REPORT ON OPERATIONS AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 December 2022

FINLOMBARDA S.p.A.

Sole shareholder: the Lombardy Region

Registered office and headquarters: Via Taramelli 12, – 20124 Milan

Share Capital: Euro 211,000,000 fully paid-in

Tax code/VAT number and Milan Companies Register no. 01445100157 – Milan Chamber of Commerce no. 829530
no. 124 of the list of financial intermediaries (art. 106 of Legislative Decree no. 385/93 (Consolidated Banking Law)

Company subject to management and coordination by the Lombardy Region.

BOARD OF DIRECTORS

Chair	Michele Giuseppe VIETTI
Directors	ANDREA MENTASTI
	PAOLA SIMONELLI

BOARD OF STATUTORY AUDITORS

Chair	Luigi JEMOLI
Statutory Auditors	MAURIZIO BOCCA
	ANTONELLA CHIAMETTI

GENERAL MANAGEMENT

General Manager	GIOVANNI RALLO

AUDIT FIRM

AUDIREVI S.p.A.

SUMMARY

REPORT ON OPERATIONS

Board Directors,

The Group closed 2022 with a net profit after tax of Euro 2,376,709. Depreciation on property, plant and equipment and amortisation on intangible assets have been charged for a total of Euro 293,974. The financial statements presented here have been prepared according to international accounting standards (IAS/IFRS).

The annual financial statements have been prepared in accordance with the provisions relating to "The financial statements of IFRS intermediaries other than banking intermediaries", issued by the Bank of Italy by order of 14 December 2021 and subsequently supplemented by the communication of 21 December 2021 having as its subject "the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS".

1. THE MACROECONOMIC CONTEXT

1.1. The global macroeconomic context in 2022

In the course of 2022, the focus of the economic scenario shifted from the Covid-19 pandemic to the war in Ukraine, which inflicted a severe shock on the global economy and markets. Russia has traditionally been a major exporter of raw materials: Europe's dependence on its natural gas is particularly high; moreover, Ukraine and Russia together account for almost 1/3 of world wheat exports. The immediate economic consequence of the conflict was the substantial increase in energy and commodity prices that hit the global economy at a time when pressures to increase consumer prices were already emerging following the reopening of post-pandemic economic activity. In both the US and the Euro Area, inflation reached levels not seen since the 1980s.

Central banks reacted strongly to the sudden rise in prices. Already by the end of 2021, both the Federal Reserve and the ECB had started to adopt a less accommodative stance. Afterwards, they were forced to pick up the pace. The Fed raised rates from 0.25% at the beginning of the year to 4.5% in December. It also ended Quantitative Easing (QE) in March and started Quantitative Tightening (QT) in June. Also in the Euro Area, the ECB ended Quantitative Easing and also announced the start of Quantitative Tightening by March 2023; during 2022, it raised rates four times for a total increase of 250 basis points, bringing the refinancing rate to 2.5%.

Despite the rise in interest rates, economic growth remained resilient.

On the basis of the most recent data published by the Bank of Italy[1], estimates for global GDP show global growth of about 2.2% in 2022 to 3.1% at national level, the effect is noticeably marked both in the Euro Area countries and in the United States, although the narrow +0.5% forecast, distances the spectre of a recession or at least reduces it to a transitory technical phenomenon. Predominantly downside risks weigh on these projections, including those arising from the continuation of the war in Ukraine, continued high levels of inflation and possible continued weakness in activity in China.

In response to this, the monetary policy of the two major central banks, the ECB and the Fed, has seen an increase in favour of slowing the path of tightening interest rates and reducing market easing; however, at the moment, monetary tightening actions have not been halted, but rather flanked by federal programmes to combat inflation ('Inflation Reduction Act' in the US) and the allocation of new funds to accelerate the green transition and to support national recovery and resilience plans ('REPowerEU' and 'PNRR' in the Eurozone).

GDP growth and world trade and macroeconomics scenarios (%)				
	2020	2021	2022	2023
World	-3,4	5,9	3,1	2,2
		Advanced countries		
Euro Area	-6,4	5,2	3,3	0,5
Japan	-4,5	2,1	1,6	1,8
United Kingdom	-9,7	7,6	4,4	-0,4
United States	-3,4	5,9	1,8	0,5
		Emerging countries		
Brazil	-3,9	5	2,8	1,2
China	2,2	8,1	3	4,6
India	-7,3	8,3	6,6	5,7
Russia	-3	4,8	-5,5	-4,5
World trade	-8,4	11,2	5,6	1,7

Source: Bank of Italy Economic Bulletin no. 1 - 2023

[1] Quarterly Economic Bulletin 1 – 2023

1.2. European Union

In the wake of the global economy, there was a substantial stagnation of economic activity in the Euro Area at the end of the year, attributable to persistently high levels of consumer inflation, albeit slightly down from the peaks reached in 2022. The Governing Council of the European Central Bank continued the tightening of monetary policy by further raising official rates, easing the conditions applied to the third round of targeted longer-term refinancing operations (TLTRO3) and announcing the general criteria on the basis of which it will normalise the monetary policy portfolio. At the same time, the European Programme to Reduce Energy Dependence on Russia and Accelerate the Green Transition (REPowerEU) provides new funds to support the National Recovery and Resilience Plans (PNRR). Gross domestic product growth figures are positive in all major economies, although these are marginal and significantly lower than the inflation figures for the same period. According to the latest projections presented by Eurosystem experts, GDP growth in 2022 would stand at 3.3%; in 2023, it is expected to grow by 0.5%, which would be followed by an acceleration in 2024-25 (1.9% and 1.8%, respectively, in the two years). With regard to Eurozone inflation, price dynamics continue to be supported by the energy component, although the latter has decelerated; according to the Eurosystem accurate projections published in December, inflation in the area would fall from 8.4% on average in 2022 to 6.3% this year and 3.4% in 2024; in 2025 price dynamics would be 2.3%. In the last quarter of 2022, there was a substantial contraction compared to expectations in the dynamics of corporate credit. In particular, the growth of loans to non-financial corporations in the region declined to 4.8% due to the worsening economic outlook and tightening financing conditions. More analytically, credit slowed down in Germany, France and Italy and contracted in Spain. The dynamics of loans to households in the area also decreased (to 2.8%): the cost of loans to businesses and households rose, following the rise in official rates since last July, by about 130 basis points for non-financial businesses, to 3.1%; rises of a similar magnitude were observed in all the main countries; at the same time, interest rates on loans to households for house purchases rose by about 60 points, to 2.8%.

1.3. International financial markets

Towards the end of the year, conditions in international financial markets improved, benefiting from the easing of uncertainty over fiscal policy in the United Kingdom and from traders' expectations of a slowdown in the pace of monetary policy rate hikes in the major advanced economies. However, after the December meetings of the major central banks of the advanced countries, operators again changed their expectations regarding the pace and duration of the monetary tightening process. Yields on long-term government bonds in Europe and the US temporarily returned to an upward trend. However, by mid-January they were below their October levels. Since mid-October, the appreciation of the US dollar that had been going on since last spring came to a halt, and the Euro-Dollar exchange rate appreciated by about 11%, exceeding parity.

Main 10Y bond yields	Dec. 2022	YTD change (bps)	Quaterly change (bps)
Italy 10 Year	4,70%	+353	+18
Spain 10 Year	3,65%	+308	+36
Germany 10 Year	2,56%	+274	+45
UK 10 Year	3,66%	+269	-43
US 10 Year	3,88%	+237	+5

Italian bond yields	Dec. 2022	YTD change (bps)	Quaterly change (bps)
Italy 2 Year	3,22%	+329	+34
Italy 5 Year	3,99%	+357	+9
Italy 6 Year	4,07%	+350	+16
Italy 10 Year	4,70%	+353	+18
Spread BTP-Bound	211	+76	-30

Stock Markets	Dec. 2022	YTD change (%)	Quaterly change (%)
Ftse Mib Index	23.707	-13,31%	14,81%
Euro Stoxx 50 Index	3.652	-15,04%	10,05%
S&P 500 Index	3.840	-19,44%	7,08%
HK Hang Seng Index	19.781	-15,46%	14,86%
Nikkei 225	26.095	-9,37%	0,61%

Main currencies	Dec. 2022	YTD change (%)	Quaterly change (%)
Euro/Us Dollar	1,07	-5,88%	9,18%
Euro/British Pound	0,88	5,12%	0,79%
Euro/Japanese Yen	140,30	7,18%	-1,11%
Euro/Swiss Franc	0,99	-4,63%	2,28%
Us Dollar/Yuan	6,92	8,90%	-3,07%

EU Rates	Dec. 2022	YTD change (bps)	Quaterly change (bps)
IRS 2Y EUR	3,39%	+369	+57
IRS 5Y EUR	3,23%	+321	+26
IRS 10Y EUR	3,19%	+289	+11

Us Rates	Dec. 2022	YTD change (bps)	Quaterly change (bps)
IRS 2Y USD	4,70%	+376	+15
IRS 5Y USD	4,02%	+265	-12
IRS 10Y USD	3,83%	+225	-5

Bond indices	Dec. 2022	YTD change (%)	Quaterly change (%)
JPM Emu bond index 1-3y	217,17	-4,28%	-0,64%
JPM Emu bond index 3-5y	281,65	-9,91%	-1,38%
JPM Emu bond index 5-7y	360,14	-14,32%	-1,74%
JPM Emu bond index 7-10y	404,90	-19,39%	-2,37%
JPM Emu bond index 10+y	507,82	-32,31%	-4,06%

Other	Dec. 2022	YTD change	Quaterly change
MXEU Index	142,50	-11,86%	9,25%
Italy YoY Inflation	11,63%	+773	+273
Euribor 1M	1,88%	+246	+120
Euribor 3M	2,13%	+270	+96
Euribor 6M	2,69%	+324	+88

Source: elaboration from Bloomberg data

After reaching their absolute lows since the introduction of the Euro at the beginning of 2022, Euribor rates marked a return to positive territory as the result of a marked reversal.

First measurement of 1-month Euribor for each year

Euribor 1M							
2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
-0,21%	-0,37%	-0,37%	-0,36%	-0,44%	-0,57%	-0,58%	1,88%

1.4. The Italian economy

After months of growth, the cyclical phase of Italy's GDP weakened in the last quarter of 2022 (as photographed by the Bank of Italy): in addition to the halt resulting from still high energy prices, the attenuation of the strong recovery in the added value of services observed after the most intense phase of the health crisis would also have had an impact. In the same period, industrial production declined again due to still high energy costs and weakening demand. After expanding in the second and third quarters, activity in the tertiary sector also reportedly slowed down: uncertainty related to the continuation of the conflict in Ukraine and tighter financial conditions are also affecting investment spending and the outlook for the real estate sector.

Gross domestic product and its components (in %)					
ITEMS	2021	2022			2021
	4° Quarter	1° Quarter	2° Quarter	3° Quarter	
GDP	**0,8**	**0,2**	**1,1**	**0,5**	**6,7**
Imports of goods and services	5	3,8	2,1	4,2	14,7
Domestic Demand	2,1	-0,3	1,1	1,8	6,8
Domestic Consumption	0	-0,7	1,5	1,8	4,2
Gross Fixed Investment	2,7	3,8	1,5	0,8	16,5
Stock chenges	1,4	-0,4	-0,4	0,2	0,3
Export of goods and services	0,7	5,2	2,1	0,1	13,4
Net exports	-1,1	0,5	0,1	-1,3	0,1

Source: Bank of Italy Economic Bulletin no.1 -2023

Household spending increased significantly again in the third quarter; it would have weakened in the final part of the year, despite the government measures taken to lower energy prices and to support disposable income, especially of poorer households. The propensity to save has continued to decline, returning to pre-health emergency levels.

With regard to the balance of payments and international trade, exports in volume remained virtually unchanged over the summer months, held back by the marked slowdown in sales of goods and the decline in sales of services, while exports of goods were supported by markets outside the Euro Area, in particular the United States and China, against a decline in sales in the Euro Area's main partners.

Inflation reached new highs in the autumn months, driven by the energy component, which is still being transmitted to the prices of other goods and services and is leading to a moderate strengthening of core inflation. Consumer price dynamics continued to be mitigated by the energy measures and there are now first signs of easing inflationary pressures in the expectations of households and businesses.

In the domestic financial sector, bank lending to the non-financial private sector slowed down between August and November, affected by weaker corporate demand for investment purposes and weaker household demand for house purchases; supply conditions tightened moderately. The rise in official interest rates that started in July is being transmitted to the cost of bank credit: funding has stopped growing and has become more expensive; however, at the same time, the deterioration rates of credit quality have remained low: the profitability of significant banking groups has increased. With specific reference to the rate of credit deterioration, the flow of new impaired loans in relation to total loans rose slightly to 1.1% in the third quarter: the increase was attributable to manufacturing companies, while it remained stable for households (0.6%). The proportion of impaired loans to total loans of the significant banking groups remained virtually unchanged, both before and after value adjustments. The coverage ratio of these loans increased, mainly as a result of higher provisions.

Between mid-October and the first half of December, the yield on Italian government bonds on the ten-year maturity decreased by about 100 basis points to below 4.0%. The yield spread against German sovereign bonds narrowed to below 190 points. After the meetings of the major central banks in December, in particular that of the ECB, which revealed a more restrictive stance than the markets had anticipated, the yield on the Italian ten-year bond temporarily returned to the levels of mid-October. Since the beginning of this year, the yield has fallen again; by mid-January it stood at around 4% and the spread at around 185 basis points, well below the highs reached in 2022.

On the public finance side, quarterly account estimates released by ISTAT show an improvement in the picture in comparison with 2021: in the first nine months of 2022, net borrowing as a ratio of GDP fell by 3.2 percentage points compared to the same period of the previous year; the lower deficit reflects equally the reduction in expenditure and the increase in revenue in relation to output. This would be partly reflected in the estimate of a debt-to-GDP ratio of about 145% in 2022 (from around 150% in 2021), which is essentially consistent with what was planned in the revised and supplemented version of the Update Note to the Economic and Finance Document 2022, published in early November.

The budget law for the three-year period 2023-25, which was approved by Parliament last December, increases the deficit compared to the framework of current legislation by 1.1 percentage points of GDP in 2023 and 0.1 points in the following year; in 2025, a correction of 0.2 points is planned. Taking into account the effects of the budget law, net borrowing would fall from the 5.6% programmed for 2022 to 4.5% in the current year; it would continue to fall in subsequent years, reaching 3% of GDP in 2025. The widening of the deficit in 2023 is mainly aimed at extending and in some cases enhancing, almost exclusively for the first quarter of the year, measures to mitigate the impact of energy price increases on households and businesses. In the context of the planned talks with the government, the European Commission considered the text presented by Italy to be in line with the budget guidelines contained in the Council recommendations of 12 July 2022.

