



BANCA FINNAT

GRUPPO BANCA FINNAT

CONSOLIDATED INTERIM REPORT ON OPERATIONS  
AT 31 MARCH 2021





CONSOLIDATED INTERIM  
REPORT ON OPERATIONS  
AS AT 31 MARCH 2021



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## CORPORATE BODIES

### BOARD OF DIRECTORS

**Giampietro Nattino**

*Honorary Chairman*

**Marco Tofanelli**

*Chairman*

**Lupo Rattazzi**

*Deputy Chairman*

**Arturo Nattino**

*Managing Director*

**Maria Teresa Bianchi**

*Director*

**Ermanno Boffa**

*Director*

**Roberto Cusmai**

*Director*

**Vincenzo Marini Marini**

*Director*

**Giulia Nattino**

*Director*

**Maria Sole Nattino**

*Director*

**Paola Pierri**

*Director*

## BOARD OF STATUTORY AUDITORS

**Salvatore Ferri**

*Chairman*

**Barbara Fasoli Braccini**

*Statutory Auditor*

**Laura Bellicini**

*Statutory Auditor*

**Nicola Pironti di Campagna**

*Alternate Auditor*

**Monica Petrella**

*Alternate Auditor*

Appointed by the Shareholders' Meeting on 30 April 2021 and by the Board of Directors on 5 May 2021.

## MANAGEMENT

**Arturo Nattino**

*General Manager*

**Giulio Bastia**

*Joint General Manager*

*Manager in charge of preparing the accounting documents*

**Alberto Alfiero**

*Deputy General Manager*

## AUDITING FIRM

**KPMG S.p.A.**

## NOTES FOR READING THE INTERIM REPORT ON OPERATIONS

The Interim report on operations is prepared in accordance with the Regulation of Borsa Italiana for listed companies on the STAR segment (Article 2.2.3, Paragraph 3).

For the purposes of preparing the report, account was also taken of Borsa Italiana Notice no. 7587 of 21 April 2016 which, with regard to the content of the report, confirms that pre-existing Article 154-ter, Paragraph 5 of Italian Legislative Decree no. 58/98 (Consolidated Financial Law) applies. This article establishes that no later than forty-five days from the closing date of the first and third quarter of the year, listed issuers shall publish an Interim report on operations providing:

- a) a general description of the financial situation and of the economic performance of the issuer and its subsidiaries in the reference period;
- b) an illustration of the significant events and transactions that took place in the reference period and their impact on the financial situation of the issuer and its subsidiaries.

This Interim report on operations includes the consolidated Balance Sheet, Income Statement, Statement of Comprehensive Income and the Statement of changes in shareholders' equity and some highlights of the Income Statement and of the Balance Sheet.

The aforesaid statements and the highlights provided are in accordance with the provisions laid down by Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation rules" – 6th update of 30 November 2018.

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

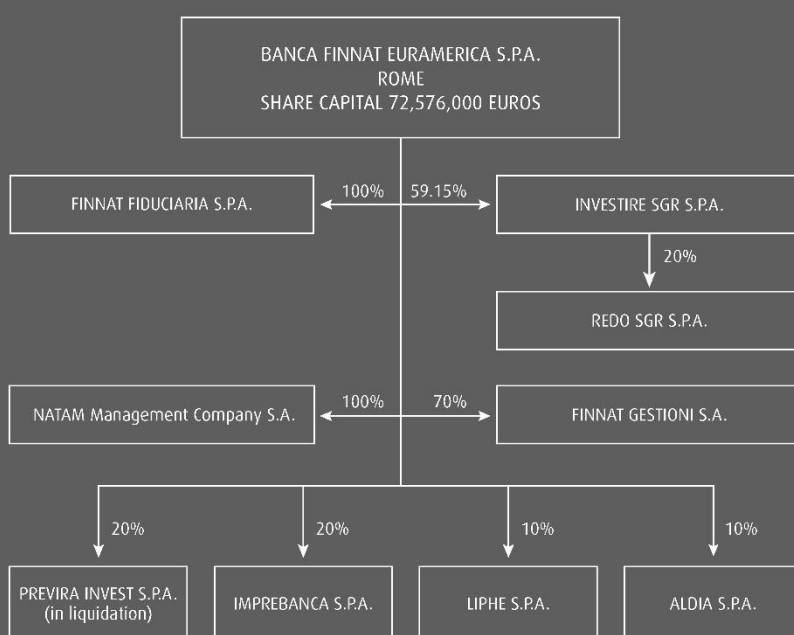
- in the income statement, the figures for the first quarter of 2021 are compared with those for the same period of 2020 while the Statement of comprehensive income provides the figures on the first three months of the current year, compared with those of the same period of the previous year;
- in the Balance Sheet, the values at 31 March 2021 are provided and compared with those of 31 December 2020, while the Statement of changes in shareholders' equity shows the balances at 31 December 2020 and those at 31 March 2021 and the changes that took place in the period.

Information on transfers between portfolios and on the fair value hierarchy is provided in the appropriate section.

In application of the provisions of the regulations in force, this Interim report on operations has not been audited.



At 31 march 2021, the Group's structure was as follows:



Since 31 December 2020, the structure of the Group has changed as a result of the purchase transaction carried out by the Bank, which increased its equity investment in Investire Immobiliare SGR from 50.16% to 59.15%.

## KEY FIGURES FOR THE GROUP

	31.03.2021	31.12.2020	31.03.2020
CONSOLIDATED SHAREHOLDERS' EQUITY OF THE GROUP (in thousands of euros)	224,732	222,264	214,985
HUMAN RESOURCES OF THE GROUP	353	353	354
CONSOLIDATED PROFIT (LOSS) (in thousands of euros)	1,949	5,091	1,756

## STOCK EXCHANGE CAPITALISATION OF BANCA FINNAT EURAMERICA

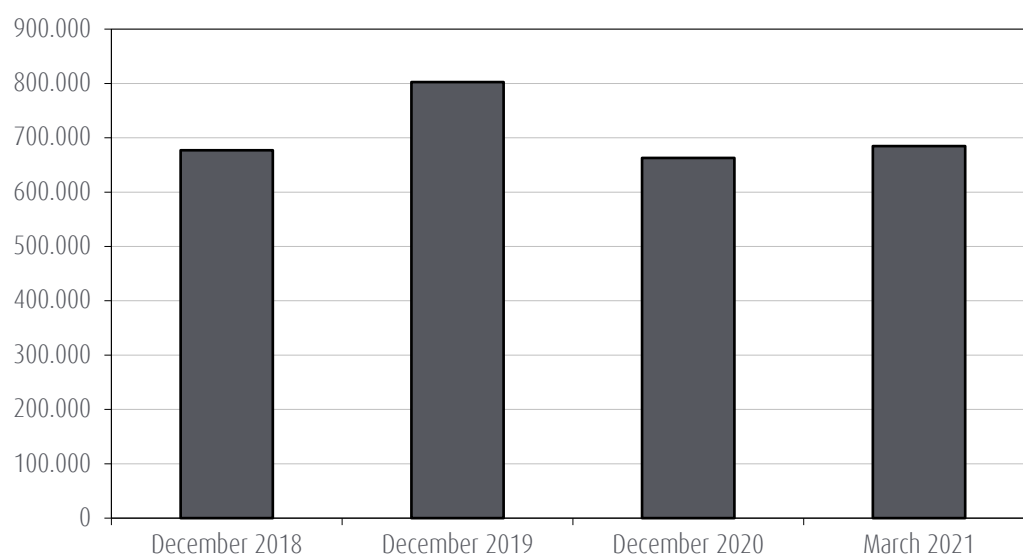
	Number of shares	Stock market listing 28 April 2021	Capitalisation 28 April 2021 (in thousands of euros)	Consolidated shareholders' equity (in thousands of euros)	Share capital (in thousand of euros)
ORDINARY SHARES	362,880,000	0.2670	96,889	224,732	72,576

Changes in the Group's deposits  
(in thousand of euros)

