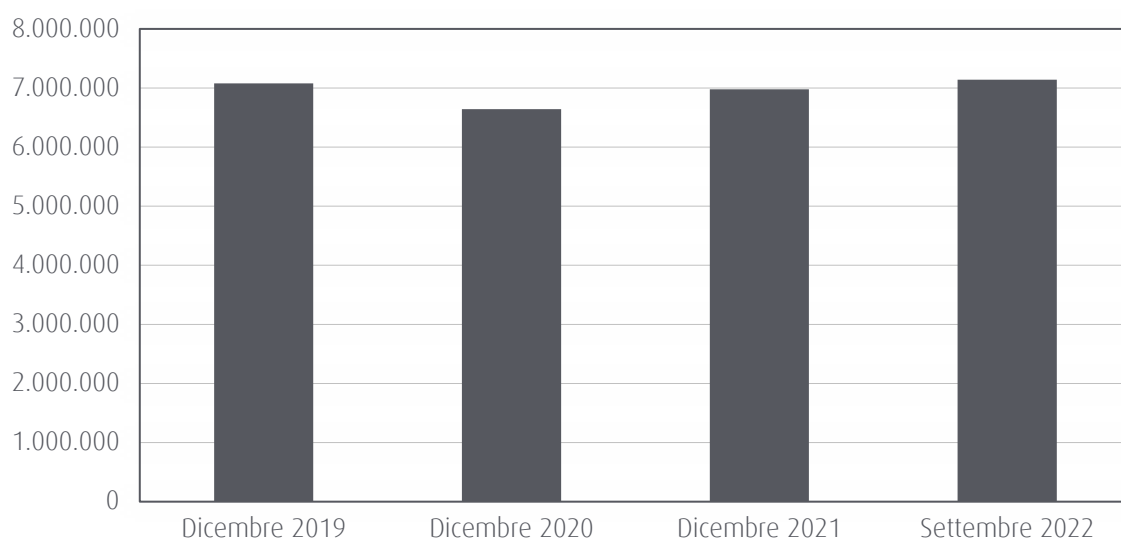
Raccolta indiretta



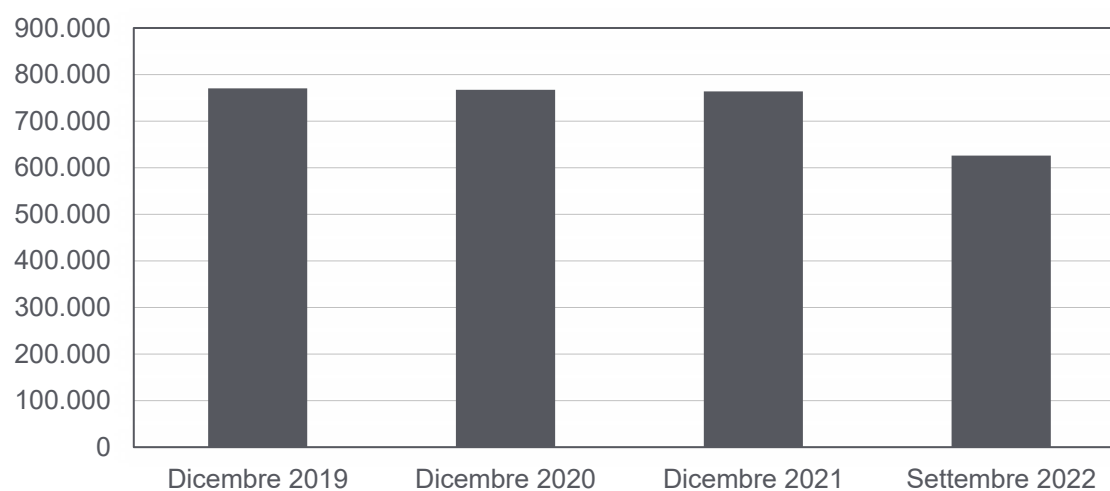
Attività Fiduciaria



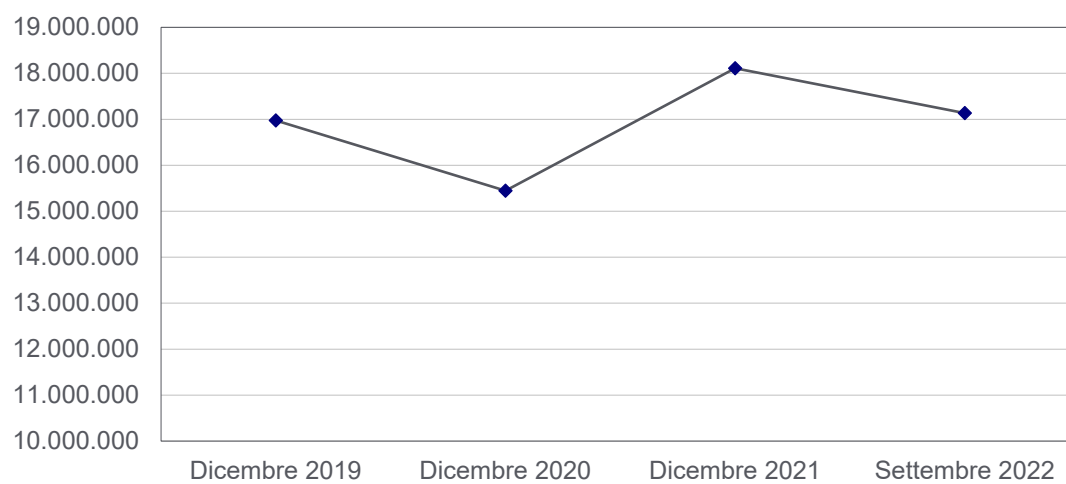
Fondi Immobiliari



Amministrazione Sicav di diritto lussemburghese

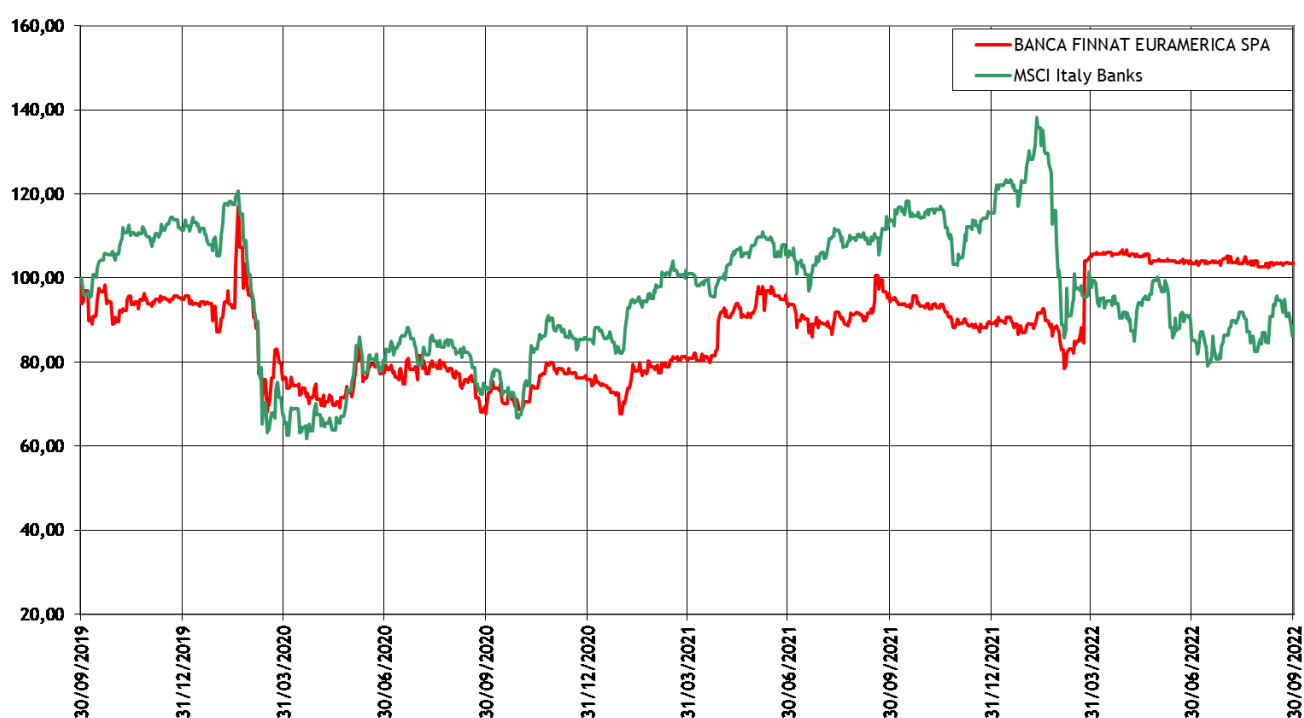


Raccolta totale del Gruppo

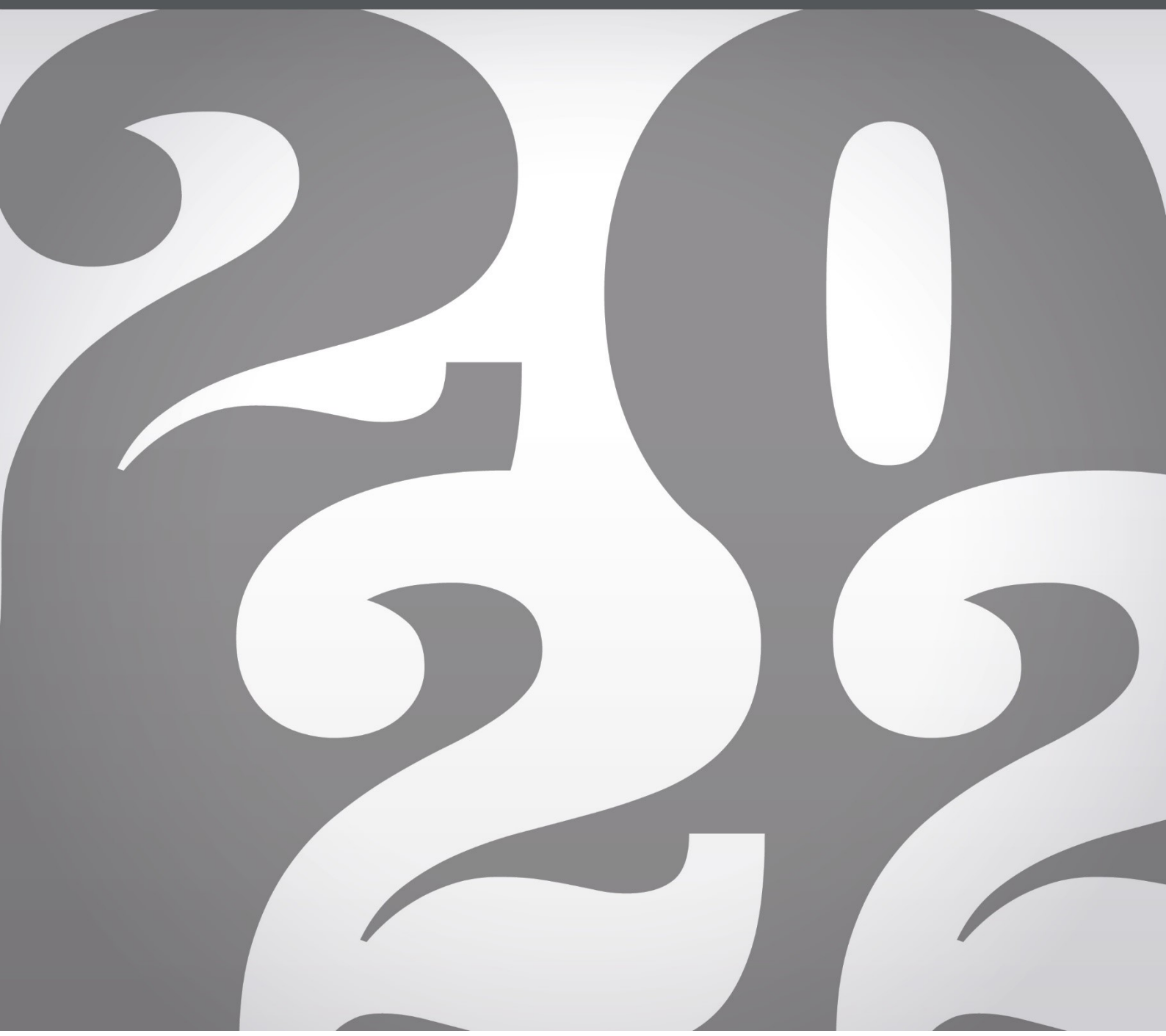


STOCK MARKET SHARE PERFORMANCE

Market price in Euro on:						
Security	19.10.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
BFE	0.3080	0.3080	0.3080	0.3130	0.2660	0.2810

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

FINANCIAL STATEMENTS



INCOME STATEMENT
(in thousands of Euros)

		1 January 30 September 2022	1 January 30 September 2021	1 July 30 September 2022	1 July 30 September 2021
	Items				
10.	Interest and similar income	9,945	10,437	3,679	3,092
20.	Interest and similar expense	(3,262)	(2,459)	(955)	(903)
30.	Net interest income	6,683	7,978	2,724	2,189
40.	Fee and commission income	42,609	40,203	12,897	13,244
50.	Fee and commission expense	(1,884)	(1,698)	(498)	(563)
60.	Net fee and commission income	40,725	38,505	12,399	12,681
70.	Dividends and similar income	554	722	-	-
80.	Net trading expense	(500)	1,400	(222)	219
100.	Net gain from disposal or repurchase of:	842	81	16	37
	a) financial assets at amortised cost	21	61	16	-
	b) financial assets at fair value through other comprehensive income	821	20	-	37
110.	Net losses on other financial assets and liabilities at fair value through profit and loss	(251)	(124)	189	205
	b) other financial assets mandatorily measured at fair value	(251)	(124)	189	205