1.5. Labour market

The latest available data show a stabilisation of employment and hours worked in the third quarter, which had already recovered to pre-pandemic levels in the spring, compared to the first half of 2022, with an increase in manufacturing (0.6% over the previous period), a decline in construction (-0.8%) and an unchanged situation in services. The same trend of stabilisation and recovery of pre-pandemic values was also recorded for wage subsidies with the exception of indications of an upturn in the energy-intensive sectors.

The unemployment rate stood at a historically low 7.9%. According to Eurostat, the degree of underutilisation of the labour force, after peaking during the pandemic, has returned to lower levels than in 2019.[2]

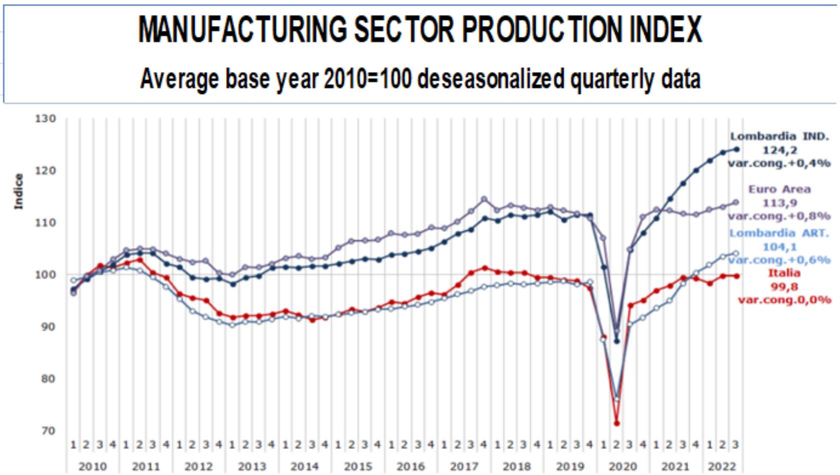
1.6. Lombardy Region

According to the Bank of Italy's economic survey published in November 2022, the post-Covid recovery continued in the first half of the year, despite the worsening geopolitical situation and the energy shock, with growth of 5.9%, higher than the Italian average but slowing down compared to 7.5% in 2021. Some Bank of Italy indicators would confirm a weakening in the second half of the year with worsening business and household confidence.[3]

As for the country as a whole, inflation rose sharply in 2022, with the price index rising from 4.1% (compared to the same period in 2021) to 8.4% in September (growth in the items housing, utilities, accommodation and food services, transport and foodstuffs, the latter by +10.2%, due to both higher supply chain costs and drought). This trend is confirmed by the latest report by Unioncamere Lombardia, according to which in the third quarter of 2022, the trend figure for manufacturing production stood at 4.8%, down from the first two quarters (+10.7 and +7.4) and more than halved compared to the same period in 2021 when it was +12%. According to data made available by Unioncamere, the index of industrial production in the Lombardy manufacturing sector in the third quarter of 2022 reached a value of 124.2, the highest since the pandemic. However, at the same time, there are also signs of a slowdown: the economic production figure is still positive (+0.4%) but in sharp contraction compared to the same figure for the third quarter of 2021 (+2.5%).

[2] Bank of Italy, Economic Bulletin, Number 1 / 2023 January.

[3] The coincident indicator Regiocoin-Lombardy



Source: Unioncamere Lombardia, The Economy of Lombardy. Manufacturing economy. Sector dynamics in Lombardy 3rd quarter 2022, Milan 21 November 2022.

According to data from Unioncamere Lombardia, manufacturing production increased by 7.6% in the first nine months of the year compared to the same period in 2021, and 2022 is forecast to close with an average annual growth of between 6 and 7% compared to 2021. Production increases over the previous period were strong in Q1 and Q2 (1.6 and 1.4% respectively) and slowed down in Q3 (0.4%). Capacity utilisation rose to 77.9% on average over the three quarters, a historically high level. The assumed growth rate for 2023 would most likely be negative, i.e. -0.3%. For comparison: Italy's industrial production, according to the Prometeia scenario, would stand at -0.4% cyclically in the fourth quarter with an assumed growth rate of -0.2% in 2023.

Growth was strong for all size classes of companies and was common to all manufacturing sectors, except for transport means. The increase was particularly strong for the clothing, footwear and textile sectors, whose recovery after the pandemic had been weaker than in other sectors. Production growth was below the regional average in food, rubber-plastics, chemicals and pharmaceuticals, and steel. With the exception of transport means, the main business sectors exceeded their 2019 production levels. With regard to employment in industry, the balance between incoming and outgoing is positive for all of the first three quarters of 2022, but the rate of entry of new personnel is significantly reduced. The percentage of use of the Wage Supplementation Fund out of the total number of hours remained low (1.1% compared to 12.8% at the pandemic peak), but still up compared to the first quarter (0.5%) and with peaks in sectors such as steel, textiles and clothing.

According to the Bank of Italy, the employment rate rose to 67.7% (59.8 in Italy), 2.1% higher than in the first half of 2021 but still lower than the corresponding period of 2019 (68.5%).[4]

Exports of goods, which have been growing since the second half of 2020, far exceeded pre-pandemic levels (+22.1% in the first half of 2022 compared to the corresponding period of 2021). Imports, measured at current prices, grew more than exports. Companies continued to maintain ample liquid assets in the form of bank deposits. Bank lending for working capital financing needs related to increased economic activity and increases in energy costs and other production inputs grew (+6.5% in August compared to the end of 2021).

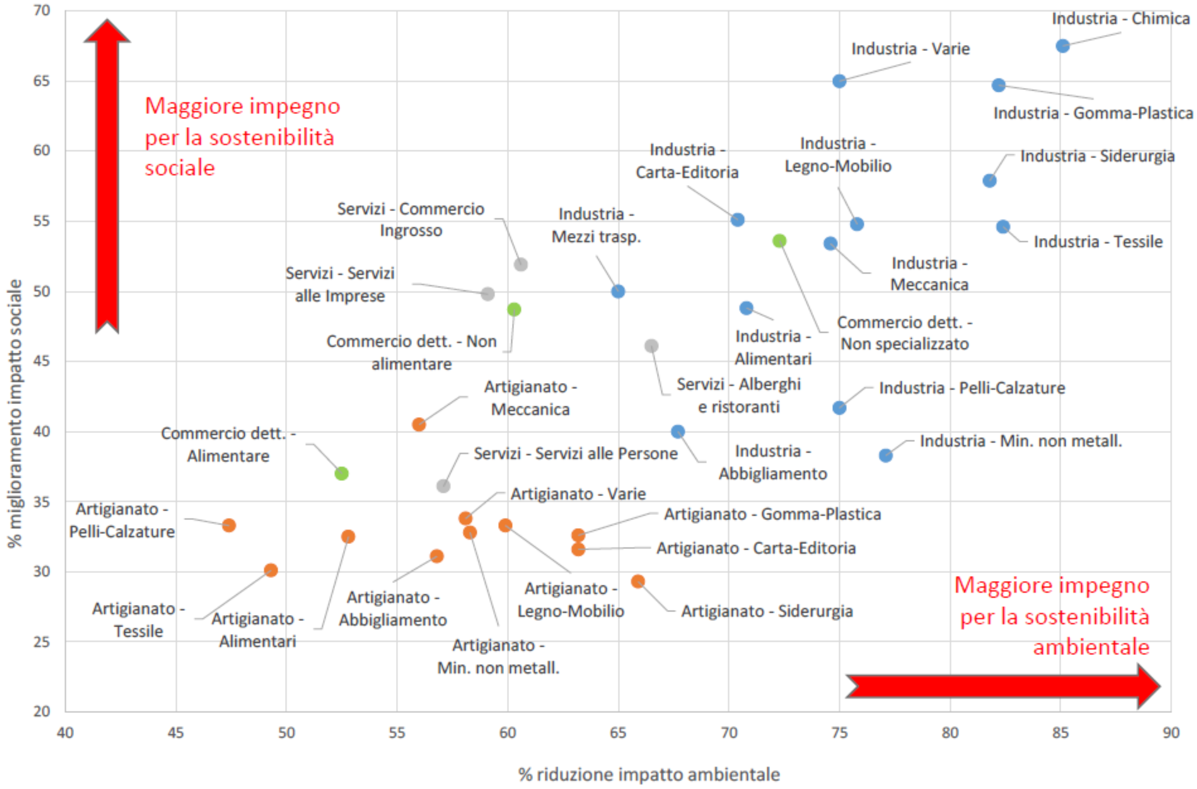
The cost of new investment loans in the second quarter came to 2.2% (+3 tenths of a percentage point), with a more pronounced increase for fixed-rate loans, the share of which fell from 35% at the end of 2021 to 15%. In the first half of 2022, bond placements by Lombardy companies exceeded Euro 9 billion, a figure in line with that of the same period in 2021.

In this context, Unioncamere notes that more than two-thirds of companies, particularly industrial companies, still consider the issue of sustainability to be relevant, with reference to both environmental and social implications.[5] In industry, 76% of companies would declare that they have undertaken or planned measures to reduce their environmental impact (a percentage that rises to over 90% in the case of large companies), as would 57% in handicraft manufacturing, 60% in services and 62% in retail trade. The summary of results places industrial companies among the most active in implementing sustainability actions.

[4] Regional economies. The economy of Lombardy. Economic Update - Issue 25 - November 2022

[5] Source: Unioncamere Lombardia, Creative Commons licence.

Percentages of companies that have adopted/planned measures to improve social and environmental impact - data by sub-sectors[6]



Unioncamere Lombardy Panel, Sustainability Focus - Surveys Q3 2022

1.7. Credit market

According to the Bank of Italy's findings, in the first eight months of the year, loans disbursed to the non-financial private sector in Lombardy - net of repayments - amounted to Euro 12.4 billion compared to Euro 2.5 billion in the same period of 2021. Both household and corporate financing would have recorded higher growth rates than before the pandemic. Growth was spread across the territory, with an above-average rate in the provinces of Milan, Mantua and Brescia, and lower in those of Cremona, Pavia and Sondrio. The recovery in demand for loans by businesses concerned working capital (due to business expansion and increased production costs), investments and restructuring of debt positions. Household demand for home loans and consumer credit also grew.

[6] Ibidem.

This growth by companies is expected to decrease in the second half of 2022, and to stabilise for households.

For companies, the credit deterioration rate was 1.4% in June (from 1.6 at the end of 2021), with manufacturing improving and construction worsening. The proportion of performing loans classified as stage 2 in accordance with IFRS 9 went from 17% at the end of 2021 to 15%. The incidence of impaired loans (valued gross of the write-downs already accounted for by banks) on total loans fell to 3.5% in June, while non-performing loans alone accounted for 1.3% of the loans disbursed to Lombardy customers. The figures provided by the Bank of Italy on the changes in credit granted by the banking sector to families and businesses in Lombardy on an annual basis recorded in June 2022 are shown below.

Bank loan by economic sector (1) (percentage changes over 12 months)

			Non-financial private sector						
				Enterprises					
						Small (3)			
PERIODS	Public administration	Financial and insurance companies	Total non-financial private sector (2)	Total enterprises	Medium-large	Total small enterprises	of which producer households	Consumer households	Total
Dec. 2020	0,5	-0,7	5,1	7,3	7,6	5,4	7,6	1,3	3,9
Mar. 2021	-3,6	-1,4	3,5	4,3	3,8	8,2	11,6	2	2,4
Jun. 2021	-3,9	-1	2,7	2,3	1,9	4,9	7,1	3,4	1,9
Sept 2021	-3,8	-0,9	1,6	0,4	0,1	2,3	4,6	3,8	1
Dec. 2021	-4,8	1,1	3	2,3	2,4	1,4	3,6	4,1	2,5
Mar. 2022	-2,8	3,6	3,4	2,5	3	-0,8	0,7	4,8	3,3
Jun 2022	-1,7	5,8	4,4	4,1	4,8	-1	0,3	4,9	4,5

Source: regulatory reporting - Regional economies - Lombardy's economy - Economic update - November 2022

Include non-performing loans and repurchase agreements; changes are adjusted to take into account the effect of securitisations, reclassifications, other disposals other than securitisations, derecognition and exchange rate changes. - (2) Also includes non-profit institutions serving families and unclassified or unclassifiable units - (3) Limited partnerships and general partnerships, simple partnerships, de facto corporations and sole proprietorships with fewer than 20 employees. - (4) Simple partnerships, de facto corporations and sole proprietorships up to 5 employees.

Bank loans to businesses by business segment (percentage changes over 12 months and milions of euro)												
Segments	Dec. 2019	Mar. 2020	Jun. 2020	Sept. 2020	Dec. 2020	Mar. 2021	Jun 2021	Sept. 2021	Dec. 2021	Mar. 2022	Jun 2022	End-of-period balances (Jun. 2022)
Manufacturing activities	0,6	3,4	5,3	7,2	6,4	4,5	1,7	-1	0,8	3,3	7,5	64.114
Buildings	-5,6	-3,1	-0,3	0,1	4,8	2,6	-0,6	0	-1	2,1	4	20.102
Services	-3,4	1,3	4,9	9	9,1	4,8	3,3	0,9	3,3	2	2,8	113.119
Total	-2,6	1,1	3,8	6,7	7,3	4,3	2,3	0,4	2,3	2,5	4,1	213.433

Source: regulatory reporting - Regional economies - Lombardy's economy - Economic update - November 2022

1.8. Future outlook

Prospectively, based on Bank of Italy analyses, in the baseline scenario Italian GDP, after growing by almost 4% in 2022, would slow down in the following three years, expanding by 0.6% this year and 1.2% in both 2024 and 2025. Inflation, which rose to almost 9% on average in 2022, would fall to 6.5% this year and more sharply thereafter, to 2% in 2025. It should be noted that these projections remain purely indicative given the exceptionally high level of uncertainty.
The main variables identified for 2023 would be the evolution of the conflict in Ukraine, inflation that would remain high, hindering consumption growth, and decline sharply in the following two years, the gradual increase in employment, a moderate expansion of investments, a current account balance that would also be affected in 2023 by the worsening of the energy balance, with the expectation that in the event of a halt in energy supplies from Russia to Europe, GDP would fall and inflation would rise further.