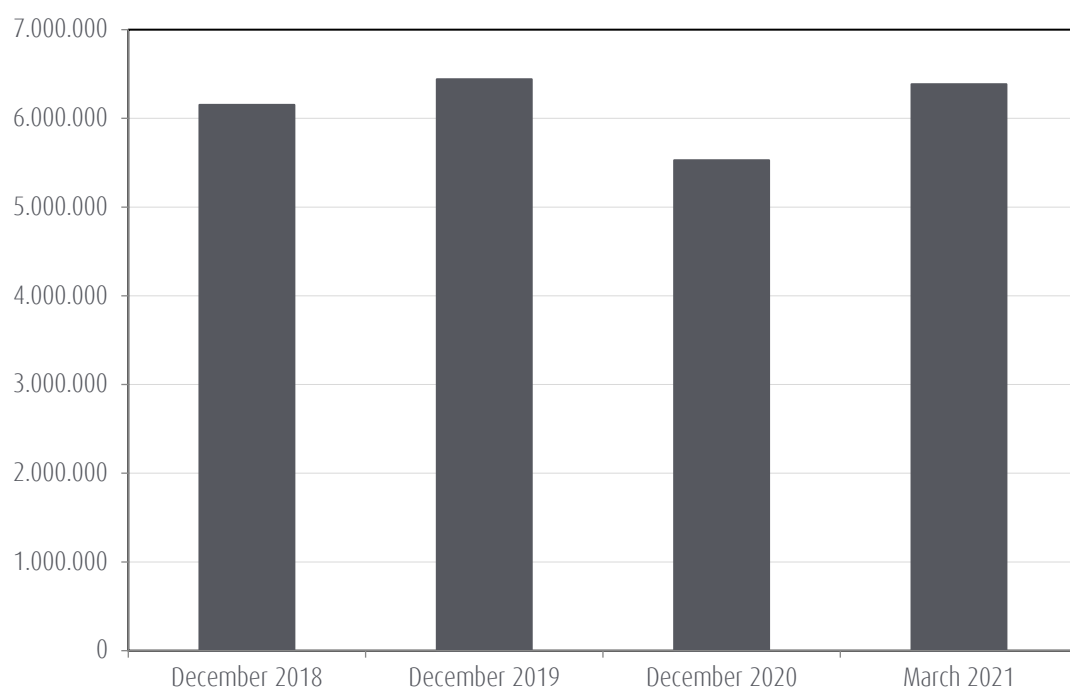
	December 2018	December 2019	December 2020	March 2021
Direct deposits from customers of the parent company	677,119	802,644	663,025	684,733
- Due to customers (current accounts)	439,262	565,790	478,268	478,828
- Time deposits	209,607	211,941	184,757	205,905
- Securities issued	28,250	24,913	-	-
Indirect deposits of the parent company	6,152,748	6,441,594	5,528,219	6,385,046
- Individual management	480,921	484,820	516,798	618,719
- Delegated management	278,565	279,479	256,551	271,018
- Deposits under administration (UCIs and securities)	4,544,537	4,539,880	3,524,466	4,214,231
- Deposits under administration under advice (UCIs and securities)	695,044	859,826	921,118	960,004
- Third-party insurance products	153,681	277,589	309,286	321,074
Trusteeship	1,629,864	1,881,194	1,844,502	1,879,077
Real Estate Fund Management (*)	7,321,884	7,078,247	6,643,328	6,643,328
Luxembourg-based SICAV fund administration	662,936	770,279	767,470	752,082
<b>Total deposits</b>	<b>16,444,551</b>	<b>16,973,958</b>	<b>15,446,544</b>	<b>16,344,266</b>

(\*) The figures for December 2018 include the assets of FIL 1 and FIL 2 funds (for a total of 426,894 thousand euros, transferred in 2019 to REDO SGR S.p.A. following the conferral of branch of business by InvestiRE SGR S.p.A.