120.	Total income	48,053	48,562	15,106	15,331
130.	Net impairment losses for credit risk associated with:	(3,470)	(154)	(507)	(59)
	a) financial assets at amortised cost	(3,157)	(130)	(501)	(29)
	b) financial assets at fair value through other comprehensive income	(313)	(24)	(6)	(30)
140.	Net modification gains (losses)	4	(161)	4	(1)
150.	Net financial income	44,587	48,247	14,603	15,271
190.	Administrative expenses:	(41,426)	(40,843)	(12,655)	(12,479)
	a) personnel expenses	(27,664)	(27,860)	(8,680)	(8,850)
	b) other administrative expenses	(13,762)	(12,983)	(3,975)	(3,629)
200.	Net reversals of (accruals to) provisions for risks and charges	19	159	(49)	29
	a) commitments and guarantees given	(48)	159	(49)	29
	b) other	67	-	-	-
210.	Depreciation and net impairment losses on property, equipment and investment property	(2,574)	(2,553)	(866)	(854)
220.	Amortisation and net impairment losses on intangible assets	(99)	(140)	(34)	(49)
230.	Other operating income, net	5,775	3,802	1,128	1,274
240.	Operating costs	(38,305)	(39,575)	(12,476)	(12,079)
250.	Net loss on equity investments	(246)	326	(36)	(82)
290.	Profit from continuing operations before taxes	6,036	8,998	2,091	3,110
300.	Income taxes	(971)	(2,753)	(723)	(973)
310.	Profit from continuing operations after taxes	5,065	6,245	1,368	2,137
330.	Profit for the year	5,065	6,245	1,368	2,137
340.	Profit for the year attributable to non-controlling interests	2,037	1,901	618	555
350.	Profit for the year attributable to the owner of the parent	3,028	4,344	750	1,582

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euros)