2. THE ACTIVITY CARRIED OUT BY THE PARENT COMPANY IN 2022

The activity carried out by the Parent Company in 2022, in support of the development policies of the Lombardy Region, included the management both of soft finance products based on Third Party resources (2014-2020 community programming and regional funds), and of financial intermediation products, in terms of launching new initiatives and remodulating some of the existing ones.
With regard to the financial instruments with EU resources from the 2014-2020 programming period, efforts continued to manage the interventions already started in previous years, as this programming cycle is coming to an end. In particular, we mention the measures FREE (Regional Energy Efficiency Fund), R&D Line for SMEs (FRIM ERDF 2020), R&D Line for Aggregations, Credit Fund for

Agroindustry (Operation 4.2 RDP-FEASR), Intraprendo Line, Counter-guarantee Line, FRIM ERDF 2020 'Research & Development', Internationalisation Line.

The Parent Company constantly monitored, with regard to the financial instruments based on EU resources, the regulatory evolution, across the different European structural and investment funds, also in view of the shift to the next 2021-2027 programming cycle. The Parent Company is a privileged partner able to combine solid financial expertise with over ten years of experience in the management of financial engineering instruments for structural funds (ERDF and ESF) and the skills gained in almost twenty years of support to the Lombardy Region in the definition of operational programs and their implementation. This role has enabled the Parent Company to consolidate its national (ANFIR) and international (EAPB) network, repositioning the Parent Company on the most innovative issues with its stakeholders. In this regard, it is worth noting that in December 2022, the Council Resolutions were approved establishing four new financial instruments, the calls for which will be approved in 2023 (Venture Capital, Investment Line, Green Investment Line and Attractiveness Line). In addition, two new calls were approved for the following financial instruments:

- **"Internationalisation line 2021-2027"** - **Projects for competitiveness in foreign markets**, which supports the internationalisation of Lombardy companies by supporting the implementation of structured development programmes aimed at starting up and/or consolidating their business in foreign markets in a structured and integrated manner. The subsidy, which may not exceed a total amount of Euro 350,000, will be granted and disbursed up to 100% of eligible expenses, of which 80% in the form of subsidised loans and 20% in the form of non-repayable grants, with a minimum investment of Euro 35,000.
- **"Research and innovate"**, which supports investment in industrial research, experimental development and process innovation (including digital) by Lombardy SMEs. The facility, which fully covers the eligible project investment, provides for an interest-free loan combined with a non-repayable (capital) contribution from a minimum of Euro 80,000 up to a maximum of Euro 1 million.

As far as **financial interventions with autonomous regional resources are concerned,** the management of the applications already presented continues. These include, among others, the call for applications for the Fund for credit support for cooperative enterprises, Fund for the capitalisation of cooperative enterprises and the Fund for financial support to agricultural enterprises for operating credit, to support the liquidity needs of agricultural enterprises through the granting of interest subsidies.

The Parent Company supports the Lombardy Region by providing technical assistance in the area of social housing policies, in particular on EU regulations on Services of General Economic Interest (SIEG).

In the area of **financial intermediation products with** the use of the Parent Company's **own resources**, the following are worth noting:

- **InnovaLombardia - Linea Innovazione**, launched in early 2017, is a co-financing measure between the Parent Company and banks totalling Euro 100 million; it is aimed at financing investments in product and process innovation. This instrument combines co-financing with an interest subsidy based on regional resources. Important aspects are the duration (up to 7 years), the amount of the individual loans (up to Euro 7 million), the cut in the interest rate (up to 250bps) and the particularly broad target in terms of both sectors and size of business (Lombardy enterprises under 3,000 employees). In 2022, about Euro 1.05 million were disbursed, considering only the resources based on the co-financing portion of the Parent Company;
- **"AL VIA" initiative**, defined in 2016 with the publication in the BURL S.O. no. 24 of 13 June 2017 of the Notice to Enterprises and in the BURL Series Notices and Calls no. 24 of 14 June of the Notice to Intermediaries: the measure, aimed at Lombardy SMEs for the financing of productive investments, consists of medium-term co-financing for up to 6 years (50% from the resources of the Parent Company and 50% from the resources of the participating intermediaries) with a total value of Euro 220 million. It is combined with a capital contribution on ROP ERDF 2014-2020 resources (from 5% to 15%) and a first-demand free guarantee equal to 70% of the co-financing disbursed, again based on resources of the ROP ERDF 2014-2020. In September 2020, the Initiative was revised and with the introduction of the new funding line Corporate Investments FAST, in addition to the already existing lines 'Corporate Development' and 'Relaunch of Productive Areas', which also supports investments for compliance with new health and safety protocols in the post-Covid and provides a capital contribution on resources ROP ERDF 2014-2020 equal to 15%.

  The cumulative amount of disbursements in 2022 was Euro 27.8 million, considering only the resources based on the portion of co-financing of the Parent Company;

- **Credito Adesso Evolution**, launched in April 2020 with an endowment of Euro 67 million (50% from the Parent Company, 50% from the banks and Confidi partners) for loans and Euro 7.35 million of regional resources for interest subsidies. This measure has been refinanced to bring the funding ceiling up to Euro 389 million (50% from the Parent Company, 50% from the banks and Confidi partners) for loans and Euro 37.35 million of regional resources for interest subsidies. In December 2020, a refinancing of Euro 270 million (50% from the Parent Company, 50% from the banks and Confidi partners) for loans and Euro 25 million of regional resources for interest subsidies was also approved, to start in 2021. Lastly, in December 2021, also a new refinancing of Euro 300 million (50% from the Parent Company, 50% from the banks and Confidi partners) was approved for loans and Euro 24 million of regional resources for interest subsidies, thanks to the savings generated on previous branches and on Credito Adesso. In September 2022 and December 2022, two refinancing of the measure were approved, each amounting to Euro 160 million for loans (max. 50% by the Parent Company, 50% by the banks and Confidi affiliated) and Euro 15.8 and 16 million of regional resources for interest subsidies, respectively. The measure in support of companies' working capital has the following characteristics: a) co-financing for a maximum of 72 months, of which a maximum of 24 months of pre-amortisation by the Parent Company (50%) and banks (50%); b) 3% interest rate subsidy. The amount of disbursements in 2022 was Euro 139 million, considering only the resources based on the portion of co-financing of the Parent Company;
- **Patrimonio Impresa**, call opened on 08 July 2021 to finance capital strengthening (with a non-repayable contribution of 30%) and investments in strategic areas for economic recovery and revival (investment attraction, repatriation of production, reconversion and business development, digital and "green" transition) of SMEs and professionals in Lombardy. The measure has a budget of Euro 100 million for loans made available by the Parent Company, Euro 30 million for non-repayable grants and Euro 10 million for guarantees on loans granted by the Parent Company, made available by the Lombardy Region. The value of disbursements for 2022 amounted to Euro 4.4 million on the parent company's share of the financing; of the 350 admitted applications, 329 also received disbursements of Euro 19.5 million;
- **Minibond Project**, alternative financing channel for Lombardy companies, aimed at supporting them - in co-financing with leading operators in the financial sector - through the subscription of bonds issued by them to finance their investment plans and working capital

requirements, or to refinance their debt. The ceiling of financial resources made available by the Parent Company for the subscription of mini-bonds amounts to Euro 120 million, in addition to the funds made available by other financial operators co-financing the Project. During 2021, the Parent Company has decided to allocate a portion of the ceiling, equal to Euro 50 million, to companies that qualify as sustainable in environmental, social and with regard to their governance model (ESG).

Since the initiative was launched, 10 transactions have been approved, of which 9 subscribed for a total subscription value (Parent Company portion) of Euro 18.78 million against a total issue value of Euro 63.5 million.

- **Basket Bond Lombardia**, the Programme aims to finance the Lombardy SMEs and Mid Caps adhering to the ELITE private market of Borsa Italiana (Euronext Group) in their medium-long term development and growth plans in Italy and abroad. The instrument (collateralised debt obligation) consists of a securitisation of bonds issued by companies initially acquired by a specially constituted vehicle company, and subsequently transformed into asset-backed notes subscribed exclusively and jointly by the Parent Company Finlombarda and Cassa Depositi e Prestiti.

  The Issuance Programme has a total amount of Euro 80 million, with subscriptions at 31 December 2022 equal to Euro 37 million (of which Euro 18.5 million subscribed by the Parent Company); the programme terminated the rump-up period in December 2022;
- **Syndicated Loans:** with this product, the Parent Company intervenes with its own resources in pooled financing operations as Participant for the financing of Lombardy SME and Mid Cap that will have to carry out investment programmes with high financial requirements. The overall ceiling made available by the Parent Company amounts to Euro 300 million, of which 200 million dedicated to operations carried out taking advantage of the guarantees issued by SACE S.p.A - CDP Group. In 2022, it was decided to create a specific intervention line dedicated to leveraged and acquisition financing transactions. Since the initiative was launched, nine syndicated transactions have been approved for a total amount of Euro 454 million (Euro 66.5 million the Parent Company).
- **"Credito PPP" - Public Private Partnership,** with a ceiling made available by Finlombarda of Euro 200 million, the objective of "Credito PPP" is to support Lombardy companies of any size that have been awarded Concessions or Public Private Partnership contracts, financing investments for the construction or restructuring of public works and services, and for the

refinancing of debts previously contracted. The financing granted may be corporate or project finance;

- **Plain Vanilla,** product launched in 2021 to support the financial needs of Lombardy's SMEs and large companies belonging to any production sector through the disbursement of loans ranging from Euro 150 thousand to 15 million and with a duration of 24 to 84 months intended to cover the costs inherent in the company's investment plan (capex) and/or operational management (opex). The ceiling made available by the Parent Company amounts to Euro 25 million. During 2022, three financing transactions were approved for a total value of Euro 9.45 million.
- **Credito F.A.C.I.L.E.**, an alternative finance product launched in 2021 and developed in collaboration with the October social lending platform, in response to the liquidity needs of Lombardy businesses during the economic recovery phase from the pandemic event. The Parent Company subscribed notes issued by the October SME IV Alternative Investment Fund managed by October Factory SGR and dedicated to the granting of loans through the October platform. The investment period ended in 2022 and the resources contributed by the Parent Company, amounting to Euro 6.4 million, were used to disburse sixty loans of up to Euro 150 thousand to SMEs in Lombardy.
- **Fondo RipreSA**, product launched in 2022 to financially support the sector of non-profit care homes (RSAs) accredited with the Regional Health System, through the granting of mortgage loans from 18 months to 10 years (which can be increased to 15 for SMEs) for amounts between Euro 100 thousand and Euro 1 million (and in any case, no more than 10% of the average turnover in the last two financial years) assisted by a free regional guarantee. During 2022, four financing transactions were approved for a total value of Euro 1.49 million.

Also in 2022, the Parent Company continued to manage three major initiatives to **finance investments by Lombardy's Local Entities** (EELL):

- RL (Regional Law) 9/2020 "Interventions for economic recovery", provided for expenditure of Euro 400 million, divided between the years 2020 and 2021, allocated to one or more public works carried out by Lombardy's EE.LL. For the management of these resources, the Lombardy Region has set up a Fund, which is managed by the Parent Company;
- RL (Regional Law) 4/2021 "Interventions in support of Lombardy's economic fabric" allocated a further Euro 101 million, divided between 2021 and 2022 with similar purposes to RL 9/2020, providing for the same role for the Parent Company;

- a portion of the resources from the "programme for economic recovery" on the "Interventions for economic recovery" Fund pertaining to the interventions referred to in DGR no. XI/4525 of 07 April 2021, amounting to Euro 91 million for Lombardy's municipalities.

Also in 2022, the Parent Company continued its work in the offer of customised services directed at business in terms of competitiveness (innovation, sustainability and internationalisation). The activities allowed the consolidation of the integration of services provided through the **"Simpler"** project (European EEN - Enterprise Europe Network) and the **Open Innovation** project (the collaborative platform of the Lombardy Region) that supports the development of open innovation ecosystems. In particular, 16 open innovation challenges addressed to international companies (EEN Network) and 8 national ones were carried out. More than 500 collaboration proposals and partner searches were circulated to Lombardy companies with the relevant expressions of interest for the development of projects and industrial development activities. More than 400 individual consultancy services were provided to companies for participation in European calls and partner searches. 35 local events (webinars, workshops and training courses on innovation, sustainability, digitalisation, internationalisation and European funding programmes) and 50 international events were held to foster transnational business, technology and research collaborations (EEN Network). In 2022, the European Commission positively evaluated the EDIH4MANU Lombardia project and awarded it the 'Seal of Excellence'. The project, with leader MADE Competence Center, was presented in 2021 in response to the call for proposals of the Digital Europe programme "European Digital Innovation Hubs" (EDIH) launched by the Commission with the aim of creating a network of European hubs for digital innovation, enabling technological experimentation and the digital transformation of European private and public organisations. With the creation of a European network of Digital Innovation Hubs, the aim is to strengthen the synergy between the world of research and that of business, giving a decisive boost to technology transfer and digitalisation, especially in the manufacturing sector. Confirmation of funding by the MISE is expected in 2023.

In addition to the offer of services, the consultancy to the Lombardy Region continued in support of strategic planning and governance in the field of research and innovation, with particular reference to the activities preparatory to the update of the so-called "**Work programmes for Research and Innovation of the Lombardy Region period 2022-2023**", "Implementation tool" of the S3 that collects the technological priorities of the territory on which to focus regional resources. In 2022, the parent company also supported the Lombardy Region with ARIA S.p.A. in setting up the specifications of an **artificial intelligence model**, to be developed in 2023, for the **detection of emerging production sectors and activities in Lombardy**.

As part of the activities related to **Regional Law no. 29/2016 "Lombardy is research and innovation",** the Parent Company supported Lombardy Region in the drafting of the **Evaluation Clause**, a fulfillment required by the law to allow the Regional Council to evaluate its implementation and the results progressively obtained in promoting and supporting the development of the Lombardy research and innovation system.

In 2022, the Parent Company supported the General Directorate for the Environment and Climate in an **activity to animate the Protocol for Sustainable Development** (signed in 2021) involving stakeholders from the world of business, research and finance with the **aim of promoting sustainable investments in Lombardy**. The final document of the activity, which presents useful indications for new policies on sustainability, was shared with the regional government at the end of 2022. The parent company also presented the results of its activities at the 3rd Regional Forum for Sustainable Development held from 19 to 22 October 2022.
The Parent Company is still partner of the **European project TRANSFORM** - Territories as Responsive and Accountable Networks of S3 through new Forms of Open and Responsible Decision-Making - (entered into in 2020) approved under the Horizon 2020 call and focused on the development and promotion of Responsible Research and Innovation. In 2022, the Parent Company contributed to the implementation of the "**Citizen Engagement**" process from which citizens' needs in terms of research and innovation were identified and subsequently included in the PST relating to the issue of **intelligent and responsible mobility**.