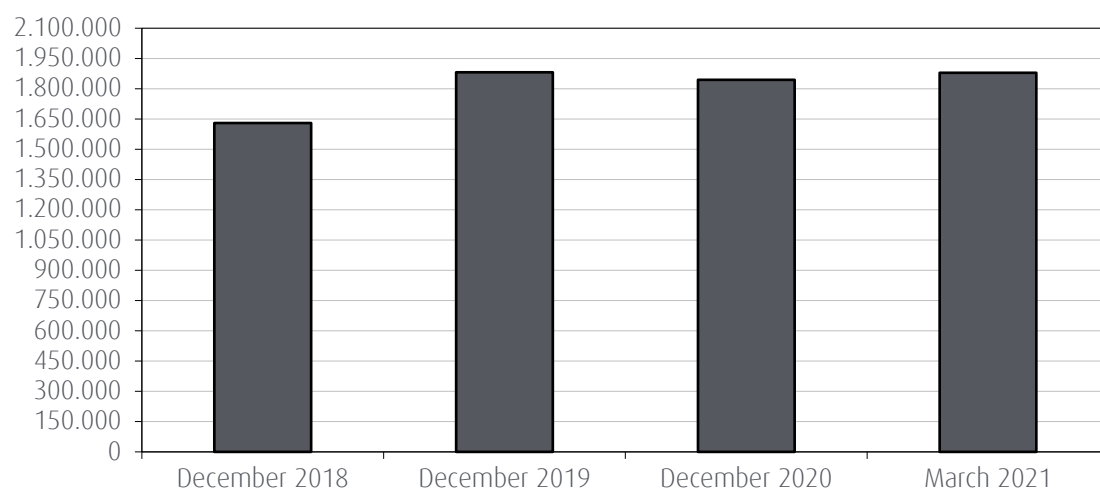
### Direct deposits from customers



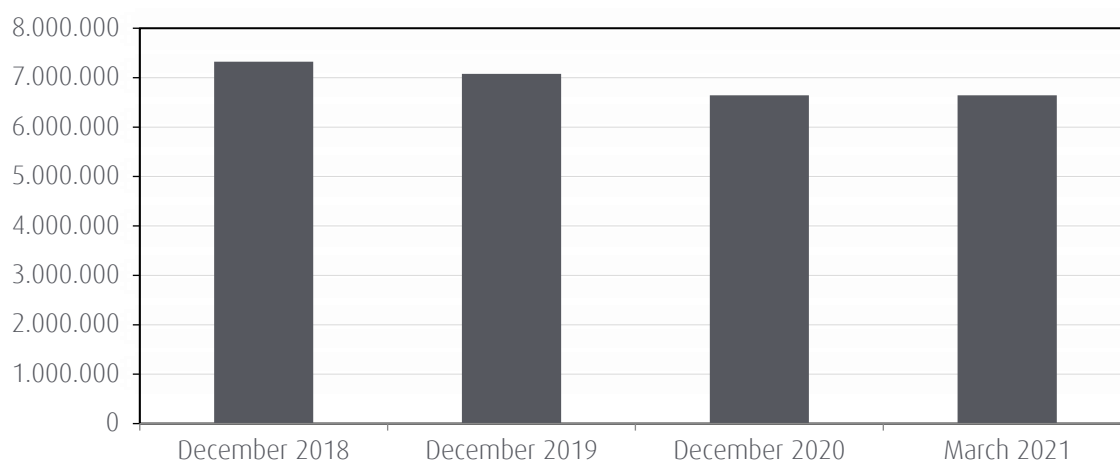
### Indirect deposits



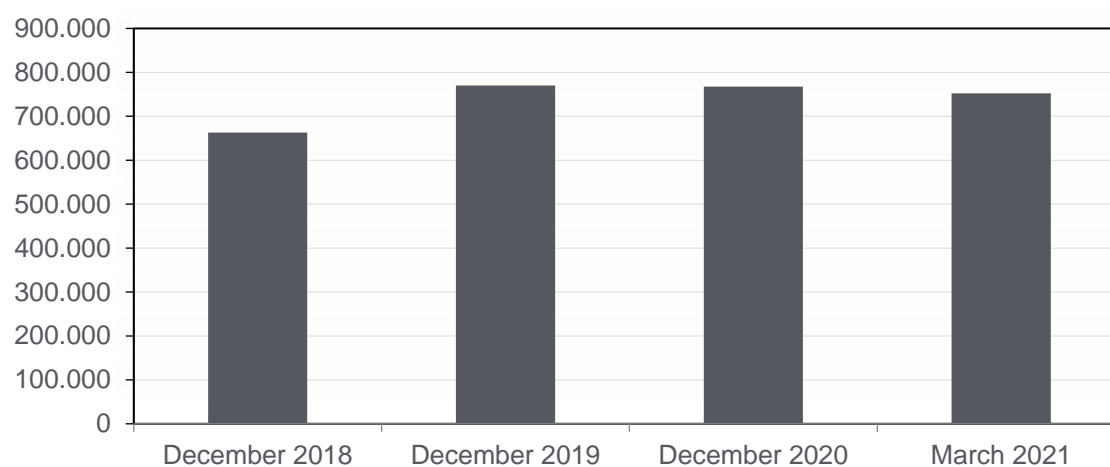
### Trusteeship



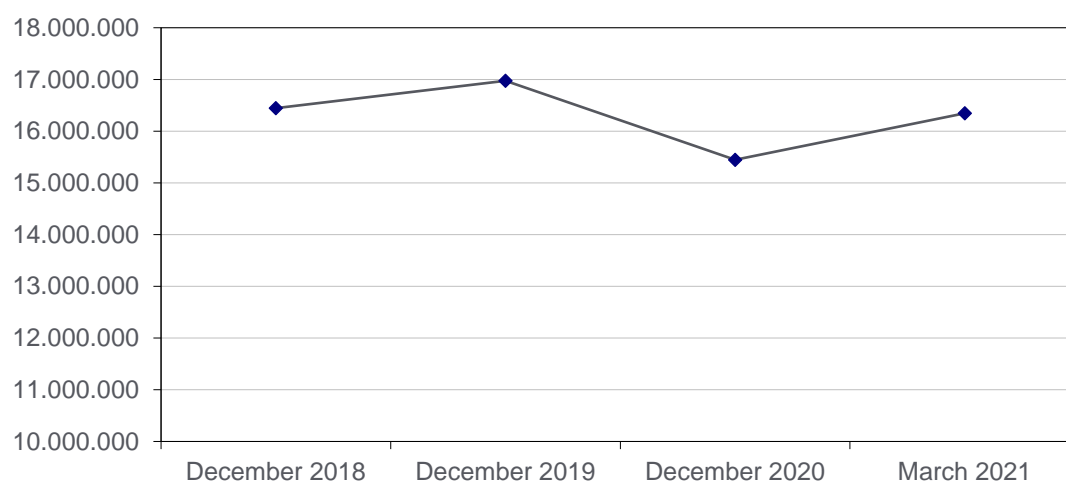
### Real Estate Funds



Luxembourg-based SICAV fund administration



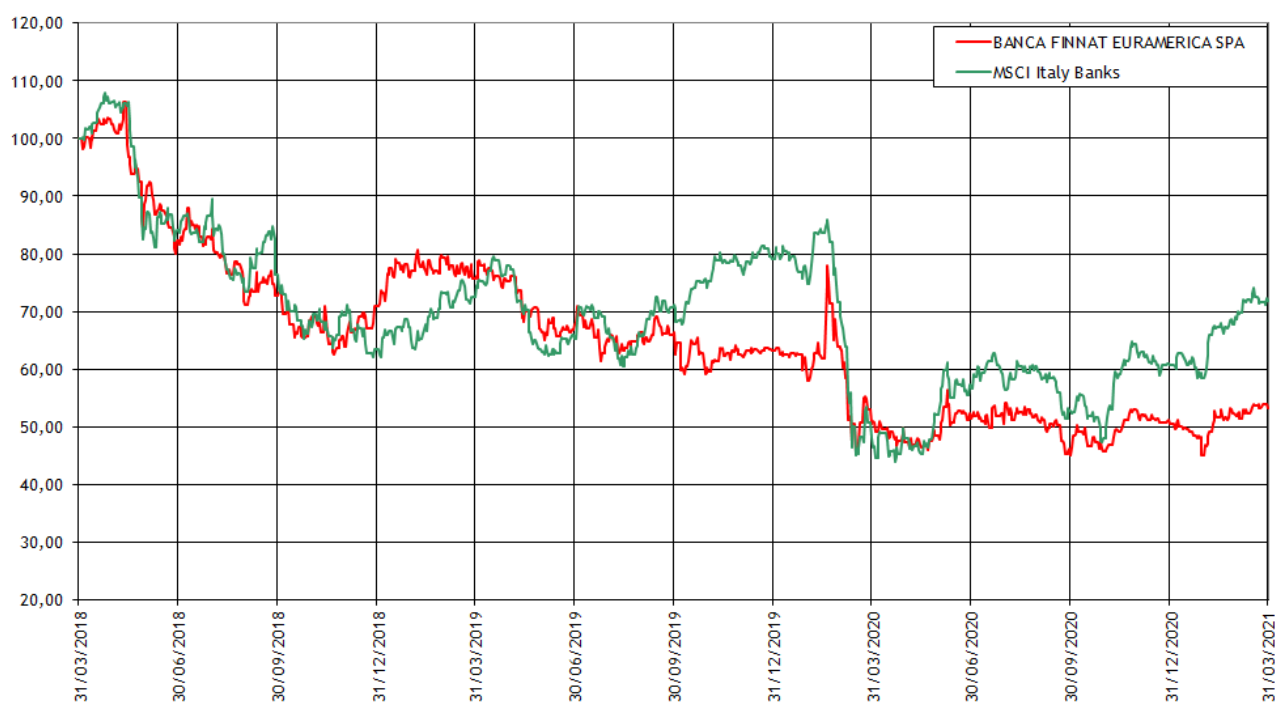
Total Group's deposits



## SHARE PERFORMANCE ON THE STOCK MARKET

Market price in euros at:

Security	28.04.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020
BFE	0.2670	0.2390	0.2260	0.2020	0.2310	0.2270

**BANCA FINNAT STOCK PRICE PERFORMANCE COMPARED WITH ITALIAN BANKING SECTOR INDEX**

# FINANCIAL STATEMENTS



## CONSOLIDATED INCOME STATEMENT (in thousands of euros)

Items	1 January 31 March 2021	1 January 31 March 2020
10. Interest income and similar income	3,641	4,701
20. Interest expense and similar expense	(665)	(617)
30. <b>Interest margin</b>	<b>2,976</b>	<b>4,084</b>
40. Fee and commission income	13,391	12,767
50. Fee and commission expense	(605)	(827)
60. <b>Net fees and commissions</b>	<b>12,786</b>	<b>11,940</b>
70. Dividend and similar income	506	881
80. Profit (losses) on trading	764	(925)
100. Profit (losses) on disposal or repurchase of:	(24)	748
a) financial assets measured at amortised cost	5	64
b) financial assets measured at fair value through other comprehensive income	(29)	684
110. Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss	(75)	(431)
b) other financial assets mandatorily measured at fair value	(75)	(431)
120. <b>Net banking income</b>	<b>16,933</b>	<b>16,297</b>
130. Net impairment losses/reversals on credit risk relating to:	(501)	(68)
a) financial assets measured at amortised cost	(537)	(355)
b) financial assets measured at fair value through other comprehensive income	36	287
140. Gains/losses from contractual changes without derecognition	(160)	(88)
150. <b>Net income from financial operations</b>	<b>16,272</b>	<b>16,141</b>
190. Administrative expenses:	(13,434)	(12,891)
a) personnel expenses	(9,358)	(8,717)
b) other administrative expenses	(4,076)	(4,174)
200. Net provisions for risks and charges	(27)	(14)
a) commitments and guarantees given	91	(14)
b) other net allocations	(118)	-
210. Net impairment losses/reversals on property and equipment	(849)	(846)
220. Net impairment losses/reversals on intangible assets	(45)	(57)
230. Other operating income/expenses	1,768	1,244
240. <b>Operating costs</b>	<b>(12,587)</b>	<b>(12,564)</b>
250. Profit (loss) from equity investments	(51)	6
290. <b>Profit (loss) from continuing operations before taxes</b>	<b>3,634</b>	<b>3,583</b>
300. Taxes on income from continuing operations	(1,111)	(1,207)
310. <b>Profit (loss) from continuing operations after taxes</b>	<b>2,523</b>	<b>2,376</b>
330. <b>Profit (loss) for the year</b>	<b>2,523</b>	<b>2,376</b>
340. Profit (loss) for the year of minority interests	574	620
350. <b>Net profit (loss) for the year pertaining to the Parent Company</b>	<b>1,949</b>	<b>1,756</b>



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of euros)

Items		1 January 31 March 2021	1 January 31 March 2020
10.	Profit (loss) for the year	2,523	2,376
Other comprehensive income after taxes that may not be reclassified to the income statement			
20.	Equity measured at fair value through other comprehensive income	23	(50)
70.	Defined benefit plans	96	(27)
90.	Share of valuation reserves connected with investments carried at equity	(34)	64
Other comprehensive income after taxes that may be reclassified to the income statement			
140.	Financial assets (other than equities) measured at <i>fair value</i> through other comprehensive income	16	(1,938)
170.	Total other comprehensive income after tax	101	(1,951)
180.	Comprehensive income (Item 10+170)	2,624	425
190.	Consolidated comprehensive income pertaining to minority interests	650	615
200.	Consolidated comprehensive income pertaining to the Parent Company	1,974	(190)

**CONSOLIDATED BALANCE SHEET**  
 (in thousands of euros)

	<b>Asset items</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
10.	Cash and cash equivalents	743	711
20.	Financial assets measured at fair value through profit or loss	34,477	27,867
	a) financial assets held for trading	9,405	6,847
	c) other financial assets mandatorily measured at fair value	25,072	21,020
30.	Financial assets measured at fair value through other comprehensive income	349,709	341,825
40.	Financial assets measured at amortised cost	1,575,200	1,378,338
	a) due from banks	142,874	124,563
	b) loans to customers	1,432,326	1,253,775
70.	Equity investments	10,609	10,694
90.	Property and equipment	20,253	17,899
100.	Intangible assets	31,134	31,170
	of which:		
	- goodwill	28,129	28,129
110.	Tax assets	9,291	10,319
	a) current	63	809
	b) deferred	9,228	9,510
130.	Other assets	18,413	23,310
	<b>Total assets</b>	<b>2,049,829</b>	<b>1,842,133</b>