Items		1 January 30 September 2022	1 January 30 September 2021
10.	Profit for the year	5,065	6,245
Other comprehensive income after taxes that will not be reclassified to profit or loss			
20.	Equity instruments at fair value through other comprehensive income	(3,568)	78
70.	Defined benefit plans	(62)	79
90.	Share of valuation reserves of equity-accounted investments	-	(34)
Other comprehensive income after taxes that will be reclassified to profit or loss			
140.	Financial assets (other than equity instruments) at fair value through other comprehensive income	(8,079)	379
170.	Total other comprehensive income after tax	(11,709)	502
180.	Comprehensive income (Items 10+170)	(6,644)	6,747
190.	Comprehensive income attributable to non-controlling interests	2,034	1,978
200.	Comprehensive income attributable to owners of the parent	(8,678)	4,769

STATEMENT OF FINANCIAL POSITION

(in thousands of Euros)

	Assets	30.09.2022	31.12.2021
10.	Cash and cash equivalents	105,166	115,367
20.	Financial assets at fair value through profit and loss	33,062	35,459
	a) financial assets held for trading	7,896	9,327
	c) other financial assets mandatorily measured at fair value	25,166	26,132
30.	Financial assets at fair value through other comprehensive income	508,088	345,869
40.	Financial assets at amortised cost	1,303,121	1,339,422
	a) loans and receivables with banks	15,716	54,372
	b) loans and receivables with customers	1,287,405	1,285,050
70.	Equity investments	10,139	10,385
90.	Property, equipment and investment property	18,338	19,896
100.	Intangible assets	31,084	31,089
	of which:		
	- goodwill	28,129	28,129
110.	Tax assets	13,252	9,993
	a) current	607	74
	b) deferred	12,645	9,919
130.	Other assets	23,291	38,408
	Total assets	2,045,541	1,945,888

STATEMENT OF FINANCIAL POSITION
(in thousands of Euros)

	Liabilities and equity	30.09.2022	31.12.2021
10.	Financial liabilities at amortised cost	1,769,672	1,651,310
	a) due to banks	295	394
	b) due to customers	1,769,377	1,650,916
20.	Financial liabilities held for trading	1,760	2,065
60.	Tax liabilities	1,162	2,490
	a) current	428	911
	b) deferred	734	1,579
80.	Other liabilities	19,281	23,375
90.	Post-employment benefits	5,903	5,752
100.	Provisions for risks and charges:	105	124
	a) commitments and guarantees given	103	55
	c) other provisions for risks and charges	2	69
120.	Valuation reserves	(1,414)	10,292
150	Reserves	154,485	152,261
170.	Capital	72,576	72,576
180.	Treasury shares (-)	(14,059)	(14,059)
190.	Non-controlling interests (+/-)	33,042	33,572
200.	Profit for the year (+/-)	3,028	6,130
	Total liabilities and equity	2,045,541	1,945,888

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022
(in thousands of Euros)

	Balances at 31.12.2021	Change in opening balances	Balances at 01.01.2022	Allocation of previous year profit		Changes during the year										Shareholders Equity 30.09.2022		
						Changes in reserves	Equity transactions							Comprehensive income for 1 January - 30 September 2022		Total	Owners of the parent	Non- controlling interests
				Reserves	Dividends and other allocations		New share issue	Purchase of treasury shares	Extraordinary dividend distribution	Change in capital instruments	Derivatives on treasury shares	Stock options	Changes in equity investments					
Capital:	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
a) ordinary shares	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	183,485	-	183,485	4,623	-	(2,461)	-	-	-	-	-	-	-	-	-	185,647	154,485	31,162
a) income-related	127,286	-	127,286	4,173	-	(2,609)	-	-	-	-	-	-	-	-	-	128,850	120,625	8,225
b) other	56,199	-	56,199	450	-	148	-	-	-	-	-	-	-	-	-	56,797	33,860	22,937
Valuation reserve	10,138	-	10,138	-	-	-	-	-	-	-	-	-	-	(11,709)	(1,571)	(1,414)	(157)	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(14,059)	-	(14,059)	-	-	-	-	-	-	-	-	-	-	-	-	(14,059)	(14,059)	-
Profit for the year	8,632	-	8,632	(4,623)	(4,009)	-	-	-	-	-	-	-	-	5,065	5,065	3,028	2,037	
Shareholders Equity	260,772	-	260,772	-	(4,009)	(2,461)	-	-	-	-	-	-	-	(6,644)	247,658	214,616	33,042	
of which: attributable to the owners of the parent	227,200	-	227,200	-	(4,009)	103	-	-	-	-	-	-	-	(8,678)	214,616			
of which: attributable to non-controlling interests	33,572	-	33,572	-	-	(2,564)	-	-	-	-	-	-	-	2,034	33,042			

LIST OF EQUITY INVESTMENTS INCLUDED IN CONSOLIDATION AREA

Company	Share capital in Euro (1)	Registered office	% direct ownership 30.09.2022	% indirect ownership 30.09.2022	Balance sheet value of equity investment (in thousands of Euros)	Activity
Parent company						
Banca Finnat Euramerica S.p.A.	72,576,000	Rome				Banking and banking group parent company
Direct subsidiaries						
InvestiRE SGR S.p.A.	14,770,000	Rome	59.15			Promotion and management of real estate funds of the closed-end type
Finnat Fiduciaria S.p.A.	1,500,000	Rome	100.00			Fiduciary assets
Finnat Gestioni S.A.	750,000	Lugano	70.00			Financial management and consultancy
Natam Management Company S.A.	750,000	Luxembourg	100.00			Asset management company
Directly controlled structured entities:						
BFE Revalue (2)		Rome	100.00			Alternative investment property funds of the closed-end type
Jointly-controlled companies						
Redo SGR S.p.A. (3)		Milan		20.00	3,584	Asset management company
Aldia S.p.A.		Bologna	10.00		302	Industrial company
Liphe S.p.A.		Bologna	10.00		150	Industrial company
Companies subject to significant influence						
Imprebanca S.p.A.		Rome	20.00		6,103	Banking
Total					10,139	

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 2022 amounts to Euro 200,000.

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

GENERAL COMMENTS

Results of the Banca Finnat Euramerica Group

The first nine months of 2022 record net consolidated income of Euro 3,028 thousand - Euro 1,316 thousand less than the Euro 4,344 thousand recorded in the same period of 2021.

The analysis of the results from the period compared to the same period of 2021 shows a contraction in net interest income (mainly attributable to the lower contribution from transactions on the Bank's reverse repurchase agreements portfolio) and a significant amount of analytical adjustments due to the adjustment of the write-down of a non-performing loan of the Bank; conversely, the results benefited from a considerable rise in net fee and commission income as well as the recognition of extraordinary items under "other expense/income" relating to the out-of-court settlement of a dispute between subsidiary InvestIRE SGR and a foreign shareholder.

This period was also affected by the ongoing geopolitical crisis caused by the war between Russia and Ukraine. The direct economic impact for the Group, based on the current situation, can be considered negligible in view of the Bank's limited exposure to the countries involved in the conflict. However, the negative trend on the markets resulting from the conflict and the energy crisis has had an impact on the Bank's results from own account activities and commissions associated with assets under management.

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

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

Total income at 30 September 2022 is equal to Euro 48,053 thousand compared to Euro 48,562 thousand in the same period of the previous year. The overall Euro 509 thousand decrease is made up as follows:

increases

- Euro 2,220 thousand for Net fee and commission income (Euro 40,725 thousand in the first nine months of 2022 compared to Euro 38,505 thousand in the same period of 2021);
- Euro 761 thousand for Profits on disposal of financial assets at amortised cost and financial assets at fair value through other comprehensive income (Euro 842 thousand at 30 September 2022 compared to Euro 81 thousand in the same period of 2021);

decreases

- Euro 1,295 thousand for Net interest income (Euro 6,683 thousand at 30 September 2022 compared to Euro 7,978 thousand in the same period of 2021);
- Euro 168 thousand for Dividends and similar income (Euro 554 thousand at 30 September 2022 compared to Euro 722 thousand in the first nine months of 2021);
- Euro 1,900 thousand net trading expense. The item at 30 September 2022 records net trading expense of Euro 500 thousand compared to a net income of Euro 1,400 thousand in the first nine months of 2021;

- Euro 127 thousand for Net losses on other financial assets mandatorily measured at fair value (Euro 251 thousand loss at 30 September 2022 compared to a Euro 124 thousand loss in the same period of 2021).