In the context of technical assistance to **regional tenders without repayment for the development of local competitiveness**, the Parent Company provided technical assistance for a number of initiatives:

- **Arché 2019 and 2020**, support to new Lombard entrepreneurial realities (MSMEs or freelancers) for start-up or consolidation plan (**2019**) and in response to the Covid-19 emergency (**2020**);

- **Fashiontech**, support for the economic valorisation of innovation in the fashion and accessory textile sector through experimentation and the adoption of innovative solutions in processes, products and organisational formulas, as well as through the financing of the industrialisation of research results;
- **Tourism and Attractiveness - second edition**, support to the competitiveness of hotel and non-hotel open-air accommodation structures;
- **International Fairs**, granting of contributions for the participation of SMEs in international fairs in Lombardy;
- **Lombardia To Stay**, realisation of territorial marketing projects by public and private entities;
- **Lombardy Region - Cariplo Foundation Joint Notice**, for the granting of contributions to support the transfer of knowledge in the Advanced Materials sector;
- **Distretti del Commercio**, concession of contributions directly to local authorities and indirectly to companies and aspiring entrepreneurs for projects of urban economic territorial reconstruction within the commercial districts of Lombardy;
- **Ripresa 2021,** granting of contributions for Lombardy SMEs that intend to invest in their own development and re-launching within the scope of interventions focused on digital and green transition and on safety at work also in the Covid-19 scope. The measure has two lines of action: Line A - Artisans 2021 and Line B - Inner Areas;
- **Brevetti 2021**, granting of contributions to support micro, small and medium-sized enterprises in Lombardy (MSMEs), including professionals, in obtaining new European or international patents or extension of the same at European or international level relating to industrial inventions;
- **Tech Fast Lombardia,** granting of contributions in favour of Lombardy SMEs that intend to carry out projects of experimental development and process innovation (including digital) related to the areas of specialisation of the Strategy of Regional Intelligent Specialisation (S3) of the Lombardy Region;
- **Recovery 2022 - Energy efficiency line of the production process of micro, small and medium manufacturing enterprises**, granting of contributions for Lombardy SMEs that intend to start investments for the energy efficiency of their production site;
- **Trade Districts 2022-2024**, granting contributions to support both direct investments by economic operators and interventions to improve the urban context and the territory carried out by local authorities, rewarding in particular the design excellence of the most innovative and structured Districts;

- **ALL - Attrattività Locale Lombardia (Local Lombardy Appeal)**, supports Lombardy's municipalities in the realisation of projects for the valorisation and redevelopment of publicly owned real estate, with the aim of enhancing the appeal of the reference territories from a tourist, economic and social point of view;
- **Social Housing**, technical assistance activities for the implementation of social housing policies;
- **Playgrounds,** for the construction and adaptation of inclusive playgrounds, accessible nature trails, renovation or upgrading of semi-residential facilities for the disabled and organisation of services in the field of sport.

With regard to communication and promotion activities, during 2022, the promotion of financial products and services continued with the aim of spreading "brand awareness" linked to the company's rebranding and consolidating the positive reputation of Finlombarda SpA towards Lombardy Region internal and external audiences.

To this end, the Institutional Relations and Communication Service was introduced as part of the Parent Company's General Management.

The activities carried out promoted the integrated use of digital tools and channels (such as multimedia publications, video briefs, LinkedIn, online meetings and events) and traditional ones (such as new branding, memoranda of understanding, press office, communication of business cases and financial operations, etc.) and covered the following contents:

- Support for the economic relaunch of the Lombardy production system through institutional appointments and collaborations with stakeholders (economic and financial) and the realisation of in-depth studies on current economic and financial issues with an educational slant to be promoted on the LinkedIn company page;
- corporate storytelling, to give voice directly to entrepreneurs (#cheimpresa!) for a Finlombarda of 'people for people';
- commitment to the sustainable development of the Lombardy region, in line with the regional SviS protocol, through the promotion of business cases financed and linked to the theme of sustainability and the promotion of new financial instruments;

- activity in Europe, with the effective and collaborative presence of Finlombarda at the Casa Lombardia headquarters in Brussels, for the consolidation and opening of new national and international institutional relationships through the Networks of the European Association of Public Banks (EAPB), the National Association of Regional Financial Institutions (ANFIR) of the EIB FI-Compass Platform (specifically for Structural Funds financial instruments) and the informal Group of Italian Representative Offices for Research and Innovation (GIURI Group), with the aim of keeping the EU decision-making process monitored and actively participating in the debate on the main issues on the EU agenda when they have an impact on the Parent Company's work.

Thus, the foundations were laid for a better positioning of the Parent Company, closer to the regional territory, as a financial institution capable of maximising public resources (both regional and European) for the economic development of the territory and to favour, in a subsidiary and complementary perspective to the banking system, access to credit by Lombardy companies, especially small and medium-sized ones, taking into account the economic repercussions of the energy crisis and the increase in inflation.

3. SUMMARY OF 2022 RESULTS

3.1. Income statement

The following table shows the results achieved during the year (Euro):

Reclassified income statement	31/12/2022	31/12/2021
OPERATING INCOME - OP. INCOME	**20.421.110**	**19.919.826**
PURCHASES OF GOODS AND SERVICES	-2.838.616	-2.858.083
VALUE ADDED	17.582.494	17.061.742
PERSONNEL COSTS	-13.150.659	-13.655.082
EBITDA	4.431.835	3.406.660
AMORTISATION AND DEPRECIATION	-293.974	-185.756
OPERATING PROFIT FROM OPERATIONS	4.137.861	3.220.904
OTHER INCOME/(EXPENSES)	176.804	48.992
OPERATING PROFIT - EBIT	**4.314.665**	**3.269.896**
FINANCIAL INCOME/(EXPENSES)	-678.423	-3.014.684
PROFIT BEFORE TAXES	3.636.241	255.212
(TAXES)	-1.259.532	-255.212
NET PROFIT - RN	**2.376.709**	**0**

Operating income came to Euro 20,421,110, Euro 501,284 higher than the previous year (+2.5%). Within net interest and other banking income, there was a significant increase in net interest income of Euro 3,358 thousand (+51%), with a notable growth in interest from loans receivable, while the increase in interest payable was mainly due to the amortisation for the entire year of the loan line with Banca Popolare di Sondrio and the new Euro 50 million bond issue and the consequent impact of the increase in rates on loans payable, all at variable rates (specular to interest income). With regard to other financial income and expenses, there was a significant increase in dividends and similar income equal to 120%, mainly due to the relegation of the October SME IV coupons. The net result of financial assets valued at fair value is negative for Euro 1,961 thousand (last year, it was negative for Euro 18 thousand). Finally, there is a profit on the sale or repurchase of financial assets at amortised cost/fair value with an impact on comprehensive income of Euro 69 thousand (compared to a profit of the previous year equal to Euro 27 thousand).

With regard to commission income, it amounted to Euro 12,119 thousand, a decrease compared to 2021 (-8%), due to the new Framework Agreement signed with the Lombardy Region and effective as of 1 January 2022. Personnel expenses amounted to about Euro 13,150 thousand, down Euro 504 thousand from last year. Costs for other administrative expenses recorded a slight decrease compared to 2021 equal to approximately Euro 19 thousand, settling at Euro 2,838 thousand. Depreciation of tangible assets amounted to zero, while amortisation of intangible assets amounted to about Euro 293 thousand, up by about Euro 109 thousand compared to 2021 due to the capitalisation of evolutionary maintenance on the management system. Provisions for risks of Euro 27 thousand were recognised in the year. Adjustments to assets at amortised cost and comprehensive income went from Euro 2,727 thousand to Euro 450 thousand. It is noted that the provision is due to Euro 1,512 thousand for stage 1, 2 and 3 write-downs of loans in portfolio, Euro 503 thousand for reversals on current accounts and Euro 559 thousand for write-downs on securities (both HTC and HTCS). In conclusion, net profit in 2022 amounted to Euro 2,376 thousand, versus a zero balance in 2021.

3.2. *Balance sheet*

The main balance sheet changes during 2022 are summarised in the following table, in which assets and liabilities have been reclassified to show the invested capital, the sources of financing and their key components.

	2022		2021	
	EURO	%	EURO	%
RECEIVABLES	521.895.662		401.187.771	
MISCELLANEOUS RECEIVABLES	6.511.673		8.979.532	
DEFERRED LIQUIDITY	528.369.020	82,26	410.167.302	79,71
MISCELLANEOUS PAYABLES	-5.033.862		-6.483.843	
TAX PAYABLES	-1.037.052		-234.035	
TOTAL AMOUNTS DUE	-6.070.914	-0,95	-6.717.878	-1,31
NET OPERATING WORKING CAPITAL - NOWC	**522.298.107**	**81,31**	**403.449.424**	**78,40**
INTANGIBLE ASSETS	402.794		417.670	
PROPERTY, PLANT AND EQUIPMENT				
FINANCIAL ASSETS	121.303.618		112.674.796	
NET FIXED ASSETS	**121.644.188**	**18,94**	**113.092.467**	**21,98**
OTHER MEDIUM/LONG-TERM NON-FINANCIAL LIABILITIES	-127.323		-161.230	
PROVISION FOR SEVERANCE INDEMNITIES	-1.498.570		-1.787.058	
ADJUSTED INVESTED CAPITAL	**642.316.402**	**100,00**	**514.593.603**	**100,00**

SOURCES OF FUNDS	2022		2021	
	EURO	%	EURO	%
SHORT-TERM FINANCIAL LIABILITIES IMMEDIATE LIQUIDITY	-37.393.981		-216.670.669	
SHORT-TERM FINANCIAL POSITION	**-37.393.981**	**-5,82**	**-216.670.669**	**-42,11**
MEDIUM/LONG-TERM AMOUNTS DUE TO BANKS OTHER FINANCIAL FUNDS OTHER MEDIUM/LONG-TERM LOANS	438.951.495		473.876.006	
MEDIUM/LONG-TERM FINANCIAL LIABILITIES	438.951.495	68,34	473.876.006	92,09
TOTAL MINORITY INTERESTS	**401.557.514**	**62,52**	**257.205.337**	**49,98**
SHARE CAPITAL RESERVES RESULT FOR THE YEAR:	211.000.000 27.382.179 2.376.709		211.000.000 46.388.265	
EQUITY	**240.758.889**	**37,48**	**257.388.265**	**50,02**
TOTAL SOURCES OF FUNDS	**642.316.402**	**100,00**	**514.593.603**	**100,00**

We highlight the figure for adjusted invested capital, which rose from Euro 514 million to Euro 642 million as a result of the increase in loans to customers for financing in 2022.

Lastly, on the financial liabilities side, 2022 saw the repayment of the 2017 bond issue in the amount of Euro 50 million and the subscription of repurchase agreements with banking counterparties in the amount of approximately Euro 33 million, maturing in the second and third quarters of 2023.

Lastly, the following indices have been prepared on the basis of the above figures.

	2022	2021
PROFITABILITY RATIOS		
ROE **(RN/MP)**	1,0%	0,0%
RONA **(EBIT/CIR)**	0,7%	0,6%
ROS **(EBIT/M. INTERM.)**	21,2%	16,4%
LIQUIDITY/SOLVENCY ANALYSIS		
PRIMARY LIQUIDITY - ACID TEST (CURR. ASS./CURR. LIAB.)	126,8%	129,1%
ANALYSIS OF FINANCIAL SOLIDITY/STRUCTURE		
GLOBAL LEVEL OF DEBT (MIN.INT./ EQUITY)	185,5%	187,5%

As for the profitability of operations, the ROE ratio increased significantly compared to 2021, driven by the substantial increase in operating profit; ROS and RONA also increased compared to 2021.

On the financial front, the Parent Company maintains a high degree of solvency.

In fact, capital absorption amounts to Euro 44.9 million, corresponding to 8% of weighted assets, as required by the regulations on financial intermediaries.
Core capital amounts to Euro 236.7 million (in 2021, it was Euro 240.5 million). At the end of 2022, both the Tier 1 capital ratio and the Total Capital ratio reached 42.13% (see table 4.2.1.2 of the explanatory notes, part D).

4. OTHER INFORMATION

In terms of governance structures, there were no changes in the 2022 financial year. The Board of Directors is composed of the Chair Michele Giuseppe Vietti and the Directors Paola Simonelli and Andrea Mentasti; the Board of Statutory Auditors is compose of the Chair Luigi Jemoli, the Standing Auditors Antonella Chiametti and Maurizio Bocca; the Alternate Auditors are Elisa Belloni and Daniele Vezzani. It should be noted that the Board of Directors and the Board of Statutory Auditors, with the approval of these financial statements, end their terms of office and therefore, the Sole Shareholder will renew the relevant offices. The Supervisory Board is composed of Gaetano Caputi (Chair) and regular members Manuela Giaretta representing the shareholder Regione Lombardia and Vito Noceti, head of the Risk Management function of Finlombarda S.p.A.
On 29 July 2022, the Company approved an amendment to its articles of association aimed at broadening its operations and the scope of its financial support to all players in the Lombardy production system, including public entities, by eliminating from the body of Article 4 the restriction that stipulated that the structuring and management activities of financial interventions in favour of public entities could only be carried out for 'initiatives in the infrastructure sector'.

On the same date, the Ordinary Shareholders' Meeting was also held, which approved the distribution of the reserve envisaged by Article 14 of Regional Law No. 33/2008 in the amount of Euro 15,843,393 to the partner Lombardy Region.

In terms of relations with the shareholder, the Lombardy Region, at the start of the financial year, on 11 January 2022, the Company approved and signed the new text of the Framework Agreement, approved by Regional Council Decree no. XI/5798 of 29 December 2021, regulating, for the next three years, the procedures for the assignment by the Regional Council and the General Directorates of service activities, as well as the related remuneration and reporting.

With Regional Council Decree XI/ 5737 of 21 December 2021, the Lombardy Region updated the Regional Directives addressed to in-house companies, in which it defines certain rules and operating principles to which they must adhere. Moreover, with Regional Council Decree no. XI/6520 of 20.06.2022, the Lombardy Region updated the rules on analogous control over in-house companies, including Finlombarda.

With regard to legal matters, it should be noted that, in the criminal proceedings in which the Company was a plaintiff (30345/16 RGNR - Ordinary Court of Milan), concluded at first instance towards the end of the year, the Company was almost fully compensated for all pecuniary and non-pecuniary damages suffered, with the collection of sums by way of compensation.

The Company has approximately Euro 236.7 million of own funds. Risk-weighted assets (RWA) amount to Euro 561.8 million.