**CONSOLIDATED BALANCE SHEET**  
(in thousands of euros)

	<b>Liabilities and shareholders' equity</b>	<b>31.03.2021</b>	<b>31.12.2020</b>
10.	Financial liabilities measured at amortised cost	1,750,323	1,552,963
	a) due to banks	182	157
	b) due to customers	1,750,141	1,552,806
20.	Financial liabilities held for trading	1,842	40
60.	Tax liabilities	2,477	1,706
	a) current	1,239	487
	b) deferred	1,238	1,219
80.	Other liabilities	30,652	18,804
90.	Post-employment benefits (TFR)	5,608	5,605
100.	Provisions for risks and charges:	340	313
	a) commitments and guarantees given	155	246
	c) other provisions for risks and charges	185	67
120.	Valuation reserves	7,652	7,627
150.	Reserves	156,614	151,029
170.	Share capital	72,576	72,576
180.	Treasury shares (-)	(14,059)	(14,059)
190.	Minority interests (+/-)	33,855	40,438
200.	Profit (loss) for the year (+/-)	1,949	5,091
	<b>Total liabilities and shareholders' equity</b>	<b>2,049,829</b>	<b>1,842,133</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 MARCH 2021 (in thousands of euros)

	Balance as at 31.12.2020	Change in opening balances	Balances at 01.01.2021	Allocation of previous FY profit		Changes during the period										Shareholders' equity at 31.3.2021		
						Changes in reserves	Shareholders' equity transactions							Comprehensive income of the period 1 January - 31 March 2021				
				New share issue	Purchase of treasury shares		Extraordinary dividend distribution	Change in capital instruments	Derivatives on treasury shares	Stock options	Changes in equity investments	Total	Group		Minority interests			
Share capital:	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-	
a) ordinary shares	72,576	-	72,576	-	-	-	-	-	-	-	-	-	-	-	72,576	72,576	-	
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share issue premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves:	188,995	-	188,995	7,778	-	(6,739)	-	-	-	-	-	-	-	-	190,034	156,614	33,420	
a) profit	127,900	-	127,900	8,268	-	(2,194)	-	-	-	-	-	-	-	-	133,974	123,397	10,577	
b) other	61,095	-	61,095	(490)	-	(4,545)	-	-	-	-	-	-	-	-	56,060	33,217	22,843	
Valuation reserve	7,412	-	7,412	-	-	-	-	-	-	-	-	-	-	101	7,513	7,652	(139)	
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	(14,059)	-	(14,059)	-	-	-	-	-	-	-	-	-	-	-	(14,059)	(14,059)	-	
Profit (Loss) for the year	7,778	-	7,778	(7,778)	-	-	-	-	-	-	-	-	-	2,523	2,523	1,949	574	
Shareholders' equity	262,702	-	262,702	-	-	(6,739)	-	-	-	-	-	-	-	2,624	258,587	224,732	33,855	
of which: Group shareholders' equity	222,264	-	222,264	-	-	494	-	-	-	-	-	-	-	1,974	224,732			
of which: Minority interests	40,438	-	40,438	-	-	(7,233)	-	-	-	-	-	-	-	650	33,855			

**LIST OF INVESTMENTS INCLUDED IN THE SCOPE OF CONSOLIDATION**

Company	Share capital in euros (1)	Registered office	% directly owned at 31.03.2021	% indirectly owned at 31.03.2021	Book value of the investment (in thousands of Euro)	Assets
<b>Parent Company</b>						
Banca Finnat Euramerica S.p.A.	72,576,000	Rome				Banking activity and banking group Parent Company
<b>Direct subsidiaries:</b>						
InvestiRE SGR S.p.A.	14,770,000	Rome	59.15			Promotion and management of closed-ended real estate funds
Finnat Fiduciaria S.p.A.	1,500,000	Rome	100.00			Trusteeship
Finnat Gestioni S.A.	750,000	Lugano	70.00			Financial management and consultancy services
Natam Management Company S.A.	750,000	Luxembourg	100.00			Asset management company
<b>Companies subject to joint control</b>						
REDO SGR S.p.A. (2)		Milan		20.00	3,957	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 SIM S.p.A. in liquidation		Rome	20.00		9	Financial institution
Imprebanca S.p.A.		Rome	20.00		6,103	Banking activity
<b>Total</b>					<b>10,609</b>	

All subsidiaries belong to the Banca Finnat Euramerica banking group.

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

(2) Redo SGR S.p.A. is held by the subsidiary InvestiRE SGR S.p.A.

## GENERAL COMMENTS

### Results of the Banca Finnat Euramerica Group

The first three months of 2021 recorded a consolidated net profit of 1,949 thousand euros versus 1,756 thousand euros at 31 March 2020.

The result for the period in question was 193 thousand euros higher than that achieved in the first quarter of 2020, despite the continuing spread of the Covid-19 virus and the consequent restrictive measures for its containment by public authorities. The effects of the spread of the Covid-19 are outlined in the paragraph "The most significant transactions and events in the period".

The main items that form the results of the first three months of 2021, compared with those of the corresponding period of 2020, are illustrated below:

The Net banking income at 31 March 2021 amounted to 16,933 thousand euros versus 16,297 thousand euros of the corresponding period of the previous year. The total increase by 636 thousand euros consists of the following:

#### increases

- 846 thousand euros for Net Fees and Commissions (12,786 thousand euros in the first three months of 2021 versus 11,940 thousand euros in the same period of 2020);
- 1,689 thousand euros as Profit (loss) on trading. At 31 March 2021, the item had a positive balance of 764 thousand euros compared to a negative balance of 925 thousand euros in the first three months of 2020;
- 356 thousand euros for Profits (losses) on other financial assets mandatorily at fair value (a negative balance of 75 thousand euros at 31 March 2021 compared to another negative balance of 431 thousand euros of the same period of 2020).

#### decreases

- 1,108 thousand euros for Interest margin (2,976 thousand euros at 31 March 2021, compared to 4,084 thousand euros in the same period of 2020);
- 375 thousand euros for Dividend and similar income (506 thousand euros at 31 March 2021, compared to 881 thousand euros in the first three months of 2020);
- 772 thousand euros for Profit on disposal of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income (a loss of 24 thousand euros as at 31 March 2021, compared to a profit of 748 thousand euros for the same period of 2020);

**Net impairment losses/reversals on credit risk.** As at 31 March 2021, this item presented *net impairment losses* totalling 501 thousand euros, due to impairment losses on Financial assets measured at amortised cost (537 thousand euros) and value recoveries of Financial assets measured at fair value through other comprehensive income (36 thousand euros). Whereas, as at 31 March 2020, there were impairment losses

on Financial assets measured at amortised cost for 355 euros, and value recoveries on Financial assets measured at fair value through other comprehensive income of 287 thousand euros.

In the first three months of 2021, **administrative expenses** totalled 13,434 thousand euros, compared to 12,891 thousand euros for the same period of 2020, and consist of:

- personnel expenses of 9,358 thousand euros 641 thousand euros higher than the corresponding period of the previous year (8,717 thousand euros), also due to the recruitment of high profile individuals to work for the Bank,
- other administrative expenses, totalling 4,076 thousand euros, 98 thousand euros less than the corresponding period of the previous year (4,174 thousand euros). Other administrative expenses include recoveries from customers of certain charges allocated to the item Other operating expenses/income; net of these recoveries, other administrative expenses amounted to 2,658 thousand euros, 326 thousand euros less than in the corresponding period of the previous year (2,984 thousand euros).

Net impairment losses/reversals on property and equipment. This item includes impairment losses of 849 thousand euros (846 thousand euros at 31 March 2020) and includes the depreciation of the right to use assets acquired under leases, amounting to 760 thousand euros (751 thousand euros at 31 March 2020), of which 689 thousand euros relating to other administrative expenses and 71 thousand euros referring to personnel expenses.

**Other operating income/expenses at 31 March 2021 showed a positive balance of 1,768 thousand euros versus 1,244 thousand euros in the corresponding period of 2020.** Income includes recoveries of costs from customers for 1,484 thousand euros, of which 1,418 thousand euros referring to other administrative expenses (1,244 thousand euros in the first three months of 2020, of which 1,190 thousand euros referring to other administrative expenses).

**Income tax at 31 March 2021 amounted to 1,111 thousand euros versus 1,207 thousand at 31 March 2020.**

\* \* \*

The comprehensive income of the first quarter of 2021 that also includes the change in the “Valuation reserve” is reported in the Statement of Comprehensive Income.