Net impairment losses for credit risk. The item at 30 September 2022 records net impairment losses of Euro 3,470 thousand compared to Euro 154 thousand in the same period of the previous year. The impairment losses in the period relate to Euro 3,157 thousand in Financial assets at amortised cost (including a Euro 2,158 thousand impairment loss made by the Bank due to exposure to Bio-On) and Euro 313 thousand in Financial assets at fair value through other comprehensive income. At 30 September 2021 impairment losses of Euro 130 thousand were made on Financial assets at amortised cost and Euro 24 thousand on Financial assets at fair value through other comprehensive income.

In the first nine months of 2022, **Administrative expenses** amounted to Euro 41,426 thousand compared to Euro 40,843 thousand in the same period of 2021, made up as follows:

- personnel expenses, equal to Euro 27,664 thousand, are Euro 196 thousand lower than the same period of the previous year (Euro 27,860 thousand). A Euro 287 thousand decrease in the Bank's expenses was mainly as a result of a lower provision for variable costs under the incentive scheme, while the Group's other companies recorded a Euro 91 thousand increase in expenses,
- other administrative expenses, equal to Euro 13,762 thousand, are Euro 779 thousand higher than the same period of the previous year (Euro 12,983 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 9,993 thousand, Euro 728 thousand higher than the same period of the previous year (Euro 9,265 thousand).

Depreciation and net impairment losses on property, equipment and investment property. The item reports impairment losses of Euro 2,574 thousand (Euro 2,553 thousand at 30 September 2021) and includes Euro 2,322 thousand in depreciation of the right to use leased assets (Euro 2,276 thousand at 30 September 2021), including Euro 2,109 thousand in other administrative expenses and Euro 213 thousand in personnel expenses.

Other operating income, net at 30 September 2022 presents a positive balance of Euro 5,775 thousand compared to Euro 3,802 thousand in the same period of 2021. This item includes cost recoveries from customers for Euro 3,964 thousand, including Euro 3,769 thousand in other administrative expenses (Euro 3,887 thousand in the first nine months of 2021, including Euro 3,718 thousand in other administrative expenses). Other recoveries include a net amount of Euro 1,400 thousand attributable to the impact at consolidated level of the partial repayment to InvestiRE SGR S.p.A. of withholding taxes following the out-of-court settlement of the dispute with a foreign shareholder.

Income taxes at 30 September 2022 amount to Euro 971 thousand compared to Euro 2,753 thousand at 30 September 2021.

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

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

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

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

Reorganisation of Banca Finnat Euramerica's ownership structure

- on 24 March 2022, with a press release issued by the Bank, the Nattino family expressed its intention to reorganise the ownership structure of Banca Finnat Euramerica S.p.A. The press release announces that the branch members headed by Cavaliere del lavoro Dott. Giampietro Nattino – i.e. Giampietro Nattino, Arturo Nattino, Andrea Nattino, Giulia Nattino, Paola Nattino, Celeste Buitoni, Giampietro Nattino Jr and Paolo Nattino - subject to the release of the necessary legal authorisations, intend to concentrate in a newly established holding company entitled Nattino Holding S.r.l. the overall 68.72% stake, which they own, in the share capital of Banca Finnat Euramerica S.p.A. The press release also states that the Transfer aims to provide long-term stability and certainty to the Bank's ownership structure through the adoption of a suitable statutory structure for the Holding and will result in the Holding acquiring legal control of the Bank. The press release also states that, following the Transfer, therefore, the Holding will promote, via a special purpose vehicle wholly owned by the Holding itself, a mandatory public acquisition offer for the entirety of the Bank's shares for a price no lower than the transfer values and equal to Euro 0.31, with the aim of delisting the Bank. The maximum outlay in the event all shareholders accept the bid will be approximately Euro 17 million. The press release also states that the Holding and the vehicle intend to cover the outlay in part through the use of their own funds and in part by making use of a loan made available by Intesa Sanpaolo. The press release also states that, on 24 March 2022, the Holding that will control Banca Finnat entered into shareholders' agreements with some of the Bank's shareholders who as a whole hold approximately 8% of the share capital. As announced in the press release, the applications for obtaining the necessary legal authorisations were submitted in April to the banking Supervisory Authority, with whom discussions had already begun. Subject to the release of said authorisations and the completion of the Transfer, the Holding and the vehicle will promote the Bid as and when envisaged by the applicable regulations. The press releases states finally that, in the event that, on Bid completion, the Holding and the vehicle exceed the 90% threshold of the Bank's capital, the float will not be restored and the Bank's shares will be delisted, in compliance with sell out and squeeze out rights. In the event the Bank is delisted, the Holding intends to propose to the competent bodies of the Bank, subject to the release of the necessary legal and regulatory authorisations, the merger by incorporation of the vehicle into the same Bank.
- the European Central Bank, on 10 August 2022, and Banca d'Italia, on 18 August, authorised the Nattino family to transfer their Banca Finnat shares to Nattino Holding S.r.l.;
- on 8 September 2022 the extraordinary general meeting of Nattino Holding S.r.l. approved the capital increase to service the transfer of all ordinary Banca Finnat shares held by the various members of the branch of the Nattino family equal to approximately 68.72% of the Bank's share capital; the same members signed the deed of transfer on the same date. On completion of the transfer, Nattino Holding consequently acquires legal control of the Bank.
- on 12 September 2022, all ordinary Banca Finnat shares held by the various members of the Nattino family were transferred to Nattino Holding S.r.l. following the registration of the minutes of the extraordinary general meeting of the Holding at the competent Companies Register. As a result of the transfer, a mandatory public acquisition offer for the entirety of the Bank's shares must be launched. The OPA will be promoted by P.N. 1898 S.r.l., a special purpose vehicle entirely controlled

by Nattino Holding S.r.l. The bidder's obligation to promote the OPA follows from payment in kind of the Transfer; the transfer aims to provide long-term stability to the Bank's ownership shareholding structure through the adoption of a suitable statutory structure for the Holding;

- on 11 October 2022, with resolution no. 22473, Consob approved the Bid Document, pursuant to articles 102, 106 and 109 of Leg. Dec. no. 58/1998, in relation to the OPA promoted by P.N. 1898 S.r.l. involving Banca Finnat's ordinary shares;
- on 19 October 2022, the Bank's Board of Directors approved the Issuer Notice relating to the OPA aimed at delisting Banca Finnat's ordinary shares. The Board of Directors, having considered the terms and conditions of the bid as described in the aforesaid Document approved by Consob, having considered both the opinion issued by the Bank's independent directors and the Fairness Opinion, assessed the bid positively and found the consideration offered of Euro 0.31 per share to be fair;
- on 24 October 2022, the mandatory public acquisition offer, promoted by P.N. 1898 S.r.l. involving maximum 42.645.333 ordinary shares in Banca Finnat Euramerica S.p.A., began. The acceptance period, agreed with Borsa Italiana S.p.A., is between 24 October and 15 November 2022, while the bid consideration, equal to Euro 0.31 per share, will be paid to accepting shareholders on 21 November, barring extensions. The purpose of the OPA is to acquire the entirety of the Bank's shares and to then delist the shares from trading on Euronext STAR Milan. The delisting will further strengthen the Bank, since the status of an unlisted company carries lower expenses and an increased degree of managerial and organisational flexibility as a result of the advantages arising from simplifying the ownership structure.
- On 4 November 2022, P.N. 1898 S.r.l. issued a press release announcing that on said date 7,816,821 shares had been offered in the OPA, representing 2.154% of the issuer's share capital. P.N. 1898 S.r.l. has therefore reached (directly and indirectly, together with the Persons Acting in Concert with the same and also taking account of the Treasury Shares held by the Bank) an overall stake of 90.402% of the Issuer's share capital.

At the time of writing this Report, the bid was still ongoing.