In accordance with the relevant regulations (Bank of Italy Circular no. 288), financial intermediaries must periodically verify their capital adequacy by expanding the range of risks to be assessed with respect to Pillar 1. This activity is carried out as part of the ICAAP (Internal Capital Adequacy Assessment Process).

For the purposes of this process, in line with the principle of proportionality laid down by the Supervisory Authorities, Finlombarda is classified as a Class 3 intermediary and has adopted standard measurement methods for quantifiable risks, while non-quantifiable risks have been assessed on a qualitative basis, focusing on the controls put in place by the Company. With regard to the effects of discontinued operations, please refer to Section 11 of the Balance Sheet of the Notes to the Financial Statements, highlighting that in 2022, following the adjustment of the value of the investment in Finlombarda Gestioni SGR S.p.A., a loss of Euro 54 thousand was recognised.

We would point out, in accordance with the regulations for the preparation of the financial statements, that no costs that could be classified as research and development expenses were incurred in 2021. There were no transactions during the year involving treasury shares, whether directly or through trust companies or intermediaries. As a result, the Company does not have any treasury shares at 31 December 2022.
As required under the regulations for financial intermediaries, the public Company also publishes on its website the required disclosures to the general public on capital adequacy and risk exposure, also called "Pillar 3 of Basel 2" in accordance with Circular 288/2015 and subsequent updates of the Bank of Italy.

The Company's main financial assets include bank sight deposits, receivables for services, investments in securities and the loans that it has granted. The main purpose of these instruments, with the exception of trade receivables, is to ensure efficient and profitable use of liquidity, while maintaining a very low risk profile. The Company has not entered into any derivative transactions in currency other than the Euro and is exposed to exchange risk only indirectly through participation in mutual fund units. However, since the position is less than 2% with respect to regulatory capital, it is not recorded.

As for the more general lending situation, action was taken during the year against debtors and guarantors for the recovery of past due loans. The main risks generated by the Company's financial instruments are credit risk, market risk, interest rate risk and liquidity risk. However, given the breakdown of the investments portfolio of Finlombarda, the composition of its receivables arising from the provision of services, almost entirely to the Lombardy Region, and the high standing of the counterparties, it is reasonable to say that the financial risks are essentially attributable to more than sustainable values, without prejudice to the effects, currently unforeseeable on the global economy, and attributable the geopolitical crisis in Europe, the inflationary pressures and the consequent countermeasures put in place by the Central Banks.

The operating grant represents the component of revenues recognised by the Lombardy Region to the Company for services rendered in the context of in-house providing, and to this end, the Framework Agreement governing the relationship between the Company and the Sole Shareholder for the period 2022-2024 came into force.

It should also be noted that the Company has an active EMTN "Euro Medium Term Note" Programme for a total issuable amount of Euro 500 million, of which Euro 50 million will be issued on 22 December 2021. The activation of the EMTN Programme and, more broadly, the diversification of the sources of funding of Finlombarda are aimed at supporting the current and prospective growth of the Company's financial intermediation activities, generated by intense planning, development and management of various initiatives aimed at the Lombardy entrepreneurial fabric and, in particular, SMEs.

The company has embarked on a path of alignment with supervisory expectations on climate and environmental risks that aims to adopt a sustainable growth model based on the integration of environmental, social and governance (ESG) factors. In the 2023-2025 Business Plan, the adoption of ESG principles is included among the evolutionary pillars of the development plan. In this regard, the Company: has started as early as 2022, the activation of specific training courses aimed at the Board of Directors, management and part of the employees; it has adopted first home-work reconciliation measures through the implementation of agile work in compliance with the provisions of the CCNL for the sector; it has envisaged inclusive models in its insurance policies in favour of employees; it has activated a support service for Lombardy companies on issues relating to ESG policies and their implementation. In addition, an initial assessment of the impact of adopting the ESG model was presented to the Board of Directors in October, in order to define a detailed action plan.

It should be noted that the Company did not and does not have any role in any project financed with PNRR - National Recovery and Resilience Plan funds to date.

5. EQUITY INVESTMENTS

Finlombarda holds the following equity investments:

INVESTEES	EQUITY DATE AT	EQUITY VALUE AT EQUITY DATE	% OWNERSHIP	VALUE AT 31.12. (EQUITY X & OWNERSHIP)	VALUE OF EQUITY INV. AT 31.12.2022
SISTEMI DI ENERGIA SPA	31/12/2021	21.330.230,00	11,25%	2.399.650,08	744.920
SKIAREA VALCHIAVENNA S.P.A.	30/06/2021	10.395.005,00	0,69%	71.725,53	56.975
CENTRO TESSILE COTONIERO S.P.A.	31/12/2021	7.120.410,00	2,91%	207.203,93	31.075
CONSORZIO PER LA REINDUSTRIALIZZAZIONE AREA DI ARESE S.R.L. (CRAA S.R.L.) in liquidazione	30/11/2015	252.375,00	15%	37.856,25	1
BIC LA FUCINA - CENTRO EUROPEO DI IMPRESA E INNOVAZIONE - IN LIQUIDAZIONE	31/12/2022	- 1.303.958,00	5,26%	68.588,19	1
TOTAL					832.973
FINLOMBARDA GESTIONI SGR	31/12/2022	450.352,00	100%	450.353,00	460.000
TOTAL					460.000

During the year, the parent company gave strong impetus to the implementation of the plan to divest its investee companies; with reference to the equity investments in Sistemi di Energia S.p.A., Skiarea Valchiavenna S.p.A., Centro Tessile Cotoniero S.p.A. and Fiumicino Energia S.r.l., for which the appraisal value had been acquired, following an appraisal entrusted to an external advisor. Two attempts were made to sell through a public tender procedure divided into lots, the first of which was concluded with the awarding of the lot relative to Fiumicino Energia S.r.l. to Aeroporti di Roma S.p.A. and the consequent sale on 26 July 2022 of the stake held. Therefore, Fiumicino Energia S.r.l. is no longer part of the perimeter of investee companies.

With reference to other investee companies, it should be noted that:

- **Consorzio per la reindustrializzazione Area di Arese S.r.l. in liquidation**: liquidation procedure in progress;
- **La Fucina S.c.a r.l.**: the company, initially in liquidation, has been bankrupt since 2013. The procedure is still ongoing.
- **Finlombarda Gestioni SGR S.p.A.**: in May 2022, after a privately negotiated sale procedure, the Company reached the signing of a preliminary contract for the sale of the equity investment with an operator that had submitted a binding purchase offer; the contract was subject to the authorisation of the Bank of Italy as required by the sector supervisory regulations. In a communication dated 14 December 2022, the Bank of Italy gave its authorisation for the change of ownership structure. All the necessary steps are being taken to finalise the sale of the subsidiary.

6. INFORMATION RELATING TO THE SUBSIDIARY FINLOMBARDA GESTIONI SGR S.P.A.

The financial statements for the year ended 31 December 2022 closed with a net loss of Euro 246 thousand, a slight improvement over 2021 as a result of constant cost containment and rationalisation activities. The following table shows the key economic figures for the year just ended:

Finlombarda Gestioni SGR S.p.A.			
thousands of Euro	31/12/2022	31/12/2021	22 vs 21
Net commission income	0,0	0,0	0,0
EBITDA	0,0	0,0	0,0
Operating results (A)	-246,0	-297,2	51,2
Net results			
Net invested capital (B+C)	904,4	1.505,5	-601,1
Net financial position (B)	454,1	809,2	-355,1
Equity (C)	450,3	696,4	- 246,1

Financial and management indicators			
	31/12/2022	31/12/2021	22 vs 21
ROI (A/B+C)	-27,2%	-19,7%	-22,3%
Debt/Equity (B/C)	- 1	- 1,2	0,2
Employees	0	1	- 1

The prospective activity of the Investee Company is solely aimed at the disposal of the Fund assets. In relation to operating performance, the multi-year plan approved in December 2021 by the Board of Directors of the investee company and related to the time horizon of the disposal of the only managed Fund, shows that it will continue to have costs related to the operational structure of the asset manager (control and supervision) despite reduced operations. Maintaining the level of operating costs unchanged, the company's assets are sufficient to support the continuity of operations over the next 12 months, as is the cash liquidity situation.

The loss for the financial year entails, taking into account the pre-existing reserves for previous losses, a reduction of the share capital by more than one-third, thus constituting the case referred to in article 2446 of the Civil Code. In this regard, during the approval of the financial statements, the Shareholders' Meeting held on 22 February 2023 approved the financial statements and the proposal of the Board of Directors to carry forward the accrued losses, postponing the measures to be implemented pursuant to article 2446, paragraph 2, of the Civil Code to the next financial year; all this in consideration of the imminent transfer of all of the investee company's shares to another operator, so as to leave the future Shareholder with the widest possible assessment of the actions to be taken.

7. INTERCOMPANY DEALINGS AND RELATED PARTY TRANSACTIONS

Related party transactions are presented in Part D – Other Information, Section 6 – Related party transactions of the Explanatory Notes.

8. HUMAN RESOURCES AND ORGANISATION

During 2022, the Company continued the process of rationalising its organisational structure, with the aim of pursuing:

- further streamlining of the structure (reduction in the number of reports to General Management) and of certain corporate processes, with activation of economies of scope between similar activities;
- greater empowerment of employees and enhancement of merit.

The Parent Company launched the tender for the selection of the supplier of the Information System that will be in use for the period between 2024 and 2032. Activities are currently ongoing.

The number of employees of the company at the end of 2022 was 148, while at 31 December 2021, the number of employees was 153; there were 9 temporary workers active at the end of 2022 (compared to 11 in 2021).

In relation to the health emergency resulting from the spread of the Covid-19 virus, the state of emergency came to an end on 31 March 2022, although some regulations remained to protect, for example, fragile workers; therefore, the Company continued to use the simplified agile work tool, provided for by the emergency regulations, until 31 August 2022, providing for a rotation of employees in the workplace. As of 1 September, on the other hand, the Company started using the 'ordinary' agile work tool, through agreements with individual employees, providing the possibility for all personnel to work in agile mode for up to two days a week.
During the year, the Covid Emergency Protocol was also maintained in accordance with the national and regional guidelines in force at the time. Still on the subject of safety, 59 health surveillance visits were carried out during the year and three training courses were held on the subject (total number of participants 144).

As in previous years, in 2022, the Company evaluated the performance of its employees and the company bonus was defined, following agreement with the trade unions in accordance with art. 51 of the National Labour Contract for 2022.

In view of the improved health situation, personnel training activities also began to be carried out in presence; the courses that were carried out were related to topics considered mandatory by sector regulations, safety in the workplace, and topics related to specialised needs, both individual and group; in addition, a management training programme for managers was completed.

9. EVENTS AFTER THE END OF THE YEAR

The first part of 2023 is characterised by the continuing geopolitical crisis in Europe (war conflict between Russia and Ukraine) and the first effects of the race to raise interest rates to combat inflationary pressures. With reference to this last point, what happened in the first weeks of March is chronicled: the bankruptcy of an American local bank (SVB); the Eurovita insurance crisis; the liquidity crisis of the second Swiss bank (Credit Suisse) that ended with the acquisition by the UBS bank. Such events can be considered manifestations of the depreciation of financial assets (fixed income) held in the portfolio. Moreover, at national level, the driving impulse on the economy seems to be greatly reduced due to the changes in the so-called 'building bonus'. In this context, the Company pays great attention to the monitoring of credit exposures to those considered most sensitive.

Finally, as part of its funding programmes and its diversification, the Company finalised a funding agreement with Cassa Depositi e Prestiti for a total amount of Euro 50 million. The amount was paid in full to Finlombarda in February 2023.

To date, the transfer of the equity investment held by the Company in Finlombarda SGR has not been finalised. The closing of the transaction is currently scheduled for 30 March.

10. BUSINESS OUTLOOK

The Parent Company intends to further pursue its programme of development and consolidation of lending in favour of the Lombardy production fabric, known to be the driving force behind the Italian production fabric. In November 2022, the 2023-2025 three-year budget was approved, expressing the company's strategies for the next three years.

The three-year budget is based on the development of the credit offer through the integration of business lines (financial intermediation, facilities with a contribution from the Lombardy Region and business services).

It is expected to further strengthen its role in the "in house" sphere, with particular reference to the design and management of instruments under the Regional Operational Programmes, also through the new EU 2021-2027 programming.

To date, lending volumes appear consistent with the targets set by the three-year budget.

11. RECONCILIATION TABLE BETWEEN SHAREHOLDERS' EQUITY AND THE RESULT OF THE PARENT COMPANY AND THE SHAREHOLDERS' EQUITY AND CONSOLIDATED ANNUAL RESULT

Description	31/12/2022		31/12/2021	
	Equity (in thousands of euro)	of which: Net profit for the year (in thousands of euro)	Equity (in thousands of euro)	of which: Net profit for the year (in thousands of euro)
Balances as per Parent Company's financia	240.768	2.568	257.206	297
Effect of consolidation of Subsidiary Finlombarda Gestioni SGR	-10	-192	182	-297
Offsetting of equity investment				
Balances as per Consolidated Financial Sta	240.758	2.376	257.388	0

Milan, 28 March 2022

THE BOARD OF DIRECTORS

The Chairman

(Michele Giuseppe VIETTI)

FINANCIAL STATEMENTS

BALANCE SHEET

	Asset items	31/12/2022	31/12/2021
10.	Cash and cash equivalents	37.393.981	216.670.669
20.	Financial assets measured at fair value through profit or loss (IFRS 7 par. 8 lett. a))	20.837.888	19.600.703
	a) financial assets held for trading;		
	b) financial assets designated at fair value;		
	c) other financial assets mandatorily measured at fair value	20.837.888	19.600.703
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7 par. 8 lett. h))	94.378.810	76.009.358
40.	Financial assets measured at amortised cost (IFRS 7 par. 8 lett. f))	528.948.080	423.080.442
	a) due from banks	430.381	
	b) due from financial entities	0	3.032.931
	c) due from customers	528.517.699	420.047.512
50.	Hedging derivatives		
60.	Value adjustment of financial assets with generic hedges (+/-)		
70.	Equity investments		
80.	Property, plant and equipment		
90.	Intangible assets	402.794	417.670
	of which:		
	- goodwill		
100.	Tax assets	4.738.888	2.511.183
	a) current	1.756.275	1.304.896
	b) deferred	2.982.613	1.206.287
110.	Non-current assets and groups of assets held for sale	522.223	831.820
120	Other assets	184.526	808.592
	Total assets	**687.407.190**	**739.930.438**