## INFORMATION ON OPERATING PERFORMANCE

### Market disclosure information

Regarding market disclosure, the Group declares that:

- with reference to the request formulated by Bank of Italy with its communication of 17 June 2008, as at 31 March 2021, the Bank and the other Group companies were not exposed to and/or did not hold any interest, either directly or through vehicle companies or other non-consolidated entities, in financial instruments or UCIs characterised by high-risk investments, such as: SPEs (Special Purpose Entities), CDOs (Collateralised Debt Obligations), other exposures vis-à-vis subprime and Alt-A - CMBS (Commercial Mortgage-Backed Securities), and Leveraged Finance.
- On 21 January 2013, pursuant to Consob Resolution no. 18079 of 20 January 2012, the Board of Directors of Banca Finnat Euramerica S.p.A. decided to comply with the simplification system set forth in Articles 70 (paragraph 8) and 71 (paragraph 1-bis) of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended and supplemented, by making use of the right, for listed companies, to derogate from the obligation to submit the information documents specified in Annex 3B of the Consob Regulation relating to future significant extraordinary operations such as mergers, demergers, capital increases by non-cash contributions, acquisitions and sales;
- with reference to the requests contained in joint Bank of Italy, Consob and Isvap Document no. 2 dated 6 February 2009, in their subsequent Document no. 4 dated 4 March 2010, and in the provisions of paragraphs 15 and 25 of IAS 1, regarding disclosures to be made with respect to going concern assumptions, please refer to the commentary provided in the Notes to the 2020 Financial Statements in, respectively, Part A, Section 2 – General financial reporting principles and Part E – Information on risks and related hedging policies;
- the Bank exercised its option to apply the transitional rules envisaged in Regulation (EU) 2017/2395, amending "Regulation (EU) no. 575/2013 as regards transitional arrangements for 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" within the prescribed deadline of 1 February 2018. The aforesaid transitional rules prescribe that a transitional positive component, calculated in percentage terms, of the increase in the allocations for expected losses on receivables due to the first adoption of IFRS 9 can be included in Common Equity Tier 1 capital. This benefit is recognised for a period of 5 years in decreasing percentages (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, 25% in 2022). From 1 January 2023 onwards, the impact deriving from the first-time adoption of IFRS 9 will be fully reflected in the calculation of own funds. In addition to the possibility of delaying the impact deriving from the first-time adoption of the new accounting standard to 1 January 2018, the transitional arrangements provide the possibility of delaying any impacts of the new *impairment* model also in the first years following the date of first-time adoption of IFRS 9 albeit limited to those deriving from the measurement of performing financial assets. On 28 April 2020, Regulation (EU) 2020/0066 issued to combat the effects of Covid-19, supplemented the above-mentioned transitional provisions, extending their application from 2022 to 2024 (again with progressively decreasing percentages) for the new provisions recognised in 2020 and in 2021 against performing financial assets.



## The most significant transactions and events in the period

- On 10 February 2021, the Board of Directors of the Bank examined and approved the Group's new Business Plan for the period 2021-2023;
- On 8 March 2021, Banca Finnat acquired from Covivio 7 S.p.A. (formerly Beni Stabili Siiq) - a 17.89% shareholder of InvestiRE SGR - its entire stake (equal to 2,643 shares), at a price that takes account of the minority discount due to the illiquidity of the stake sold; at the same time, the Bank sold 8.9% (equal to 1,315) of the shares purchased to E.N.P.A.F. (National Insurance and Assistance Agency for Pharmacists) at the same price conditions. This transaction allowed the entry into the share capital of InvestiRE of E.N.P.A.F. which, as a historical shareholder of the SGR, will be able to contribute to the strategic development of InvestiRE. Upon completion of the transaction, the Bank increased its stake in InvestiRE Immobiliare SGR from 50.16% to 59.15%. The details of the transactions are illustrated in the "Information document relating to transactions of greater importance with related parties" published on the Bank's website [www.bancafinnat.it](http://www.bancafinnat.it), in the section Investor Relations/Corporate Governance/Information document on transactions with associated parties and attachments published in 21 January 2021.

### *Covid-19*

As regards the health emergency situation deriving from the COVID-19 pandemic, it should be noted that in the first few days of January 2021 there was a general deterioration of the epidemiological situation in the country. The national transmission index (Rt) increased with peaks of over 1.25 in some regions. In this context, on 14 January the Council of Ministers with Law Decree no. 2 extended the state of emergency linked to the COVID-19 pandemic expiring on 31 January to 30 April 2021; on the same date, the Government also issued a new Prime Ministerial Decree with anti-contagion measures in force from 16 January to 5 March 2021. The Prime Ministerial Decree sets limits on travel between regions and confirms the division of the country into red, orange and yellow regions, based on the contagion indexes, confirming all the measures already in place and expiring at the end of January. In order to manage and reduce the spread of the pandemic in the first few days of January, the first phase of the vaccination campaign began throughout the country. The campaign, started on 27 December 2020 ("vaccine day") after the approval by the EMA (European Medicines Agency) of the first COVID vaccine, is continuing, following the directives indicated in the National Vaccination Plan drawn up by the Ministry of Health. On 2 March the Government issued a further Prime Ministerial Decree that dictated new rules and confirmed the previous ones in force from 6 March to 6 April. The restrictive measures enacted included the closure of all schools of all levels in the red areas. The Bank and the other Group companies continue to tackle the pandemic emergency in line with the new government measures issued at national and local level aimed at combating and containing the spread of the virus.

In this context, healthcare facilities were further strengthened while the number of *smart working* workers in the Group's branches and other operating sites was modulated based on the trend of the pandemic.

It should be noted that, notwithstanding the emergency situation described above, the measures undertaken by the Bank and by the other Group companies, in terms of organisation of work, health and safety at work, information and customer support, have ensured business continuity vis-à-vis counterparties and the market, always ensuring the maximum efficiency of the service offered to customers both in branch and through remote channels.

The measures adopted by the Group to address and mitigate the impacts of the pandemic are described in detail in the *Covid-19* section of the Report on Operations in the 2020 Financial Statements, to which reference should be made.

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

After the close at 31 March 2021 and until the date of preparation of this interim report on operations, no significant events or factors that can affect the financial position, equity position, or results of operations of the Group emerged.

However, it should be noted that:

- On 30 April 2021, the ordinary Shareholders' Meeting of the Bank:
  - approved the separate financial statements and examined the consolidated financial statements as at 31 December 2020;
  - taking account of the provisions of the recommendation on the distribution of dividends issued by the Bank of Italy on 16 December 2020, it resolved the distribution to the Shareholders of the following dividends: 1) a first gross dividend of 0.00245 euros per share to be paid, with payment starting from 26 May 2021 (coupon detachment on 24 May 2021) this amount falls within the maximum permitted in accordance with the aforementioned recommendation; 2) a second dividend equal to 0.01085 per share to be paid in the time window between 1 October 2021 and 31 January 2022 the distribution of which, in accordance with the aforementioned recommendation, is in any case subject to verification by the Board of Directors of the absence of limits and conditions dictated by the European Central Bank and the Bank of Italy that may prevent or limit said distribution.
  - appointed the Directors and Statutory Auditors for the 2021-2023 period;
  - appointed Giampietro Nattino as Honorary Chairman for the period 2021/2023;
  - appointed as Chairman of the Board of Statutory Auditors Salvatore Ferri for the period 2021/2023;
  - approved the Remuneration Policy prepared in pursuance of Article 123-ter of Italian Legislative Decree 58/98;
- on 5 May 2021, the Board of Directors of the Bank appointed as Chairman Marco Tofanelli, Deputy Chairman Lupo Rattazzi, Managing Director Arturo Nattino. The Board also appointed the members of the Remuneration Committee, the Risk Committee, the Appointment Committee and the Supervisory Body. The new company officers are illustrated on page 4.

### *Covid-19*

In light of the encouraging scientific data on the epidemic and the progress of the vaccination campaign, the government approved the Reopening Decree on 21 April 2021. This decree-law, in force from 26 April to 31 July, introduces urgent measures for the gradual resumption of economic and social activities while respecting the need to contain the spread of the Covid-19 epidemic. The text of the decree outlines a time schedule for the gradual removal of the restrictions introduced in previous months with gradual planned reopening of bars, restaurants, gyms and cultural activities. Among the various measures envisaged, "Covid-19 green certifications" were also introduced throughout the country. These aim to certify the status of vaccinated or

recovered from the infection or that a rapid molecular or antigenic test has been carried out, with a negative result; the pass allows people to move between regions of different colours.

Among other things, the decree extended until 31 July the state of health emergency that was due to expire on 30 April.

The Bank's Coronavirus Emergency Committee monitors the ongoing development of the pandemic at national level in order to provide guidance, also extended to Group subsidiaries, on how to deal with any cases that might occur.

## **Operating outlook**

The forecasts for the current year, made at the beginning of the year by the Bank and the other Group Companies, were prepared taking into account the persistence of the COVID-19 epidemiological emergency situation, but also took account of the benefits deriving from the economic policy measures adopted at national and international level and from a consequent resolution of the crisis generated by the pandemic starting from the end of this year. For 2021, it is predicted that, at Group level, there will be levels of profitability and capitalisation similar to those recorded for 2020.