Most significant transactions and events of the period

- on 11 February 2022, Carlo Carlevaris, the lawyer who had been Chairman of the Bank's Board of Directors for many years, passed away. The whole of Banca Finnat Euramerica Group remembers his great professionalism and humanity with deep fondness;
- the Banca Finnat Euramerica Group qualified as a small and non-complex institution (SNCI). On 8 April 2022 – following the European Union's review of the legislative package governing bank capital (Regulation CRR2 and Directive CRD5) – Banca d'Italia notified this bank by letter prot. 0592198/22 of the SNCI status assigned to the Group and all its banking components. This qualification was defined on the basis of a series of criteria, including quantitative criteria, referring to the date of 31 December 2021, and may be reviewed at least once a year. Intermediaries classified as SNCI may make use of simplified rules on some profiles, such as: reporting standards, public disclosure obligations, methodologies for measuring medium- and long-term liquidity risk, and the interest rate risk in the banking portfolio;

- on 14 April 2022 the Bank's Board of Directors reviewed and approved the updated Group Business Plan for 2022-2024;
- on 28 April 2022 the Bank's shareholders' meeting:
 - approved the Financial Statement for the year ended 31 December 2021 and resolved to distribute a gross dividend of Euro 0.012 per share to shareholders payable from 25 May 2022 (dividend registered on 23 May 2022);
 - confirmed Mr Giampietro Nattino as Honorary Chair, already co-opted to the Board of Directors at the 14 June 2021 board meeting. Mr Nattino's term will expire, along with that of the entire Board of Directors, upon approval of the 2023 Financial Statement;
 - approved the Report on the remuneration policy drawn up pursuant to art. 123-ter of Leg. Dec. 58/98;
- on 1 August 2022 the Bank acquired from AM Holding S.p.A. a 9.9% stake in Hedge Invest SGR S.p.A., an asset management company specialised in alternative investments including management of the "HI Distressed Opportunities Fund";

Invasion of Ukraine by Russia - Covid-19

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

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

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

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

On 7 March 2022 Banca d'Italia, CONSOB, IVASS and UIF issued a joint press release stressing that the parties they oversee must comply fully with the restrictive measures adopted by the European Union in response to Russian military aggression in Ukraine. In compliance with the press release, the Bank implemented all necessary controls and devices to comply with the restrictive measures adopted by the European Union and constantly monitors the updating of said measures.

After many months of war since the offensive was launched by Russia on the night between 23 and 24 February by invading Ukrainian territory, Russian bombardment continues unabated.

The most important consequence of this war is obviously the loss of human life and the humanitarian crisis suffered by the many people who have been besieged and/or displaced. However, the conflict has also had a series of major economic consequences on the energy market, on inflation and on the growth of the eurozone and Italy. The current crisis has also highlighted the issue of Europe's energy dependence on non-European countries, particularly Russia.

The USA, EU and United Kingdom have several times sought a diplomatic solution to the conflict, but all negotiations between Russia and Ukraine have failed to come up with any agreement.

On 5 July, as a consequence of Russian aggression in Ukraine, Sweden and Finland signed accession protocols to join NATO: this accession of the two Scandinavian countries further expands the Alliance to 32 member states.

On 30 September Putin formally annexed the Ukrainian territories of Donetsk, Luhansk and Kherson, which are largely occupied by Russian troops, following referenda called by Moscow to bring these territories under the control of the Russian Federation. The European Union declared these referenda to be illegal as they violate Ukraine's territorial independence, sovereignty and integrity. The EU and its member states have not, therefore, recognised the outcome of these referenda, considering them to be null and void.

The continuation of the Russia-Ukraine conflict, for which no diplomatic solutions are currently on the table, together with the intensification of reactions in terms of economic and financial sanctions by the European Union and many NATO countries, creates uncertainty in the macroeconomic situation, exchange rates, costs of energy and raw materials, trade, inflationary expectations, cost of debt, and credit risks.

In light of the above, it is not currently possible to make forecasts as to the potential economic impacts that this situation of major international instability could have on the global macroeconomic framework and, consequently on output. It should be pointed out that the Bank's exposure to the two countries directly involved in the conflict is such that its economic, asset or financial prospects are unlikely to be significantly affected. Any decisions taken at EU and international level that may have repercussions on the Bank will in any event be constantly monitored.

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

Considering the speed of the spread, the Government introduced further Covid-19 prevention and containment measures under Decree Law no. 1 of 7 January 2022. In particular, the decree, in force from 15 February to 15 June 2022, obliged all public and private sector workers aged 50 and over to be vaccinated and extended the basic *Green Pass* for accessing post offices, banks and financial services. In compliance with the new government measures, the Bank updated and integrated the circular issued on 13 October 2021, outlining the procedures for *Green Pass* inspections to access the workplace, and also further reinforced its existing sanitary facilities, and increased the number of workers allowed to work from home.

In March the Covid-19 epidemic considerably slowed and gradually returned to "normality". As such, the Government issued Decree Law no. 24 on 24 March 2022, in force from 1 April, which ended the state of emergency, set to last until 31 March 2022, while maintaining some measures to counter the spread of the virus. Among other things, the decree extends until 30 June 2022 the provisions on working from home for private sector workers even where no individual agreement is in place.

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

In April and May the pandemic continued to slow and normality gradually returned, but in mid-June a new wave of Covid-19 arose caused by a new variant called Omicron BA.5.

This virus is much more contagious than previous variants and even those with good antibody resistance due to previous infections or vaccinations can be infected once again.

However, this variant is much less aggressive than previous variants. Indeed, despite the many more infections being recorded at the end of June, the number of people requiring hospitalisation and intensive care was quite low.

In July the new, fast-spreading Omicron BA.5 variant resulted in new positive cases peaking at 140,000 a day in Italy with a positivity rate of over 28% and an R value rising to 1.4.

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

Significant events occurring after the end of the quarter

After 30 September 2022 and up to the date on which this interim report was written, no significant events occurred that could affect the Group's economic, equity and financial position.

Invasion of Ukraine by Russia - Covid-19

In the first few days of October, Russia's brutal offensive in Ukraine continued. Kyiv and other major urban centres were bombarded with missiles and drones, which hit infrastructure such as power stations and railway stations, killing a large number of civilians.

The large-scale offensive launched by the Russian armed forces was justified by Putin, who accused Ukraine of terrorist acts following the explosion on 8th October which caused serious damage to the bridge linking Russia to Crimea.

The possible geopolitical repercussions arising from the escalation of the conflict could significantly impact the macroeconomic prospects in a way that cannot yet be foreseen. At present the Bank and the other companies in the Group have limited exposure to the countries involved in the conflict. However, the extreme uncertainty generated by the continuation of hostilities, together with the sharp rise in energy prices, have led to a considerable drop in stock and bond indexes, which has caused a contraction in volumes of business of approximately 11% with potential impact in terms of lower operating commissions estimated at approximately 760 thousand Euro.

It should however be pointed out that the Bank is closely monitoring the impacts of the Russia-Ukraine crisis on the real economy and on the main financial variables in order to prevent or contain the potential repercussions in terms of profitability and assets.

With reference to the pandemic, as announced by the Department of Health on 29 September, the obligation to wear a facemask on public transport ended on 1 October, while the same obligation in indoor workplaces where social distancing is not possible remained in place for another month. The same announcement also extended the right of vulnerable workers to work from home until 31 December 2022.

In the first ten days of October, as restrictions eased, a further wave in Covid-19 infections caused by the Omicron variant led to a consistent increase in new cases among school-age children.

To contain the increased spread of the virus and to limit the rise in the R number, the Department of Health issued a new circular on 17 October setting out that a fifth vaccine (third booster) would be offered to people over 80 years of age and to vulnerable people over 60.

In light of the above situation, the Bank's coronavirus emergency committee constantly monitors the pandemic at national level in order to provide information, which also extends to the Group's subsidiaries, for handling any cases that may arise.

Operating outlook

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

Considering the uncertainty around the duration and outcome of the war between Russia and Ukraine, the Bank will provide updates on the effects that the ongoing conflict may have on the performance of company activities.