	Liabilities and equity items	31/12/2022	31/12/2021
10.	Financial liabilities measured at amortised cost (IFRS 7 par. 8 lett. g))	438.951.495	473.876.006
	a) payables	388.939.968	373.676.428
	c) securities issued	50.011.527	100.199.578
20.	Financial liabilities held for trading		
30.	Financial liabilities designated at fair value (IFRS 7 par. 8 lett. e))		
40.	Hedging derivatives		
50.	Value adjustment to financial liabilities with generic hedges (+/-)		
60.	Tax liabilities	1.037.052	234.035
	a) current	1.037.052	234.035
	b) deferred		
70.	Liabilities associated with assets held for sale	67.871	126.283
80.	Other liabilities	4.965.991	6.357.560
90.	Employee severance indemnities	1.498.570	1.787.058
100.	Provisions for risks and charges:	127.323	161.230
	a) commitments and guarantees given	57.323	30.051
	b) pension and similar commitments		
	c) other provisions for risks and charges	70.000	131.180
110.	Share capital	211.000.000	211.000.000
120.	Treasury shares (-)		211.000.000
130.	Equity instruments		
140.	Share premium reserve	127.823	127.823
150.	Reserves	30.905.039	45.544.683
160.	Valuation reserves	-3.650.683	715.759
170.	Net profit (loss) for the year (+/-)	2.376.709	
180.	Minority interests		
	Total liabilities and equity	**687.407.190**	**739.930.438**

INCOME STATEMENT

	Items	31/12/2022	31/12/2021
10.	Interest and similar income	13.797.263	7.983.837
11.	of which: interest income calculated using the effective interest method	13.797.263	7.983.837
20.	Interest and similar expenses	-3.807.428	-1.352.591
30.	**Net interest income**	**9.989.836**	**6.631.246**
40.	Fee and commission income	12.119.321	13.292.643
50.	Fee and commission expenses	-40.800	-123.449
60.	**Net commission income**	**12.078.522**	**13.169.194**
70.	Dividends and similar income	244.609	110.570
80.	Net trading income		
90.	Net hedging gains (losses)		
100.	Gains (losses) on disposal or repurchase of:	69.459	27.133
	a) financial assets measured at amortised cost	-637	-15.106
	b) financial assets measured at fair value through other comprehensive income	70.095	42.239
	c) financial liabilities		
110.	Net income from other assets and financial liabilities measured at fair value through profit or loss	-1.961.314	-18.317
	a) financial assets and liabilities designated at fair value		
	b) other financial assets mandatorily measured at fair value	-1.961.314	-18.317
120.	**Operating income**	**20.421.110**	**19.919.826**
130.	Net adjustments/writebacks for credit risk of:	-450.320	-2.726.637
	a) financial assets measured at amortised cost	-1.008.426	-1.614.830
	b) financial assets measured at fair value through other comprehensive income	558.106	-1.111.807
140.	Gains/losses from contractual amendments without cancellations		
150.	**Profit from financial management**	**19.970.790**	**17.193.189**
160.	Administrative expenses:	-15.989.275	-16.513.166
	a) personnel costs	-13.150.659	-13.655.082
	b) other administrative expenses	-2.838.616	-2.858.083
170.	Net provisions for risks and charges	-27.272	
	a) commitments and guarantees given		
	b) other net allocations		
180.	Impairment/reversal of impairment of property, plant and equipment		-959
190.	Impairment/reversal of impairment of intangible assets	-293.974	-184.797
200.	Other operating expenses/income	204.076	48.992
210.	**Operating costs**	**-16.106.446**	**-16.649.930**
220.	Gains (losses) on equity investments		
230.	Net result of fair value measurement of property, plant and equipment and intangible assets		
240.	Goodwill impairments		
250.	Gains (losses) on disposal of investments		
260.	**Profit (Loss) from ordinary operations before taxes**	3.864.345	543.259
270.	Income taxes on ordinary operations	-1.259.532	-255.212
280.	**Profit (Loss) from ordinary operations after taxes**	2.604.813	288.047
290.	Profit (loss) from discontinued operations after taxes	-228.103	-288.047
300.	**Net profit (loss) for the year**	**2.376.709**	**0**
310.	Net profit (loss) pertaining to minority interests		
320.	**Net profit (loss) pertaining to the Parent Company**	**2.376.709**	**0**

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME			
	Items	31/12/2022	31/12/2021
10	Net profit (loss) for the year	2.376.709	297.206
	Other comprehensive income after tax without reversal to income statement		
20	Equities designated at fair value through other comprehensive income		
30	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)		
40	Hedging of equities designated at fair value through other comprehensive income		
50	Property, plant and equipment		
60	Intangible assets		
70	Defined benefit plans	408.404	78.656
80	Non-current assets and groups of assets held for sale		
90	Share of valuation reserves of equity investments valued at equity		
	Other comprehensive income after tax with reversal to income statement		
100	Foreign investment hedges		
110	Exchange differences		
120	Cash flow hedges		
130	Hedges (non designated elements)		
140	Financial assets (other than equities) measured at fair value through other comprehensive income	4.240.736	-197.570
150	Non-current assets and groups of assets held for sale	0	0
160	Share of valuation reserves of equity investments valued at equity		
170	**Total other comprehensive income, after tax**	4.649.140	-118.915
180	**Comprehensive income (item 10+170)**	**7.025.849**	**178.291**
190	Consolidated comprehensive income of minority interest		
200	**Consolidated comprehensive income of the parent company**	**7.025.849**	**178.291**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Statement of changes in shareholders' equity at 31 December 2022

Description	Balances at 31.12.2021	Change opening balances*	Balances at 01.01.2022	Allocation of result from previous year		Changes in the year						Comprehensive income at 31.12.2022	Equity at 31.12.2022
							Transactions on equity						
				Reserves	Dividends and other destinations	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other Changes		
Share capital	211.000		211.000										211.000
Share premium reserve	128		128										128
Reserves:													
a) of profits	34.330		34.330			-15.843					1.203		19.690
b) other	11.215		11.215										11.215
Valuation reserves	716		716			-4.366							-3.650
Equity instruments													
Treasury shares													
Net profit (loss) for the year												2.376	2.376
Group shareholders' equity	257.388	0	257.388			-20.209					1.203	2.376	240.758
Minorities' equity													

Amounts in thousands of Euro

The share capital, fully subscribed and paid, amounts to Euro 211,000,000 and consists of 2,110,000 ordinary shares with a par value of Euro 100 each. Among the reserves there is one that was established under art. 14 of Regional Law no. 33/2008, with which Finlombarda is authorised to make financial advances only for initiatives to implement the Regional Development Programme using the funds that it has received under management. Excluding the legal reserve and the share premium reserve, all of the other reserves are distributable. On 29 July 2022, the distribution of the reserve provided for by article 14 of Regional Law No. 33/2008 in the amount of Euro 15,843,393 was approved in favour of the partner Lombardy Region.

Statement of changes in shareholders' equity at 31 December 2021

Description	Balances at 31.12.2020	Change opening balances*	Balances at 01.01.2021	Allocation of result from previous year		Changes in the year						Comprehensive income at 31.12.2021	Equity at 31.12.2021
							Transactions on equity						
				Reserves	Dividends and other destinations	Change in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Other Changes		
Share capital	211.000		211.000										211.000
Share premium reserve	128		128										128
Reserves:													
a) of profits	34.330		34.330										34.330
b) other	11.215		11.215										11.215
Valuation reserves	-149		-149			865							716
Equity instruments													
Treasury shares													
Net profit (loss) for the year			335										
Group shareholders' equity	256.523		256.523			865							257.388
Minorities' equity													

Amounts in thousands of Euro

CASH FLOW STATEMENT

The Company has adopted the indirect method for preparing the cash flow statement (in Euro).

A . OPERATING ACTIVITIES	31/12/2022	31/12/2021
1. Management	**5.215.111**	**3.236.367**
- Result for the year	2.376.709	0
- gains/losses on financial assets held for trading and financial assets/liabilities measured at fair value	1.961.314	18.317
- net hedging gains/losses	0	0
- net impairment adjustments	450.320	2.726.637
- net impairment on property, plant and equipment and intangible assets	293.974	185.756
- net provisions for risks and charges and other costs/revenues	-176.804	-48.992
- unpaid taxes and duties		
- net impairment adjustments on disposal groups, net of tax effect	309.597	354.649
- other adjustments		
2. Cash generated/absorbed by financing activities:	**-129.489.547**	**-120.197.329**
- financial assets held for trading	0	0
- financial assets designated at fair value	0	0
- financial assets mandatorily measured at fair value	-3.198.500	15.919.936
- financial assets measured at fair value through other comprehensive income	-17.811.345	8.105.065
- financial assets measured at amortised cost	-106.876.063	-144.316.643
- other assets	-1.603.639	94.313
3. Cash generated/absorbed by financial liabilities:	**-35.717.067**	**312.718.732**
- financial liabilities at amortised cost	-34.924.511	311.777.367
- financial liabilities held for trading	0	**0**
- financial liabilities designated at fair value	0	**0**
- other liabilities	-792.556	**941.365**
Net cash generated/absorbed by operating activities (A)	**-159.991.504**	**195.757.771**
B. INVESTING ACTIVITIES		
1. Cash generated by:	**0**	**0**
- sales of equity investments		
- dividends received from equity investments		
- sales of property, plant and equipment		
- sales of intangible assets		
- sales of business divisions		
2. Cash absorbed by:	**-279.098**	**-189.184**
- purchases of equity investments		
- purchases of property, plant and equipment	0	0
- purchases of intangible assets	-279.098	-189.184
- purchases of business divisions		
Net cash generated/absorbed by investing activities (B)	**-279.098**	**-189.184**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- change in equity	-19.006.086	865.340
- distribution of dividends and other uses		
Net cash generated/absorbed by financing activities (C)	**-19.006.086**	**865.340**
NET CASH GENERATED/ABSORBED IN THE YEAR (D=A+/B+/-C)	**-179.276.688**	**196.433.927**

RECONCILIATION	31/12/2022	31/12/2021
Cash and cash equivalents at beginning of year	216.670.669	20.236.741
Total net cash generated/absorbed in the year	-179.276.688	196.433.927
Cash and cash equivalents at end of year	37.393.981	216.670.669

EXPLANATORY NOTES

PART A – FINANCIAL STATEMENT POLICIES (A.1 – GENERAL PART)

SECTION 1: DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements are prepared in accordance with the international accounting standards IAS/IFRS (including the interpretations by SIC and IFRIC) issued by the International Accounting Standards Board (IASB) as established by European Community Regulation no. 1606 of 19 July 2002 and subsequent regulations adopted by the European Commission.

The new accounting standard IFRS 9, issued by the IASB in July 2014 and adopted by the European Commission through Regulation no. 2067/2016, replaces IAS 39 from 1 January 2018, which until 31 December 2017 has regulated the classification and measurement of financial instruments.

IFRS 9 comprises three different areas: classification and measurement of financial instruments, impairment and hedge accounting.

As of 1 January 2019, the international accounting standard IFRS 16 "Leases" came into force, which was published by the IASB on 13 January 2016 and its endorsement at EU level was through the publication in the Official Journal of the European Union of Regulation (EU) no. 2017/1986 of 09 November 2017. No contracts requiring application of the standard were recorded during the current year.

With regard to the tables and explanatory notes, the financial statements are prepared in accordance with the Bank of Italy's guidelines for intermediaries operating in the financial sector enrolled on the special list in compliance with the Instructions of 02 November 2021 entitled "IFRS financial statements of financial intermediaries other than banks", supplemented by the communication of 21 December 2021 concerning "the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS".

For the sake of completeness, the following information is provided:

- The new documents issued by the IASB and endorsed by the EU to be compulsorily adopted from the financial statements for financial years beginning on 1 January 2022:

Document title	Issue date	Date of entry into force	Date of approval	EU Regulation and date of publication
Improvements to IFRSs (2018-2020 cycle) [Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41]	May 2020	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021

Property, plant and equipment - Income before use (Amendments to IAS 16)	May 2020	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021
Onerous contracts - Costs necessary to fulfill a contract (Amendments to IAS 37)	May 2020	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021

- IAS/IFRS and related IFRIC interpretations applicable to financial statements for periods beginning after 1 January 2022 - Documents endorsed by the EU at the date of preparation of these financial statements - with reference to which there may be impacts on the Company's accounting standards.

Document title	Issue date	Date of entry into force	Date of approval	EU Regulation and date of publication
IFRS 17 - Insurance contracts (including amendments published in June 2020)	May 2017 June 2020	1 January 2023	19/11/2021	(EU) 2021/2036 23 November 2021
Definition of accounting estimates (Amendments to IAS 8)	February 2021	1 January 2023	02/03/2022	(EU) 2022/357 03/03/2022
Disclosure of accounting standards (Amendments to IAS 1)	February 2021	1 January 2023	02/03/2022	(EU) 2022/357 03/03/2022
Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	11/08/2022	(EU) 2022/1392 12/08/2022
First-time application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17)	December 2021	1 January 2023	08/09/2022	(EU) 2022/1491 09/09/2022

It should be noted that these documents have not resulted in substantial amendments to the Company's accounting policies.

SECTION 2: GENERAL POLICIES

These financial statements have been prepared on a going-concern basis and in accordance with the accruals principle.

The financial statements comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and these notes and are accompanied by the Directors' Report on Operations.

In accordance with art. 5 of Legislative Decree no. 38 of 28 February 2005, the financial statements have been prepared using the Euro as currency; that currency is also the functional currency of the company included in the consolidation. All amounts in this document are expressed in Euro, unless otherwise specified.

The financial statements are prepared clearly and give a true and fair view of the Company's assets and liabilities, financial position and results.

If the information required by international accounting standards and the provisions contained in the Provision of 02 November 2021 "The financial statements of IFRS intermediaries other than banking intermediaries" integrated by the communication of 21 December 2021 concerning "the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS", are not sufficient to give a true and fair view, additional information necessary for this purpose is provided in the explanatory notes.
In application of IAS 1, reclassifications have been made where necessary on the data of the previous year (2020), giving appropriate evidence with a note at the bottom of the reference table; all for the purpose of better comparability between the data.

In addition, reference is made to interpretative and supporting documents for the application of the accounting standards in relation to the impact of COVID-19, issued by the European regulatory and supervisory bodies and standard setters.