## PREPARATION CRITERIA

### General principles

The Interim report on operations of the Banca Finnat Group at 31 March 2021 was prepared - as illustrated under "Notes for reading the Interim report on operations" - as prescribed by Article 2.2.3 Paragraph 3 of the Regulation of Borsa Italiana for listed companies on the STAR segment and referencing the criteria prescribed by the IAS/IFRS international accounting standards. The Report provides quantitative balance sheet and income statement information posted in thousands of euros using, when possible, the layouts prescribed by Bank of Italy Circular no. 262 "Banks' financial statements: layouts and preparation rules" 6th update of 30 November 2018.

As for the preparation of the 2020 Financial Statements, the additions to the provisions of the aforementioned Circular, communicated by the Bank of Italy with letter Prot. 1676157/20 of 16 December 2020, concerning the impacts of COVID-19 and the measures in support of the economy and amendments to IAS/IFRS were taken into account in the preparation of this Report. Section 5 - Other parts of the Notes to the 2020 Consolidated Financial Statements, to which reference is made, provide information on the effects that the COVID-19 epidemic has had on the Group's risk management strategies, objectives and policies, as well as on its financial position.

The accounting standards adopted for the preparation of this Report have remained unchanged from those adopted for the preparation of the Financial Statements as at 31 December 2020, with the exception of the amendment made to paragraph "6 - *Methods for determining impairment losses*" regarding in particular the identification of the "significant increase" in credit risk.

In fact, starting from the current year, the outsourcer that provides the operating system used by the Bank has updated the rating model. This also involved introducing the new definition of default contained in art. 178 of Regulation 575/2013 (CRR), already adopted by the Bank and compliant with the definition of "impaired" financial assets contained in IFRS 9. The update of the Rating model will entail the introduction, by 30 June 2021, of some changes to the quantitative criteria established by the Bank's current policy aimed at identifying a "significant increase" in credit risk solely with regard to the staging methodology defined for the loan portfolio.

As at 31 March 2021, for the purposes of recognising the *staging* changes identified in the first quarter of the year in the Bank's loan portfolio, all the quantitative and qualitative factors to be taken into consideration were confirmed, based on the operational definition of the standard developed by Banca Finnat Euramerica in the *Staging Allocation Policy*. However, the recognition that emerged during the preparation of the financial statements as at 31 December 2020 with regard to the quantitative criterion based on the changes in *the counterparty rating* with respect to the value assigned at the origination date, was maintained unchanged. With the aim of replacing this rule, additional quantitative determinants will be introduced by 30 June 2021 aimed at identifying the significant increase in credit risk. The application of these new rules, currently being defined, would not have led to significant changes in the value adjustments made as at 31 March 2021.

In order to assure compliance with the times necessary to ensure immediate disclosure to the market, in some limited cases and for non-significant values, the Report was prepared using estimation criteria (based

on the most recent available data) with reference both to some balance sheet items and to some income effects.

The quarterly financial statements taken as the basis of the consolidation process are those prepared by the subsidiaries approved by the respective Governing Bodies with reference to 31 March 2021. On the other hand, for the associated companies, reference was made to the last financial statements available at the time of the preparation of this report. The financial statements acquired are adjusted, when necessary, to make them compliant with the Group's accounting standards.

In particular:

- the consolidated income statement and consolidated statement of comprehensive income were provided with regard to the reference quarter and they were compared with the data of the same period of the previous year;
- the balance sheet data at 31 March 2021 were compared with those at 31 December 2020;
- the shareholders' equity data show the balances at 31 December 2020 and those at 31 March 2021 and the changes that took place in the period.
- the profit for the period is after the taxes determined on the basis of the current rates and of the elements available at the date of preparation. The Bank and its Italian-based subsidiaries have decided to join the "domestic consolidated tax system" pursuant to Articles 117/129 of the TUIR. By virtue of this option, the Group companies determine their proportion of the taxes payable and the corresponding tax income (taxable income or tax loss) is transferred to the Parent Company, relating to which a single taxable income or loss is reported (resulting from the arithmetical sum of its own and its participating subsidiaries' incomes/losses) and, consequently, a single income tax debit/credit is determined.

This report also contains a dedicated paragraph about the Disclosure on transfers between portfolios and on the fair value hierarchy.

The scope of consolidation has not changed compared to the financial statements for the year ended 31 December 2020.

However, it should be noted that the Bank increased its shareholding in the subsidiary InvestiRE SGR S.p.A. by 8.99%, from 50.16% to 59.15%, as extensively illustrated in the section "The most significant transactions and events of the period".

In application of the provisions of the regulations in force, this Interim report on operations has not been audited.

## INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS AND ON THE FAIR VALUE HIERARCHY

## Transfers between portfolios of financial assets

According to the general rules envisaged by IFRS 9 on the reclassification of financial assets (with the exception of equities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted unless the entity modifies its *business* model for the management of financial assets. However, such cases are expected to be highly infrequent. No transfers between portfolios of financial assets were carried out by the Group in the period under review due to a change in the business model.

## Fair value hierarchy

Following are the balances at 31 March 2021 and at 31 December 2020 of the financial instrument portfolios, measured at fair value, broken down based on a hierarchy that reflects the importance of the inputs used in the valuations.

The hierarchy is determined according to the following three levels as identified by IFRS 13:

- Level 1: inputs represented by quoted prices (unadjusted) in active markets for assets and liabilities subject to measurement;
- Level 2: inputs other than quoted market prices set forth above, which are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);
- Level 3: inputs that are unobservable inputs for the asset or liability subject to measurement.

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

Assets/liabilities measured at fair value	31.03.2021			31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	4,116	24,082	6,279	2,660	23,994	1,213
a) financial assets held for trading	3,420	5,089	896	2,021	4,826	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	696	18,993	5,383	639	19,168	1,213
2. Financial assets measured at fair value through other comprehensive income	338,031	-	11,678	330,147	-	11,678
3. Hedging derivatives	-	-	-	-	-	-
4. Property and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>342,147</b>	<b>24,082</b>	<b>17,957</b>	<b>332,807</b>	<b>23,994</b>	<b>12,891</b>
1. Financial liabilities held for trading	-	42	1,800	-	40	-
2. Financial liabilities measured at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>42</b>	<b>1,800</b>	<b>-</b>	<b>40</b>	<b>-</b>

Key:

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

## INFORMATION ON THE INCOME STATEMENT, COMPREHENSIVE INCOME AND BALANCE SHEET

## INCOME STATEMENT

The most significant income components of the first quarter 2021 are presented below, in thousands of euros:

## INTEREST

	1 January 31 March 2021	1 January 31 March 2020
Interest income and similar income	3,641	4,701
Interest expense and similar expense	(665)	(617)
<b>Interest margin</b>	<b>2,976</b>	<b>4,084</b>

Interest margin, almost exclusively pertaining to the Bank, decreased by 1,108 thousand euros.

## FEES AND COMMISSION

	1 January 31 March 2021	1 January 31 March 2020
Fee and commission income	13,391	12,767
Fee and commission expense	(605)	(827)
<b>Net fees and commissions</b>	<b>12,786</b>	<b>11,940</b>

The net fees and commissions of the first three months of 2021 increased by 846 thousand euros compared to the same period of the previous year.

## PROFIT (LOSSES) ON TRADING

Profit (Losses) on trading, referring exclusively to the Bank, presented a gain of 764 thousand euros in the first three months of 2021, compared to a loss of 925 thousand euros in the corresponding period of the previous year, and may be broken down as follows:

- A positive balance of 101 thousand euros of profits and losses related to trading on securities and derivatives;

- 435 thousand euros for the positive difference between unrealised capital gains and losses, in connection with the fair value measurement of the trading portfolio;
- Foreign exchange gains of 228 thousand euros.

**PROFIT (LOSSES) ON DISPOSAL OR REPURCHASE OF:**

**a) financial assets measured at amortised cost**

In the first three months of 2021, the item, referring exclusively to the Bank, had a positive balance of 5 thousand euros versus a positive balance of 64 thousand euros for the first three months of 2020.

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

This item, referring exclusively to the Bank, had a positive balance of 29 thousand euros for the first three months of 2021, versus a positive balance of 684 thousand euros for the first three months of 2020.

**PROFITS (LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES measured AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

In the first three months of 2021, the item had a negative balance of 75 thousand euros deriving from net capital losses, on UCI units, of 145 thousand euros recorded by the Bank and from capital gains of 70 thousand euros recorded by InvestiRE SGR S.p.A. In the first three months of 2020, the item had a negative balance of 431 thousand euros.