DRAFTING CRITERIA

General principles

Banca Finnat Group's Interim Report at 30 September 2022 was drawn up - as outlined in section "Notes on reading the interim report" - as laid down in art. 2.2.3 paragraph 3 of the Borsa Italiana Regulation for companies listed on the STAR segment and referring to the criteria envisaged by IAS/IFRS. The Report provides quantitative equity and economic information expressed in thousands of Euro, where possible using the tables envisaged in the Banca d'Italia Circular no. 262 "Bank financial statements: tables and rules" 7th update of 29 October 2021.

This Report, and the six-monthly Financial Report 2022, also takes account of the announcement from Banca d'Italia dated 21 December 2021 - Update to the provisions of Circular no. 262 "Bank financial statements: tables and rules" - on the impacts of Covid-19 and the measures supporting the economy. The purpose of this announcement was to update the provisions of Circular no. 262/2005 in order to provide the market with information on the effects that Covid-19 has had on strategies, objectives and risk management policies, as well as on the Bank's equity and economic situation.

Section 5 - Other aspects of the Notes on the six-monthly Financial Report 2022, referred to here, provides information on the effects the Covid-19 pandemic has had on strategies, objectives and risk management policies, as well as on the Group's equity and economic situation.

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

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

The quarterly accounting positions used in the consolidation process are those set out by the subsidiaries approved by the respective Governing Bodies with reference to 30 September 2022. For associates, on the other hand, the latest accounting position available at the time of writing this report was used. The accounting positions acquired are adjusted, where necessary, to adapt them to the Group's financial reporting standards.

In particular:

- 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 2022 and were compared with the same periods of the previous year; whereas the Statement of 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 2022 were compared with those at 31 December 2021;
- shareholders equity data show values to 31 December 2021 and to 30 September 2022, and the changes occurred in the interim period;
- the period result is net of taxes calculated at current rates and of items available on the date of writing. The Bank and its Italian subsidiaries have adhered to the "Italian national tax consolidation"

pursuant to art. 117/129 of the Income Tax Act (TUIR). Because of this option, the Group's companies calculate their own tax burden and the corresponding tax income (taxable income or tax loss) is transferred to the parent company, after which a single taxable income or a single tax loss is calculated (resulting from the algebraic sum of its own income/losses and that of participating subsidiaries) and, consequently, a single debt/credit for tax on company income.

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

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

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

NOTICE ON TRANSFERS BETWEEN PORTFOLIOS AND ON FAIR VALUE HIERARCHY

Transfers between financial asset portfolios

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

Fair value hierarchy

Below are shown the balances at 30 September 2022 and at 31 January 2021 of the portfolios of financial instruments measured at fair value divided into a hierarchy of levels that reflects the significance of the inputs used in the valuations.

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

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

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

Financial assets/liabilities measured at fair value	30.09.2022			31.12.2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit and loss	2,056	25,277	5,729	3,651	26,084	5,724
a) financial assets held for trading	1,977	5,472	447	2,924	5,955	448
b) financial assets at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	79	19,805	5,282	727	20,129	5,276
2. Financial assets at fair value through other comprehensive income	501,502	415	6,171	330,357	500	15,012
3. Hedging derivatives	-	-	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	503,558	25,692	11,900	334,008	26,584	20,736
1. Financial liabilities held for trading	-	543	1,217	989	176	900
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	-	543	1,217	989	176	900

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 2022 is shown below in thousands of Euros:

INTEREST

	Period 1 January 30 September 2022	Period 1 January 30 September 2021
Interest and similar income	9,945	10,437
Interest and similar expense	(3,262)	(2,459)
Net interest income	6,683	7,978

The net interest income, pertaining almost exclusively to the Bank, reports a Euro 1,295 thousand decrease, mainly due to a drop in the contribution of transactions on the Bank's reverse repurchase agreements portfolio.

The net interest income for Q3 2022 amounts to Euro 2,724 thousand compared to Euro 2,189 thousand in the same period of 2021.

COMMISSIONS

	Period 1 January 30 September 2022	Period 1 January 30 September 2021
Fee and commission income	42,609	40,203
Fee and commission expense	(1,884)	(1,698)
Net fee and commission income	40,725	38,505

Net fee and commission income for the first nine months of 2022 increases by Euro 2,220 thousand compared to the same period of the previous year. The Euro 1,125 thousand increase is attributable to the Bank, Euro 1,210 thousand to the subsidiary InvestiRE SGR, whereas the other companies in the Group saw an overall decrease of Euro 115 thousand.

Net fee and commission income for Q3 2022 amounts to Euro 12,399 thousand compared to Euro 12,681 thousand in the same period of 2021.

NET TRADING EXPENSE

Net trading expense, pertaining almost exclusively to the Bank, in the first nine months of 2022 recorded a negative balance of Euro 500 thousand compared to a Euro 1,400 thousand trading income in the same period of the previous year, and is made up as follows:

- a positive balance between realised profits and losses from trading on securities and derivatives of Euro 292 thousand;
- a negative difference of Euro 1,288 thousand between unrealised capital gains and capital losses for fair value adjustment of the trading portfolio;
- Euro 496 thousand in net profit on foreign exchanges.

Trading expense for Q3 2022 is by Euro 222 thousand compared to the Euro 219 thousand trading income 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 21 thousand in the positive from the first nine months of 2022 compared to Euro 61 thousand in the positive from the first nine months of 2021.

b) financial assets at fair value through other comprehensive income

This item amounts to Euro 821 thousand in the positive from the first nine months of 2022 compared to Euro 20 thousand in the positive from the first nine months of 2021.

In Q3 2022, Financial assets at amortised cost is Euro 16 thousand in the positive (zero in Q3 2021), while Financial assets at fair value through other comprehensive income is equal to zero (Euro 37 thousand in the positive in Q3 2021).

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

In the first nine months of 2022, this item recorded a Euro 251 thousand loss arising from Euro 528 thousand net capital losses recorded by the Bank (including Euro 339 thousand on UCIS shares and Euro 189 thousand on ITAS 12/31 subordinated bonds), and Euro 277 thousand in capital gains on UCIS shares recorded by InvestiRE SGR S.p.A.. This item recorded Euro 124 thousand losses in the first nine months of 2021.

The result, for Q3 2022, is Euro 189 thousand in the positive compared to the positive Euro 205 thousand from the same period of the previous year.

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

In the first nine months of 2022, the item recorded net impairment losses of Euro 3,157 thousand, including Euro 3,109 thousand made by the Bank (on Euro 3,100 thousand loans and receivables with customers and Euro 9 thousand loans and receivables with banks). This item recorded a Euro 2,158 thousand impairment loss made by the Bank due to its exposure to Bio-On. The other companies in the Group made net impairment losses of Euro 48 thousand (including Euro 55 thousand in impairment losses for InvestiRE SGR S.p.A., Euro 6 thousand in recoveries for Finn timer Fiduciaria S.p.A. and Euro 1 thousand recoveries for the other companies in the Group). The first nine months of 2021 saw impairment losses of Euro 130 thousand.

b) financial assets at fair value through other comprehensive income

In the first nine months of 2022, this item recorded net impairment losses of Euro 313 thousand made exclusively by the Bank. The first nine months of 2021 saw impairment losses of Euro 24 thousand.

In Q3 2022, impairment losses on credit risk of Euro 507 thousand were recorded compared to Euro 59 thousand in the same period of the previous year.

ADMINISTRATIVE EXPENSES

	Period 1 January 30 September 2022	Period 1 January 30 September 2021
Personnel expenses	27,664	27,860
Other administrative expenses	13,762	12,983
Total	41,426	40,843

Administrative expenses overall are Euro 583 thousand higher than the first nine months of 2021.

Personnel expenses are Euro 196 thousand lower than the same period of the previous year. A Euro 287 thousand decrease in the Bank's expenses was mainly as a result of a lower provision for variable costs under the incentive scheme, while the Group's other companies recorded a Euro 91 thousand increase in expenses, Personnel expenses for Q3 2022 amount to Euro 8,680 thousand compared to Euro 8,850 thousand in the same period of 2021.