These include:

- EBA notice of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID 19 measures";
- ESMA notice of 25 March 2020 "Public Statement. Accounting implications of the COVID 19 outbreak on the calculation of expected credit losses in accordance with IFRS 9”;
- IFRS Foundation document of 27 March 2020 "IFRS 9 and Covid-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic";
- ECB letter of 1 April 2020 "IFRS 9 in the context of the Coronavirus (COVID 19) pandemic" addressed to all significant entities;
- EBA Guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the COVID-19 crisis";
- ESMA notice of 20 May 2020 "Implications of the COVID 19 outbreak on the half-yearly financial reports";
- EBA Guidelines of 2 June 2020 "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID 19 crisis";
- ESMA notice of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- EBA Guidelines of 2 December 2020 "Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- ECB letter of 4 December 2020 "Identification and measurement of credit risk in the context of the Coronavirus (COVID-19) pandemic" addressed to all significant institutions;
- ESMA notice of 29 October 2021 "European common enforcement priorities for 2021 annual financial reports".

If, in exceptional cases, the application of a provision under the international accounting standards is incompatible with the true and fair view of assets and liabilities, financial position and results, it is not applied. The explanatory notes explain the reasons for any exceptions and their impact on how the assets and liabilities, financial position and results are presented.

SECTION 3: EVENTS AFTER THE CLOSING DATE

The first part of 2023 is characterised by the continuing geopolitical crisis in Europe (war conflict between Russia and Ukraine) and the first effects of the race to raise interest rates to combat inflationary pressures.

The Company is committed to pursuing the qualitative and quantitative objectives set out in the 2023-2025 Business Plan and, in light of recent financial dynamics, is paying close attention to monitoring credit exposures and, more generally, the quality of its assets. Also with a view to achieving the pre-set funding levels, the Company finalised a loan agreement with Cassa Depositi e Prestiti for a total amount of Euro 50 million. The amount was paid in full to Finlombarda in February 2023.

Moreover, pending the finalisation of the transfer of the equity investment held by the Company in Finlombarda SGR, the closing of which is scheduled for 30 March, the Company has valued the equity investment in 2022 at the expected value of the transaction and therefore recognises the lower value between the sale price and the book value.

SECTION 4: OTHER ASPECTS

Impacts of the COVID-19 epidemic, risks and uncertainties

With the communication of 21 December 2021 concerning "the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS", the Bank of Italy supplemented the provisions governing the financial statements of intermediaries contained in the Provision "The financial statements of IFRS intermediaries other than banking intermediaries" of 02 November 2021 in order to provide information on the effects that COVID-19 and measures to support the economy have had on the strategies, objectives and policies for risk management, as well as on the economic and capital position of intermediaries.

In defining the additions, the Bank of Italy has taken into account, where applicable, the documents published in recent months by European regulatory and supervisory bodies and by standard setters aimed at clarifying the methods of application of IAS/IFRS in the current context, with reference to the impact on the application of IFRS 9, IAS 19, as well as IFRS 16 on lease concessions associated with COVID-19.

In relation to the health emergency resulting from the spread of the Covid-19 virus, the state of emergency came to an end on 31 March 2022, although some regulations remained to protect, for example, fragile workers; therefore, the Company continued to use the simplified agile work tool, provided for by the emergency regulations, until 31 August 2022, providing for a rotation of employees in the workplace. During the year, the Covid Emergency Protocol was also maintained in accordance with the national and regional guidelines in force at the time.

With regard to loans receivable subject to a Covid-19 moratorium, it should be noted that as at 31 December 2022, there were no loans receivable subject to such measures.

The geopolitical crisis has undeniably led to inflationary pressures on commodities and consumer goods, which central banks are remedying through upward intervention in discount rates. All this led to interest rates on the markets rising abruptly, which also had an impact on the value of fixed-rate financial assets held by banks and financial intermediaries. In this respect, the Company has a portfolio of financial assets in securities (net of loans) of about 17% of total assets, of which 18% have redemption dates as early as 2023. With reference to lending, the Company has constant and accurate monitoring actions in place aimed at identifying the first signs of criticality as soon as they manifest.

There is no impact on the application of IFRS16, as the company does not have any existing contracts that fall within the cases envisaged by the international accounting standard.

With regard to the impact on employee benefits, reference should be made to the specific paragraph in section B on the application and assumptions underlying IAS 19.

With regard to the adjustments made to the models for calculating expected losses in accordance with IFRS 9, more detailed information is provided in Part D – Section 3 – Information on risks and related hedging policies.

The effects on the income statement of the COVID-19 impacts on adjustments to financial assets at amortised cost are shown in Table 8.1(a) in Part C Information on the income statement in section 8 of these notes.

SECTION 5: SCOPES AND METHODS OF CONSOLIDATION

Equity investments in wholly-owned and jointly-owned subsidiaries: Finlombarda S.p.A. consolidates on a line-by-line basis.

a) Finlombarda Gestioni SGR, Via Torquato Taramelli 12, Milan;
b) Subsidiary;
c) The percentage of investment is 100%

It is recalled that since Finlombarda Gestioni SGR S.p.A.'s financial statements are subject to IFRS 5, they are consolidated in the line items reserved for Groups of assets and liabilities held for sale and in the corresponding income statement caption.

PART A – FINANCIAL STATEMENT POLICIES (A.2 – MAIN FINANCIAL STATEMENT ITEMS)

This section sets out the accounting standards applied in the preparation of these financial statements. The accounting principles are explained with reference to the classification, recognition, measurement and derecognition of the various balance sheet items.

Cash and cash equivalents

Legal tender currencies, including banknotes and foreign divisional coins, as well as “demand” credits (current accounts and demand deposits) to banks are included in this item.

Financial assets measured at fair value through profit or loss

This category comprises financial assets other than those classified among the “Financial assets measured at fair value through other comprehensive income” and “Financial assets measured at amortised cost”. These include:

• the debt securities or loans to which an “Other” Business Model is associated, i.e. a method of managing financial assets not directed at the collection of contractual cash flows (“Hold to collect” Business Model) at the collection of contractual cash flows and at the sale of financial assets (“Hold to collect and Sell” Business Model);

• the debt securities, loans and mutual fund units whose contractual terms do not provide exclusively for principal repayments and interest payments on the amount of the principal to be returned (i.e. which do not pass the “SPPI test”);

• the equity instruments that cannot be qualified as exclusive control, affiliation and joint control, held for trading purposes or for which, upon first recognition, the option to classify them among “Financial assets measured at fair value through other comprehensive income” was not selected.

Below, more detailed information is provided about the three sub-items comprising the category in question, represented by: a) "Financial assets held for trading”, b) "Financial assets designated at fair value”; c) "Other financial assets mandatorily measured at fair value”.

a) Financial assets held for trading

A financial asset (debt instruments, equity instruments, loans, mutual fund units) is classified as held for trading if it is managed with the goal of realising cash flows by its sale, i.e. if it is associated with the “Other” Business Model, inasmuch as:

• it was acquired for the purpose of being sold in the short term;

• it is included in a portfolio of financial instruments that are managed jointly and for which there is a proven strategy directed at achieving profits in the short term.

It also includes derivative contracts having positive fair value, not designated within an accounting hedge. Derivative contracts include those incorporated in
complex financial instruments, in which the primary contract is a financial liability, which were subjected to separate recognition because:

• their economic characteristics and risks are not closely correlated with the characteristics of the underlying contract;
• the incorporate instruments, even if separate, meet the definition of a derivative;
• the hybrid instruments to which they belong are measured at fair value with the related changes recognised in the income statement.

A derivative shall be considered to be a financial instrument or other contract presenting the following characteristics:

• its value changes in relation to the change of an interest rate, of the price of a financial instrument, of the price of a good, of the foreign currency exchange rate, of an index of prices or rates, of the credit rating or of credit indicators or of another pre-determined variable ("underlying") provided that, in the case of a non-financial variable, it is not specific of one of the contractual parties;
• it does not require an initial net investment or it requires a smaller initial net investment than what would be required for other types of contracts from which a similar response to changes in market factors would be expected;
• is paid at a future date.

b) financial assets designated at fair value

A financial asset (debt securities and loans) may be designated at fair value upon initial recognition, with valuation results recognised in the income statement, only when such designation allows to provide better disclosure because it eliminates or markedly reduces a lack of consistency in the measurement or in the recognition that otherwise would result from the measurement of assets or liabilities or from the recognition of the related profits and losses on different bases ("accounting mismatch").

c) Other financial assets mandatorily measured at fair value

The other financial assets mandatorily measured at fair value represent a residual categories and comprise financial instruments that do not meet the requirements, in terms of business model or of characteristics of the cash flows, for classification among assets measured at amortised cost or at fair value through other comprehensive income. In detail, these include:

• debt securities or loans whose contractual terms do not provide exclusively for principal repayments and interest payments on the amount of the principal to be returned (i.e. which do not pass the "SPPI test");
• mutual fund units;
• equity instruments not held for trading purposes, for which the option to classify them among assets measured at fair value through other comprehensive income was not selected.

Recognition criteria

The initial recognition of financial assets takes place on the payment date for debt instruments, equity instruments and mutual fund units, at the date of disbursement for loans and on the date of execution for derivative contracts.

On initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which normally corresponds to the price paid, without considering transaction costs or income directly attributable to the financial instruments, which are recognised in the income statement.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Definition and classification

Under item "30. Financial assets measured at fair value through other comprehensive income" are classified the following financial assets (debt instruments, equity instruments and loans):

- financial instruments (debt instruments and loans) associated with the Hold to Collect & Sell Business Model whose contractual terms provide, at determined dates, cash flows represented solely by payments of the principal and interest on the principal to be repaid and which therefore passed the SPPI test;
- equity instruments (shareholdings not qualifiable as controlling, affiliation and joint control) for which, in accordance with the "OCI election", the option of presenting changes in value in the statement of comprehensive income is selected.

To the Hold to Collect & Sell Business Model can be associated the financial instruments held within a business model whose goal is achieved both through the collection of cash flows and through the sale of the instruments themselves.

Recognition criteria

The financial instruments measured at fair value through comprehensive income are initially recognised when, and only when, the enterprise becomes a party in the contractual clauses of the instrument, i.e. at the time of settlement, at a value equal to fair value generally coinciding with their cost. This value includes the costs or income directly connected with the instruments. Minor investments, compared to other financial instruments, are posted at cost (recorded on first-time adoption of IFRS 9).

Measurement criteria

After the initial recognition, these activities continue to be measured at fair value with value changes being posted under the item “160. Valuation reserves”. In the Income Statement, under item “10. Interest and similar income”, is recognised the interest accrued on financial instruments constituted by receivables and debt instruments classified under item “30. Financial assets measured at fair value through other comprehensive income”.

At every closing date of the Financial Statements or reporting date, only for instruments associated with the Hold to Collect & Sell Business Model, the impairment losses of these activities are estimated, in accordance with the impairment rules of IFRS 9.

With regard to minor equity investments (equities), at each reporting date the share of shareholders' equity is checked and if it is lower than the book value it is adjusted with a contra-entry to the shareholders' equity reserve (item "160. Valuation reserves”).

Adjustments are immediately recognised in the Income Statement under item “130. Impairment/reversal of impairments for credit risk”, balancing entry to the item “160. Valuation reserves”, as are partial or total recoveries of previously impaired amounts. Reversals of impairment are recognised in relation to an improved quality of the asset, such as to entail a decrease in the overall impairment recognised previously.

In the Income Statement, under item “10. Interest and similar income”, is recognised the amount represented by the progressive release of the present value calculated at the time of recognition of the adjustment.

Additional, in the Income Statement, under item “70. Dividends and similar income”, are recognised the dividends pertaining to the equity instruments for which the “OCI election” was adopted.

Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognised from the Financial Statements if one of the following situations occurs:

- the contractual rights on the cash flows deriving therefrom have expired; or
- the financial asset is sold with substantial transfer of all risks and benefits deriving from ownership thereof; or
- the financial asset is written off or when there no longer is any reasonable expectation to recover the financial asset, including the cases of giving up the asset; or
- the entity maintains the contractual right to receive the financial flows deriving therefrom, but it concurrently assumes the contractual obligation to pay the flows to a third party;
- contractual amendments to the agreement configure "substantial" changes.

The result of the derecognition of these assets is recognised:

- for financial instruments associated with the Hold to Collect & Sell Business Model in the Income Statement under item "100. b) Gains (losses) from sale or repurchase of: financial assets measured at fair value through other comprehensive income" in case of sale. Otherwise, in all other cases, it is recognised under item "130. Net impairment/reversals of impairment for credit risk";
- for equity instruments for which the "OCI election" was adopted, under shareholders' equity, in item "110. Valuation reserves". Following the derecognition of these assets, the balance recognised in item "160. Valuation reserves" is reclassified in item "150. Reserves".

Financial assets measured at amortised cost

Definition and classification

Under item "40. Financial assets measured at amortised cost" are classified the financial assets (debt instruments and loans) associated with the Hold to Collect Business Model whose contractual terms provide, at determined dates, cash flows represented solely by payments of the principal and interest on the principal to be repaid and which therefore passed the SPPI test. To the Hold to Collect Business Model can be associated the financial instruments held within a business model whose goal is to possess said instruments in order to collect the cash flows.

In more detail, this item includes:

- receivables from banks (e.g. term deposits, debt securities)
- receivables from financial institutions (e.g. service activities towards the subsidiary Finlombarda Gestioni SGR, debt securities);

- receivables from customers (e.g.: other loans, service activities towards the Lombardy region, debt securities).

Recognition criteria

- The financial instruments measured at amortised cost are initially recognised when, and only when, the enterprise becomes a party in the contractual clauses of the instrument, i.e. at the time of settlement, at a value equal to fair value, understood to be the cost of the instrument, including any directly attributable costs and income.
- Repurchase agreements with obligation to repurchase or resell forward are recognised in the Financial Statements as funding or lending transactions. In particular, spot sale and forward repurchase transactions are recognised in the financial statements as payable for the spot-collected amount, while spot purchase and forward resale transactions are recognised as receivables for the amount paid spot.

Measurement criteria

- These financial instruments are measured at amortised cost using the effective interest rate criterion. The result deriving from the application of this method is recognised in the Income Statement under item “10. Interest and similar income”.
- The amortised cost of a financial asset is the value at which the asset was measured at the time of the initial recognition net of principal repayments, plus or minus the total amortisation using the effective interest criterion on any difference between the initial value and the value at maturity, and deducting any reduction (following an impairment or irrecoverability).
- The effective interest criterion is the method for calculating the amortised cost of a financial asset or liability (or group of financial assets and liabilities) and the allocation of the interest income or liabilities throughout the related duration. The effective interest rate is the rate that uses exactly the future payments or collections estimated throughout the expected lifetime of the financial instrument. To determine the effective interest rate, it is necessary to assess the cash flows taking into consideration all contractual terms of the financial instrument (e.g., early payment, a buy option or the like), but future losses on receivables are not considered. The calculation includes all expenses or basis points paid or received between the parties of an agreement that are integral parts of the effective interest rate, transaction costs, and all other premiums or discounts.