**NET IMPAIRMENT LOSSES/REVERSALS ON CREDIT RISK RELATING TO:**

**a) financial assets measured at amortised cost**

In the first three months of 2021, the item shows net value adjustments of 537 thousand euros, of which 550 thousand euros made by the Bank (of which value adjustments on receivables from customers of 555 thousand euros and write-backs on receivables from banks of 5 thousand euros), 7 thousand euros made by InvestiRE SGR S.p.A., while Finn timer Fiduciaria S.p.A. carried out net write-backs of 20 thousand euros. In the first three months of 2020, the item recorded value adjustments of 355 thousand euros.

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

The item in the first nine months of 2021 showed net value recoveries of 36 thousand euros made exclusively by the Bank. In the first three months of 2020, the item recorded write-backs of 287 thousand euros.



**ADMINISTRATIVE EXPENSES**

	1 January 31 March 2021	1 January 31 March 2020
Personnel expenses	9,358	8,717
Other administrative expenses	4,076	4,174
<b>Total</b>	<b>13,434</b>	<b>12,891</b>

The administrative expenses increased by 543 thousand euros in total, compared to the first three months of 2020.

Personnel expenses grew by 641 thousand euros compared to the same period of last year in part due to the recruitment of high profile individuals to work for the Bank.

The other administrative expenses decreased by 98 thousand euros compared to the first three months of 2020.

Administrative expenses also include recoveries from customers of certain charges allocated to the item Other operating expenses/income; net of these recoveries, other administrative expenses amounted to 2,658 thousand euros, 326 thousand euros less than in the corresponding period of the previous year (2,984 thousand euros).

**NET IMPAIRMENT LOSSES/REVERSALS ON PROPERTY AND EQUIPMENT**

The item includes impairment losses of 849 thousand euros (846 thousand euros in the first three months of 2020) and it comprises the depreciation of the right to use assets acquired under leases, amounting to 760 thousand euros (751 thousand euros in the first three months of 2020), of which 689 thousand euros relating to other administrative expenses and 71 thousand euros referring to personnel expenses.

**OTHER OPERATING INCOME/EXPENSES**

Other operating income and expenses showed a positive balance of 1,768 thousand euros versus 1,244 thousand euros in the first three months of 2020. Income includes recoveries of costs from customers for 1,484 thousand euros, of which 1,418 thousand euros referring to other administrative expenses (1,244 thousand euros in the first three months of 2020, of which 1,190 thousand euros referring to other administrative expenses).

**INCOME TAXES**

In the first three months of the current year, the item had a balance of 1,111 thousand euros versus 1,207 thousand euros in the same period of the previous year.

Income taxes were calculated based on the applicable tax rates.

**COMPREHENSIVE INCOME**

The details of the changes in the valuation reserves referred to financial assets are provided below:

**Changes in “Other comprehensive income after taxes that may not be reclassified to the income statement”**

The change in valuation reserves - shown in the Statement of Comprehensive Income under item “20. Equity measured at fair value through other comprehensive income” is positive for 23 thousand euros and pertains exclusively to the Parent Company.

The change in valuation reserves - shown in the Statement of Comprehensive Income under item “70. Defined benefit plans” is positive for 96 thousand euros and regards the Group for 20 thousand euros and minority shareholders for 76 thousand euros.

The change in valuation reserves - shown in the item “90. Share of valuation reserves connected with investments carried at equity” is negative for 34 thousand euros and pertains exclusively to the Parent Company.

**Changes in “Other comprehensive income after taxes that may be reclassified to the income statement”**

The change in valuation reserves - shown in the Statement of Comprehensive Income under item “140. Financial assets (other than equity) measured at fair value through other comprehensive income” is positive for 16 thousand euros and regards debt securities. The change is entirely referred to the Group and is negative for the Bank for 11 thousand euros, and positive for Finn timer Fiduciaria S.p.A. for 27 thousand euros.

\* \* \*

At 31 March 2021, the valuation reserves of the Group (after taxes) are broken down as follows:

### Valuation reserves

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

##### Parent Company

SIA S.p.A. shares	4,774	euros
CSE S.r.l. shares	-44	euros
Net Insurance S.p.A. shares	153	euros
Real Estate Roma Olgiata S.r.l. shares	444	euros
Fideuram Asset Management SGR S.p.A.	910	euros
Debt securities	1,439	euros

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6,788 euros

##### Other Group companies

- euros

Total A) 6,788 euros

Defined benefit plans B)- -500 euros

Valuation reserves C) 1,364 euros

**Total Valuation reserves (A+B+C) 7,652 euros**

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Item C) Valuation reserves (Law no. 576/75, Law no. 72/83 and Law no. 413/91) refers to the parent company.

**BALANCE SHEET**

The most significant balance sheet components at 31 March 2021 are presented below, expressed in thousands of euros:

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

The financial assets held for trading, referred exclusively to the Bank, amounted to 9,405 thousand euros.

The item comprises debt securities of 674 thousand euros, UCI units of 5,121 thousand euros, equity securities and warrants of 2,702 thousand euros. The item also includes 12 thousand euros for the positive valuation on *forward* contracts relating to sales and purchases of currencies and 896 thousand euros for the value of the *earn-outs* relating to the purchase and sale transaction by the Bank of the shares of InvestiRE SGR S.p.A. In the "Information document relating to transactions of greater importance with related parties" published on the website of the Bank [www.bancafinnat.it](http://www.bancafinnat.it) in the section Investor Relations/Corporate Governance/Information document on transactions with related parties published on 21 January 2021.

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

The item had a balance of 25,072 thousand euros and is made up of UCI shares held by the Bank for 20,195 thousand euros and held by InvestiRE SGR S.p.A. for 4,862 thousand euros, and Carige shares held by the Bank through the FITD Voluntary Scheme for 12 thousand and Astaldi equity financial instruments for 3 thousand euros, again held by the Bank.

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

The item amounts to 349,709 thousand euros and refers to financial instruments of the Group companies as indicated below:

The portfolio of the Bank comprises for a total amount of 349,703 thousand euros:

- debt securities totalling 337,570 thousand euros;
- equities totalling 12,133 thousand euros constituting strategic investments, broken down as follows:
  - Level 1: Net Insurance S.p.A. (456 thousand euros including the positive valuation reserve of 164 thousand euros);
  - Level 3: Fideuram Asset Management SGR S.p.A. (1,788 thousand euros including the positive valuation reserve of 978 thousand euros), SIA S.p.A. (6,250 thousand euros including the positive valuation reserve of 5,130 thousand euros), CSE Consorzio Servizi Bancari S.r.l. (2,457 thousand euros including the negative valuation reserve equal to 47 thousand euros), SIT S.p.A. (15 thousand euros) and Real Estate Roma Olgiata S.r.l. (1,167 thousand euros including the negative valuation reserve equal to 470 thousand euros).

The portfolio of the other Group companies comprises debt securities owned by Finnat Fiduciaria S.p.A. for 5 thousand euros and an equity interest of one thousand euros owned by InvestiRE SGR S.p.A.

For the inclusion of equities in this portfolio, the irrevocable option was exercised upon initial recognition.

The write-downs carried out to 31 March 2021 on the debt securities present in this item relate to the Bank for 56 thousand euros and to Finn timer Fiduciaria S.p.A. for 1 thousand euros.

The total amount of 57 thousand euros was recorded under Valuation reserves instead of as an adjustment to the item under review.

## FINANCIAL ASSETS MEASURED AT AMORTISED COST

### a) due from banks

Due from banks amounted to 142,874 thousand euros (of which 111,590 thousand euros pertaining to the Bank) net of global impairment losses of 73 thousand euros (of which 53 thousand euros pertaining to the Bank). This item does not include debt securities.

### b) loans to customers

Loans to customers total 1,432,326 thousand euros and they relate to loans of 432,132 thousand euros and to debt securities, exclusively owned by the Bank, for 1,000,204 thousand euros. The amounts are shown net of global impairment losses to 31 March 2021 equal to 32,470 thousand euros (of which 32,359 thousand euros on loans and 111 thousand euros on securities).

At the reporting date of this Report, the items relating to current accounts, mortgages and other loans include non-performing assets (Bucket 3) relating to the Parent Company totalling 50,553 thousand euros (23,857 thousand euros after the write-downs), comprising:

- **bad loans** totalling 34,013 thousand euros (11,338 thousand euros net of the write-downs) relating to the following positions:
  - 4,572 thousand euros (953 thousand euros after the write-down) for the residual amount of a mortgage terminated on 8 July 2011. The transaction is secured by a first mortgage on property, the value of which, supported by a special expert appraisal report, covers the entire value of the net exposure.
  - 15,249 thousand euros (3,020 thousand euros net of the write-down) relating to a receivable for a loan due from the company Bio-On. The estimate of the presumed realisable value of the receivable remained unchanged with respect to that calculated for the purposes of the 2019 financial statements.
  - 8,804 thousand euros (5,742 thousand euros net of the write-down) referring to a mortgage terminated on 24 December 2020 backed by first degree mortgage guarantees on real estate and other real guarantees that largely cover the value of the net exposure.
  - 5,388 thousand euros relating for 1,835 thousand euros to trade receivables (223 thousand euros net of the write-downs) and for 3,553 thousand euros (1,400 thousand euros net of the write-downs) to receivables relating to cash loans.