Other administrative expenses increased by Euro 779 thousand compared to the first nine months of 2021. The Bank accounts for Euro 345 thousand, Investire SGR S.p.A. Euro 373 thousand and other subsidiaries Euro 61 thousand of this increase.

Other administrative expenses include recoveries from customers allocated under item Other operating income, net; net of these recoveries, other administrative expenses amount to Euro 9,993 thousand, Euro 728 thousand higher than the same period of the previous year (Euro 9,265 thousand).

Other administrative expenses for Q3 2022 amount to Euro 3,975 thousand compared to Euro 3,629 thousand in the same period of 2021.

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

The item reports impairment losses of Euro 2,574 thousand (Euro 2,553 thousand for the first nine months of 2021) and includes Euro 2,322 thousand in depreciation of the right to use leased assets (Euro 2,276 thousand for the first nine months of 2021), of which Euro 2,109 thousand is for other administrative expenses and Euro 213 thousand for personnel expenses.

In Q3 2022, impairment losses of Euro 866 thousand were recorded compared to Euro 854 thousand in the same period of the previous year.

OTHER OPERATING INCOME, NET

Other operating expense/income presents a positive balance of Euro 5,775 thousand compared to Euro 3,802 thousand in the first nine months of 2021. This item includes cost recoveries from customers for Euro 3,964 thousand, including Euro 3,769 thousand in other administrative expenses (Euro 3,887 thousand in the first nine months of 2021, including Euro 3,718 thousand in other administrative expenses).

The item includes a net amount of Euro 1,400 thousand attributable to the impact at consolidated level of the partial repayment to InvestiRE SGR S.p.A. of withholding taxes following the out-of-court settlement of the dispute with a foreign shareholder. (Ref. comment under said item in 2014 financial statement).

In Q3 2022, the item presents a positive balance of Euro 1,128 thousand compared to an equally positive balance of Euro 1,274 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 971 thousand compared to Euro 2,753 thousand in the same period of the previous year.

In Q3 2022, the item presents a balance of Euro 723 thousand compared to Euro 973 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 3,568 thousand in the negative and pertains solely to the parent company. The change includes Euro 3,682 thousand in capital loss on Nexi S.p.A. shares (ex SIA S.p.A.). The change in valuation reserves recorded under item “70. Defined benefit plans” is Euro 62 thousand in the negative with Euro 3 thousand relating to the Group and Euro 59 thousand to non-controlling interests.

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

The change in valuation reserves recorded under item “140. Financial assets (other than equity investments) at fair value through other comprehensive income” is Euro 8,079 thousand in the negative and concerns exclusively debt securities owned by the Bank.

* * *

At 30 September 2022 the Group's valuation reserves (after taxes) are as follows:

Valuation reserves

A) Financial assets at fair value through other comprehensive income

Parent company

Nexi S.p.A. shares (ex SIA S.p.A.)	Euro 4,396
CSE S.r.l. shares	Euro -51
Net Insurance S.p.A. shares	Euro 447
Real Estate Roma Olgiata S.r.l. shares	Euro -552
Fideuram Asset Management SGR S.p.A.	Euro 910
Sit S.p.A.	Euro -3
Debt securities	Euro -7,301

Euro -2,154

Other companies in the Group

Euro -

Total A) Euro -2,154

Defined benefit plans B) Euro -624

Revaluation reserves C) Euro 1,364

Total Valuation reserves (A+B+C) Euro -1,414

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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 2022, are analysed below:

CASH AND CASH EQUIVALENTS

The item amounts to Euro 105,166 thousand and includes Euro 224 thousand deposits with central banks, pertaining exclusively to the Bank, and Euro 104,320 thousand sight deposits with banks. Up to and including 30 September 2022, net impairment losses on credit risk on current accounts and deposits with banks amount to Euro 92 thousand. The first nine months of 2022 saw overall value recoveries of Euro 4 thousand.

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

Financial assets held for trading amount to Euro 7,896 thousand and include Euro 7,662 thousand securities owned by the Bank and Euro 234 thousand in UCIS shares owned by Natam S.A..

The financial assets owned by the Bank include debt securities of Euro 528 thousand, UCIS shares of Euro 4,677 thousand and equity and warrants owned by the Bank of Euro 1,670 thousand. The item also includes Euro 339 thousand of positive valuation on forward contracts for currency dealing and Euro 448 thousand for the counter-value of the earn-outs relating to the sale of InvestiRE SGR S.p.A. shares. This transaction is described in more detail in the "Disclosure document on significant transactions with related parties" published on the Bank's website www.bancafinnat.it under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.

c) other financial assets mandatorily measured at fair value

The item records a balance of Euro 25,166 thousand and includes Euro 19,880 thousand in UCIS shares owned by the Bank and Euro 4,430 thousand owned by InvestiRE SGR S.p.A.; it also includes Euro 7 thousand for two participative financial instruments in ATAC and Euro 849 thousand for the ITAS 12/31 subordinated bond, both owned by the Bank.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The item amounts to Euro 508,088 thousand and refers to financial instruments of the Group's companies as indicated below:

The Bank's portfolio contains a total of Euro 508,082 thousand:

- debt securities for an equivalent of Euro 495,296 thousand;
- equity for an equivalent of Euro 12,786 thousand made up of strategic investments:
 - Level 1: Net Insurance S.p.A. (Euro 772 thousand inclusive of the positive valuation reserve of Euro 481 thousand), and Nexi S.p.A. (Euro 5,845 thousand inclusive of the positive valuation reserve of Euro 4,724 thousand);
 - Level 3: Fideuram Asset Management SGR S.p.A. (Euro 1,788 thousand inclusive of the positive valuation reserve of Euro 978 thousand), CSE Consorzio Servizi Bancari S.r.l. (Euro 2,450 thousand

inclusive of the negative valuation reserve of Euro 54 thousand), SIT S.p.A. (Euro 12 thousand inclusive of the negative valuation reserve of Euro 3 thousand), Real Estate Roma Olgiata S.r.l. (Euro 572 thousand inclusive of the negative valuation reserve of Euro 585 thousand), Resilience S.r.l. (Euro 30 thousand) and Hedge Invest SGR S.p.A. (Euro 1,317 thousand inclusive of the Euro 317 thousand earn-out recorded under financial liabilities held for trading).

The portfolio of the other companies in the Group includes debt securities owned by Finn timer 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 2022 on debt securities under this item relate exclusively to the Bank for Euro 374 thousand. The amount was reported under Valuation reserves instead of under the losses of the item in question. The first nine months of 2022 saw impairment losses of Euro 313 thousand.

FINANCIAL ASSETS AT AMORTISED COST

a) loans and receivables with banks

Loans and receivables with banks amount to Euro 15,716 thousand and pertain exclusively to the Bank. There are no debt securities under this item. At 30 September 2022, overall net impairment losses on credit risk amount to Euro 14 thousand. The first nine months of 2022 saw total value recoveries of Euro 3 thousand.

b) loans and receivables with customers

Loans and receivables with customers amount to overall Euro 1,287,405 thousand and relate to Euro 417,805 thousand in loans and Euro 869,600 thousand in debt securities. Euro 849,708 of the debt securities is owned by the Bank and Euro 19,892 thousand is owned by the subsidiary InvestIRE SGR S.p.A.. Amounts are reported net of global impairment losses up to and including 30 September 2022 equal to Euro 30,086 thousand (of which Euro 29,859 thousand on loans and Euro 227 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 38,644 thousand (Euro 13,478 thousand after write-offs):

- **bad loans** for overall Euro 31,558 thousand (Euro 8,315 thousand after write-offs), referable to the positions outlined below:
 - Euro 15,249 thousand (Euro 896 thousand after write-offs) referring to a loan receivable from the company Bio-On. Following an update to the estimated realisable value of the loan, a further net impairment loss of Euro 2,158 thousand was made.