The line-by-line write-downs carried out therefore totalled 22,675 thousand euros (including 1,613 thousand euros referring to trade receivables), with a total coverage rate of 67%.

- **unlikely to pay** totalling 15,707 thousand euros (11,719 thousand euros after the write-downs) comprising:
  - overdraft facilities amounting to 2,168 thousand euros (1,650 thousand euros net of the write-down);
  - mortgages for an amount of 13,422 thousand euros, of which 3,268 thousand euros of overdue instalments and 10,154 thousand euros of capital to mature (10,037 thousand euros net of the write-down);
  - trade receivables for 117 thousand euros (32 thousand euros net of the write-down).
 The line-by-line write-downs totalled 3,988 thousand euros (including 85 thousand euros referring to trade receivables);
- **other positions expired or past due** for over 90 days totalling 833 thousand euros (800 thousand euros net of the write-downs).

At 31 March 2021, the Bank had 41 “forborne” exposures of which:

- 19 non-performing positions totalling 39,314 thousand euros (20,249 thousand euros after write-downs), of which 2 positions included among bad loans for 24,053 thousand euros and 17 positions included among unlikely to pay for 15,261 thousand euros.
- 22 performing positions totalling 13,650 thousand euros.

At 31 March 2021, the Bank calculated the write-down of the portfolio for performing loans to customers in Bucket 1 and Bucket 2 relating to cash loans. This write-down amounted to 2,679 thousand euros, higher than the allocations made for this purpose through 31 December 2020 (equal to 2,741 thousand euros).

In 2021, the Bank recorded in the income statement 50 thousand euros for portfolio value recoveries on government bonds; it also recorded 605 thousand euros for net losses on loans to customers broken down as follows: 62 thousand euros for portfolio impairment recoveries, 205 thousand euros for specific value recoveries, 717 thousand euros for specific impairment losses, and 155 thousand euros for cancellation losses.

At 31 marzo 2021, the allowance for doubtful loans to Bank customers excluding securities stood at 29,375 thousand euros of which 26,696 thousand euros on an itemised basis and 2,679 thousand euros for portfolio impairment losses.

With regard to other Group companies, the itemised allowance for doubtful loans (Bucket 3) at 31 March 2021 amounted to 850 thousand euros against gross non-performing loans of 1,188 thousand euros for Finnati Fiduciaria S.p.A. and to 2,080 thousand euros against gross non-performing loans of 2,080 thousand for InvestiRE SGR S.p.A.

Whereas portfolio impairment losses relating only to loans to customers (Bucket 1 and Bucket 2) to 31 March 2021 amounted to 43 thousand euros for InvestiRE SGR S.p.A. and to a total of 11 thousand euros for the other companies of the Group.

## EQUITY INVESTMENTS

Equity investments amounted to 10,609 thousand euros and they are indicated separately in the table on page 19.

**PROPERTY EQUIPMENT AND INTANGIBLE ASSETS**

Property and equipment amounted to 20,253 thousand euros, of which 14,132 thousand euros to the Parent Company.

Property and equipment relating to rights of use acquired through leases - introduced by the international accounting standard IFRS 16 - amounted to 15,927 thousand euros at 31 March 2021.

Intangible assets amounted to 31,134 thousand euros. The item comprises the goodwill recorded in 2003 by the Bank, i.e. 300 thousand euros, and the goodwill recorded in 2015 by the subsidiary InvestiRE SGR S.p.A., i.e. 27,829 thousand euros. The latter value, originally amounting to 37,429 thousand euros, decreased in 2019 by 9,600 thousand euros, corresponding to the portion relating to the business unit transferred to the associate REDO SGR S.p.A.

Intangible assets also comprise 2,677 thousand euros of positive consolidation differences referred to Finnati Fiduciaria S.p.A. and InvestiRE SGR S.p.A.

**TAX ASSETS**

Tax assets of 9,291 thousand euros consist of receivables for current assets of 63 thousand euros and deferred tax assets of 9,228 thousand euros.

**OTHER ASSETS**

The item has a balance of 18,413 thousand euros and comprises receivables from Cassa Compensazione e Garanzia of 3,643 thousand euros, receivables from Ice Clear Europe for 4,550 thousand euros, receivables from the Exchequer for withholding tax, amounting to 4,107 thousand euros, and receivables from Counterparties and Brokers of 40 thousand euros.

**FINANCIAL LIABILITIES MEASURED AT AMORTISED COST**

## a) due to banks

The item, pertaining exclusively to the Bank, amounts to 182 thousand euros.

## b) due to customers

The item amounts to 1,750,141 thousand euros and comprises 1,034,103 thousand euros of repurchase agreements carried out by the Bank with Cassa di Compensazione e Garanzia. The item also comprises lease payables of 10,499 thousand euros.

**FINANCIAL LIABILITIES HELD FOR TRADING**

Financial liabilities held for trading amounted to 1,842 thousand euros and consist of 42 thousand euros for the negative valuation on *forward* contracts relating to the purchase and sale of currencies and for 1,800

thousand euros for the value of the *earn-outs* relating to the purchase and sale transaction by the Bank of the InvestiRE SGR S.p.A. shares. The transaction is extensively illustrated in the “Information document relating to transactions of greater importance with related parties” published on the Bank’s website [www.bancafinnat.it](http://www.bancafinnat.it) in the Investor Relations/Corporate Governance section/Information document on transactions with related parties and attachments published on 21 January 2021.

#### **TAX LIABILITIES**

Tax liabilities of 2,447 thousand euros consist of payables for current taxes of 1,239 thousand euros and deferred tax liabilities of 1,238 thousand euros.

#### **OTHER LIABILITIES**

Other liabilities, amounting to 30,652 thousand euros comprise payables for pension and insurance contributions for 1,361 thousand euros, payables to Brokers and Counterparties for 10,774 thousand euros, tax payables as withholding tax for 1,631 thousand euros, payables to suppliers for 2,710 thousand euros and payables to personnel and collaborators for 4,974 thousand euros.

#### **PROVISIONS FOR RISKS AND CHARGES**

a) commitments and guarantees given

The item, pertaining exclusively to the Bank and amounting to 155 thousand euros, refers to the impairment losses recorded to 31 March 2021. In the first three months of 2021, impairment recoveries amounting to 91 thousand euros were recorded.

c) other provisions for risks and charges

The item amounts to 185 thousand euros and concerns provisions made by the Bank for 67 thousand euros and by InvestiRE SGR S.p.A. for 118 thousand euros.



## SHAREHOLDERS' EQUITY

The consolidated Shareholders' equity of the Group amounts to 224,732 thousand euros. At 31 December 2020, the Group's shareholders' equity amounted to 222,264 thousand euros. The change in the total Shareholders' equity, of the Group and of Minority interests that took place in the period in question is shown in the dedicated table.

Own funds at 31 March 2020 amounted to 184,556 thousand euros (184,465 thousand euros at 31 December 2020), whereas the Total capital ratio, CET1 capital ratio and Tier1 ratio stood at 32.4% (34.9% at 31 December 2020). The Bank exercised the option to apply the transitional provisions for the deferment over time of the impacts of the application of the new accounting standard on own funds - illustrated in the section "Market disclosure information". Without this application, Own funds would have been equal to 183,349 thousand euros, while the Total capital ratio, the CET1 capital ratio and the Tier1 ratio would have been equal to 32.3%

These indices are well above the minimum capital requirements at consolidated level mandated for us by the Bank of Italy at the conclusion of the supervisory review and evaluation process (*SREP*) established by Directive 2013/36/EU (*CRD IV*).

At 31 March 2021, 28,810,640 treasury shares were held exclusively by the Parent Company. These shares totalling 14,059 thousand euros, equal to 7.9% of the share capital of the Bank, in application of IAS 32, were used to adjust the shareholders' equity. In the period in question, the Bank did not buy or sell any treasury shares.

Rome, 14 May 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 31 marzo 2021 corrisponde alle risultanze documentali, ai libri ed alle scritture contabili.

Roma, 14 maggio 2021

**Il Dirigente preposto alla redazione  
dei documenti contabili societari**



(Giulio Bastia)

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Tax Identification No.	00168220069	E-mail	<a href="mailto:banca@finnat.it">banca@finnat.it</a>
VAT Registration No.	00856091004	Investor Relations	<a href="mailto:investor.relator@finnat.it">investor.relator@finnat.it</a>
Unique Code (SDI)	IOPVBGU		

The Company is listed on the official market and its shares are admitted to trading on the STAR segment.  
The above data refers to the Parent Company Banca Finnat Euramerica S.p.A.

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