- Euro 8,239 thousand (Euro 5,384 thousand after write-offs) referring to a mortgage terminated on 24 December 2020 backed by first charge mortgage loans on property and by other property loans that amply cover the net exposure value.
- Euro 8,070 thousand of which Euro 1,120 thousand refers to commercial credit (Euro 210 thousand after write-offs) and Euro 6,950 thousand (Euro 1,825 thousand after write-offs) to cash loans.

Analytical write-offs made are therefore equal to Euro 23,243 thousand (including Euro 910 thousand for commercial credit) with a total coverage rate of 74%.

Over the course of 2022, a bad loan of originally Euro 4,572 thousand relating to a mortgage terminated on 8 July 2011 was closed. This closure took place with the collection of a capital rate of Euro 986 thousand, the transfer to loss from cancellation (subject to the approval of the Bank's Board of Directors) of Euro 3,585 thousand, and a net value recovery of Euro 3,528 thousand relative to the fund previously set aside. As a result of the partial cancellation, there is a residual receivable of one thousand Euro completely written down.

- **unlikely to pay** for an overall Euro 6,890 thousand (Euro 4,976 thousand after write-offs), made up of:
 - opening of current account credit facilities of Euro 3,396 thousand (Euro 1,790 thousand after write-offs);
 - mortgages of Euro 3,434 thousand (of which Euro 489 thousand past due instalments and Euro 2,945 thousand capital to fall due (Euro 3,173 thousand after write-offs);
 - commercial credit of Euro 60 thousand (Euro 13 thousand after write-offs).
 Analytical write-offs are equal to Euro 1,914 thousand (including Euro 47 thousand for commercial credit);
- **other loans expired or past due** by over 90 days for Euro 196 thousand (Euro 187 thousand after write-offs).

At 30 September 2022 the Bank records 47 forborne exposures, including:

- 22 non-performing positions for an overall Euro 31,899 thousand (Euro 10,781 thousand after write-offs) including 4 positions re-included in bad loans for Euro 27,215 thousand and 18 positions re-included in unlikely to pay for Euro 4,684 thousand.
- 25 performing positions for an overall Euro 24,568 thousand.

At 30 September 2022 the Bank calculated the portfolio write-offs on performing loans and receivables with customers in **Bucket 1** and **Bucket 2** related to cash loans. At Euro 1,726 thousand, this write-off was lower than the provisions made under this item up to and including 31 December 2021 (equal to Euro 1,815 thousand).

In the first nine months of 2022, the Bank recorded in its Income Statement Euro 133 thousand of portfolio impairment losses on debt securities; it also recorded Euro 2,967 thousand in net impairment losses on loans and receivables with customers, made up as follows; Euro 89 thousand in portfolio value recoveries, Euro 5,714 thousand in individual value recoveries, Euro 4,008 thousand in individual impairment losses and Euro 4,762 thousand in losses from write-offs.

At 30 September 2022 the provision for the loss in value of the Bank's loans and receivables with customers, excluding securities, reached Euro 26,892 thousand, including Euro 25,166 thousand analytical and Euro 1,726 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 2022 amounts for Finn timer Fiduciaria S.p.A. to Euro 754 thousand for non-performing gross loans of Euro 1,044 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 2022 amount to Euro 131 thousand for InvestIRE SGR S.p.A. and Euro 2 thousand overall for the other companies in the Group. In the current period, subsidiaries recorded net impairment losses on loans and receivables with customers of Euro 60 thousand.

EQUITY INVESTMENTS

Equity investments amount to Euro 10,139 thousand and are indicated separately in the statement reported on page 20.

TANGIBLE AND INTANGIBLE ASSETS

Property, equipment and investment property amount to Euro 18,338 thousand, including Euro 11,969 thousand pertaining to the parent company, Euro 6,035 thousand to the subsidiary InvestIRE SGR S.p.A., and Euro 334 thousand to other subsidiaries.

Property, equipment and investment property relating to rights of use acquired under leases amount to Euro 14,435 thousand.

Intangible assets amount to Euro 31,084 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 13,252 thousand are made up of Euro 607 thousand current tax credits and Euro 12,645 thousand deferred tax credits.

OTHER ASSETS

The item presents a balance of Euro 23,291 thousand and includes loans to Compensation and Guarantee Fund for Euro 5,782 thousand, Ice Clear Europe for Euro 5,589 thousand, loans to Erario as a withholding agent for Euro 6,479 thousand and loans to Counterparties and Brokers for Euro 516 thousand.

FINANCIAL LIABILITIES AT AMORTISED COST

a) due to banks

The item amounts to Euro 295 thousand, including Euro 154 thousand relating to the Bank and Euro 141 thousand in leasing debts for Finnati Gestioni S.A..

b) due to customers

The item amounts to Euro 1,769,377 thousand and includes Euro 867,032 thousand of reverse repurchase agreements entered into by the Bank with the Compensation and Guarantee Fund. The item also includes Euro 14,681 thousand in leasing debts.

FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading, pertaining exclusively to the Bank, amount to Euro 1,760 thousand, including Euro 543 thousand from the negative valuation on forward contracts for currency dealing, Euro 317 thousand from the counter-value of the earn-out relating to the purchase, finalised on 1 August 2022, of a 9.9% stake in Hedge Invest SGR S.p.A., and Euro 900 thousand from the counter-value of the earn-outs relating to the Bank's sale of InvestiRE SGR S.p.A. shares. This transaction is described in more detail in the "Disclosure document on significant transactions with related parties" published on the Bank's website www.bancafinnat.it under Investor Relations/Corporate Governance/Disclosure document on transaction with related party and attachments published on 21 January 2021.

TAX LIABILITIES

Tax liabilities equal to Euro 1,162 thousand are made up of Euro 428 thousand current tax arrears and Euro 734 thousand deferred tax arrears.

OTHER LIABILITIES

Other liabilities equal to Euro 19,281 thousand include Euro 1,160 thousand debt for social and insurance contributions, Euro 561 thousand due to Corporate Counterparties and Brokers, Euro 1,474 thousand due to Erario in its role as withholding agent, Euro 2,222 thousand due to suppliers, and Euro 4,619 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 103 thousand, relates to impairment losses recorded up to and including 30 September 2022. The first nine months of 2022 saw net impairment losses of Euro 48 thousand.

c) other provisions for risks and charges

The item, pertaining solely to the Bank, includes a Euro 2 thousand increase in leased assets relating to restoration costs.

SHAREHOLDERS EQUITY

The Group's consolidated shareholders equity amounts to Euro 214,616 thousand. At 31 December 2021 the Group's shareholders equity was Euro 227,200 thousand. The movement of total shareholders equity, of the Group and non-controlling interests, that occurred in the reporting period in question is shown in the appropriate statement.

Own funds at 30 September 2022 amount to Euro 177,938 thousand (Euro 189,397 thousand at 31 December 2021), whereas the *Total capital ratio*, the *CET1 capital ratio* and the *Tier1 ratio* are equal to 33.1% (31.1% at 31 December 2021). To mitigate the impact arising from application of the new reporting standard on its funds, the bank opted to adhere to the transitional arrangements illustrated in section "Indications on disclosures to the market". Without this application, own funds would have been equal to Euro 177,335 thousand, whereas *Total capital ratio*, *CET1 capital ratio* and *Tier1 ratio* would have been equal to 33.0%.

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

Rome, 11 November 2022

DICHIARAZIONE DEL DIRIGENTE PREPOSTO ALLA REDAZIONE DEI DOCUMENTI CONTABILI SOCIETARI


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

attesta

che il Resoconto intermedio di gestione consolidato al 30 settembre 2022 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Roma, 11 novembre 2022

Il Dirigente preposto alla redazione
dei documenti contabili societari



(Giulio Bastia)

BANCA FINNAT EURAMERICA S.p.A.

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

Country: Italy

Main place of business: Rome

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

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

Tax code: 00168220069

VAT number: 00856091004

REA (Economic and Administrative Index) registration: 4486

Legal form: Public limited company

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

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

Member of the Interbank Fund for the protection of deposits

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

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

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

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