- At every closing date of the Financial Statements or reporting date the impairment losses of these activities is estimated, in accordance with the impairment rules of IFRS 9.
- Detected impairments are immediately recognised in the Income Statement under item “130. Net impairment/reversals of impairment for credit risk”, as are partial or total recoveries of previously impaired amounts. Reversals of impairment are recognised in relation to an improved quality of the exposure, such as to entail a decrease in the overall impairment recognised previously.
- In the Income Statement, under item “10. Interest and similar income”, is recognised the amount represented by the progressive release of the present value calculated at the time of recognition of the adjustment.

Equity investments

The item includes equity investments in subsidiaries, joint ventures and companies subject to significant influence, other than minority interests placed under "assets held for sale".

Equity investments are initially recognised at cost. Subsequently, they are measured using the equity method; therefore, accounting adjustments are booked to the income statement.

At 31 December 2022, the company holds 100% in Finlombarda Gestioni SGR S.p.A

Please note that, in application of IFRS 5, the interest held in Finlombarda Gestioni SGR S.p.A. was classified under item 110 of the balance sheet "Non-current assets and groups of assets held for sale".

Fair value hierarchy

In March 2009, the IASB issued an amendment to IFRS 7 to regulate the so-called "fair value hierarchy". In particular, the amendment defines three levels of fair value (IFRS 7, para. 27A):

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is determined using valuation techniques that refer to observable market parameters, other than listings of the financial instrument;
- level 3: if the fair value is determined using valuation techniques that refer to parameters that are not observable in the market. Therefore, if the fair value is estimated using market

data (other than listed prices in an active market), but that require significant adjustment based on unobservable market data, that measurement falls into level 3.

For level 2 financial instruments, in the absence of quotations on active markets, prices are determined on the basis of credit spreads paid by comparable issuers, where available. Alternatively, the DCF (Discounted Cash Flow) is used as the valuation method based on the discounting of future cash flows, taking the implicit interest rates and a credit spread calculated by Bloomberg as a point of reference, based on market curves.
In the case of Minibond and Basket Bond products, *staging* is determined by analysing the creditworthiness of the counterparties, while the fair value hierarchy is determined by the state of substantial illiquidity, which places them at level 2.

Categ. Financial Instruments	**Product**	**Measurement model**	**Input of the measurement model**
Debt securities	Corporate bonds	ASW (Asset Swap Valuation) function of the Bloomberg system	Interest rate curves, credit spreads from comparables plus an illiquidity premium
Unlisted equities	Shareholdings (**Minority equity investments**)	Income measurement model	Latest available financial statements
Investments in mutual funds	PE Funds (NEXT Fund share) and October II	NAV communicated by management company	N/A
Investments in Minibonds/Basket Bonds	Corporate bonds of Lombard Enterprises	Discounted Cash Flow	Curves of future interest rates and credit spreads (PD's) excerpted from Bloomberg credit evaluation

Property, plant and equipment

This item shows movable property, furnishings, cars and office equipment, communication equipment and vehicles used in operations; they are carried at cost, less accumulated depreciation and impairment losses. In determining cost we include additional charges and direct costs incurred to bring the asset to the location and condition necessary for it to function, based on the company's requirements.

The costs of repair and routine maintenance are expensed in the year they are incurred. Subsequent costs, which can be reliably determined and which increase the future economic benefits enjoyed by the asset, are capitalised and then depreciated over the residual useful life of the asset in question. Leasehold improvements are classified as property, plant and equipment. Where separable from the main asset, they are allocated to the relevant categories based on the nature of the cost incurred, otherwise they are put into a separate category.

Property, plant and equipment with finite useful life are depreciated on a straight-line basis, over a period equal to the estimated useful life.

As required by IAS 36, property, plant and equipment are tested at least once a year, both for impairment (considering as impairment the negative difference between the book value and the recoverable value) and for the fairness of their residual useful life. In particular, at each annual or interim reporting date, if there is any indication that an asset may have suffered a loss in value, a comparison is made between the carrying value of the asset and its recovery value, which is the higher of its fair value, net of any selling costs, and its value in use, which is the present value of the future cash flows generated by it. Any adjustments are recognised in the income statement. If the reasons that led to recognition of the loss no longer exist, a write-back is made, which cannot exceed the value that the asset would have had in the absence of previous impairment losses, net of depreciation.

Property, plant and equipment is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal.

This classification includes assets for which the international accounting standard IFRS 16 "Leases" is applied, which was published by the IASB on 13 January 2016 and its endorsement at EU level was through the publication in the Official Journal of the European Union of Regulation (EU) no. 2017/1986 of 9 November 2017. Effective 1 January 2019, the standard replaces the previous accounting standards and interpretations regarding lease contracts.

IFRS 16 introduces a new definition of lease based on control (right of use) of the use of an identified asset for a set period of time in exchange for a consideration, identifying as discriminating factors: the identification of the asset, the right for it not to be replaced by the lessor, the right to obtain substantially all the economic benefits arising from the use of the asset and the right to direct the use of the asset underlying the contract. The definition of "lease contracts" includes, in addition to lease contracts in the strict sense of the term, also, for example, rental, lease and non-gratuitous loan contracts.

The standard introduces a single model for recognising leases in the financial statements, regardless of whether they are operating or financial leases, generally requiring recognition respectively as liabilities and assets in the balance sheet of:

- a right of use of the asset (hereinafter RoU), equal to the lease liability increased by the initial direct costs, the estimate of dismantling costs and net of incentives,
- a lease liability, equal to the present value of future payments determined using the discount rate defined at the lease contract effective date.

The lessee shall measure the asset consisting of the RoU by applying the cost model. The income statement is essentially impacted by the amortisation of the right of use, recorded under operating expenses, and by the interest accrued on the lease liability, recorded under net interest income.

As early as the previous year, the Parent Company analysed the scope of contracts to be subjected to IFRS 16, and defined the related accounting treatment - upon first-time application and when fully operational - and identified the necessary IT and organisational implementations.
With reference to the options and exemptions prescribed by IFRS 16, the Company made the following choices:

- IFRS 16 is not generally applied to intangible assets, to agreements with a short duration (i.e., less than 18 months) and of low unit value;
- the right of use and the financial liabilities relating to lease agreements are classified on specific items in the balance sheet;
- any component relating to the performance of services included in lease payments is generally excluded from IFRS 16;
- agreements with similar characteristics are assessed using a single discounting rate;
- lease agreements previously measured as financial leases in accordance with IAS 17 maintain the previously recorded values.

For the year 2022, no contracts have been identified for which the application of IFRS 16 is required.

Intangible assets

Intangible assets consist of software and the website.
According to IAS 38 (Intangible Assets), acquired intangible assets are recognised as assets when:

- it is likely that their use will generate future economic benefits;
- the Company has control, i.e. the power to obtain such benefits;
- the cost of the asset can be measured reliably.

Assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the asset's estimated useful life. As required by the accounting standards, intangible assets are tested at least once a year, both for impairment, considering as a loss the negative difference between the excess book value with respect to the recoverable value, and for the fairness of the residual useful life.

There are no assets with indefinite useful lives in the balance sheet.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from it.

Current and deferred taxes

Tax assets and liabilities are reported in the Balance Sheet under items "100. Assets assets" and "60. Tax liabilities".

Current tax assets and liabilities

Current taxes for the year and for previous ones, to the extent to which they have not been paid, are recognised as liabilities; any excess amount with respect to the amount due is recognised as an asset.
Current tax assets (liabilities) of the current year and of previous ones are measured at the amount expected to be paid/recovered from the Tax Authorities at current tax rates and according to the tax legislation currently in force.
Current tax assets and liabilities are derecognised in the year when the assets are realised or the liabilities are extinguished.

Deferred tax assets and liabilities

For taxable temporary differences, a deferred tax liability is recognised, unless the deferred tax liability derives:

- from goodwill whose amortisation is not tax deductible or
- from the initial recognition of an asset or of a liability in a transaction that:
    - it is not a business combination; and
    - at the time of the transaction it does not influence either the accounting profit or the taxable income.

Deferred taxes are not calculated with regard to higher values of the untaxed assets relating to equity investments and to untaxed reserved because at present it is deemed reasonable that the conditions for their future taxation are met.
Deferred tax liabilities are recognised in the Balance Sheet item "60. b) Deferred tax liabilities".
For all deductible temporary differences, a deferred tax asset is recognised if it is probable that a taxable income will be used with regard to which the deductible temporary difference may be used, unless the deferred tax asset derives from:

- negative goodwill, which is treated as a deferred revenue;
- initial recognition of an asset or of a liability in a transaction that:

- it does not represent a business combination; and
- at the time of the transaction it does not influence either the accounting profit or the taxable income.

Deferred tax assets are recognised in the Balance Sheet item “100. b) Prepaid tax assets”.
Prepaid tax assets and deferred tax liabilities are subject to constant monitoring and are quantified according to the tax rates expected to be applicable in the year when the tax asset will be realised or the tax liability will be extinguished, taking into account the tax regulations deriving from current provisions.

Prepaid tax assets and deferred tax liabilities are derecognised in the year when:

- the temporary difference that originated them becomes taxable with reference to the deferred tax liabilities or deductible with reference to prepaid tax assets;
- the temporary difference that originated them loses tax relevance.

Prepaid tax assets and deferred tax liabilities are not discounted or, as a rule, mutually offset.

Financial liabilities measured at amortised cost

Definition and classification

The various forms of interbank and customer financing are represented in the following Financial Statement items:
“10. a) Financial liabilities measured at amortised cost: Payables”;
“10. b) Financial liabilities measured at amortised cost: Securities issued”.

Recognition criteria

These liabilities are recognised in the financial statements at the time the sums raised are received or the debt securities are issued. The value at which they are initially recognised is equal to their fair value, usually equal to the consideration received or the issue price, including any additional costs/income directly attributable to the transaction and determinable from inception, regardless of when they are settled. All charges that are subject to reimbursement by the creditor counterparty or that are attributable to internal administrative costs are not included in the initial recognition value.

Measurement criteria

After the initial recognition, medium/long term financial liabilities are measured at amortised cost using the effective interest rate method as defined in the previous paragraphs.
Short-term liabilities, for which the time factor is not significant are measured at cost.

Derecognition criteria

Financial liabilities are derecognised from the Financial Statements when they are extinguished or expired.
The repurchase of own-issue securities entails their derecognition for accounting purposes with consequent redefinition of the payable for issued securities. Any difference between the repurchase value of own securities and the corresponding accounting value of the liability is recognised in the Income Statement under item "100. c) Gains (Losses) from sale or repurchase of: financial liabilities".
Any subsequent re-placement of own securities, previously derecognised for accounting purposes, constitute, from the accounting viewpoint, a new issue with consequent recognition at the new placement price, without any effect in the Income Statement.

Employee severance indemnities

Employee severance indemnities are similar to a "post employment benefit" under a "defined benefit plan", the value of which is determined on an actuarial basis in accordance with IAS 19.
Consequently, the year-end assessment is carried out based on the accrued benefits using the Projected Unit Credit Method.
This method involves the projection of future payments based on historical analysis, statistics and probabilities, adopting suitable demographic techniques.
It makes it possible to calculate the severance indemnities accruing at a specific date on an actuarial basis, distributing the burden for all the years of remaining service of the employees currently in force and not as a cost payable if the company were to cease operations at the balance sheet date.
The valuation of severance indemnities for employees was carried out by an independent actuary using the method outlined above.
Following the entry into force of the reform of supplementary pensions, as per Legislative Decree 252/2005, the portions of severance pay accrued up to 31.12.2006 remain in the company, while the amounts accruing from 1 January 2007 can be allocated to a supplementary pension plan.

The portions accrued and transferred to supplementary pension funds are accounted for in the income statement in sub-item 160a), as specified in Section 9 of Part C of the explanatory notes.

These portions constitute a defined contribution plan since the Company's obligation to the employee ceases on payment of the amounts accrued. In this event, the Company's liabilities can include only the portion due (shown under "other liabilities") of payments outstanding to supplementary pension funds at the balance sheet date.

Recognition of actuarial gains and losses

IAS 19 requires that all actuarial gains and losses accrued at the reporting date are recognised immediately in the Statement of Other Comprehensive Income (OCI).
There is no longer the possibility of deferral through the corridor method (which has been eliminated), as well as their possible recognition in the income statement. Consequently, the standard allows the recognition of actuarial gains/losses exclusively in OCI.
The Company opted for early application of the amended standard in the financial statements for the year ended 31 December 2012.

Provisions for risks and charges

Definition

The allocation is defined as a liability with uncertain due date or amount. Conversely, a potential liability is defined:

- as a possible obligation arising from past events and whose existence will be confirmed only by whether one or more future events, not totally under the control of the enterprise, occur;
- a current obligation that arises from past events, but that is not recognised because:
  - it is not probable that use of financial resources will be necessary to extinguish the obligation;
- the amount of the obligation cannot be determined with sufficient reliability.

Potential liabilities are not subject to accounting recognition, but only to disclosure, unless they are deemed remote.

Recognition and measurement criteria

The allocation is recognised in the accounts if and only if:

- there is a (legal or constructive) obligation as a result of a past event; and
- it is not probable that fulfilling the obligation will require the use of resources able to produce economic benefits;

- the amount deriving from fulfilling the obligation may be reliably estimated.

The amount recognised as allocation represents the best estimate of the expense required to fulfil the obligation existing at the reference date of the Financial Statements and reflect risks and uncertainties that inevitably characterise a plurality of facts and circumstances. The amount of the allocation is represented by the present value of the expenses supposed to be necessary to extinguish the obligation when the effect of the present value is a material aspect. Future facts that may affect the amount required to extinguish the obligation are taken into consideration only if there is sufficient objective evidence that they will occur.

Allocations to Provisions for Risks and Charges include the risk deriving from any tax dispute.

Provisions for Risks and Charges also include:

- allocations pertaining to the commitments and to the financial guarantees issued, subject to the impairment rules of IFRS 9;
- the expenses pertaining to defined-benefit pension funds per the provisions of IAS 19.

Derecognition criteria

The allocation is reversed when the use of resources able to produce economic benefits to fulfill the obligation becomes improbable.

Non-current assets and groups of assets held for sale

The aggregate value of non-current assets and liabilities and of the groups of non-current assets and liabilities comprises:

- assets held for sale that do not meet IFRS 5 requirements to be qualified as “discontinued operations”; and
- “discontinued operations” in accordance with the definition of IFRS 5.

For this aggregate, the accounting value will presumably be recovered through the sale rather than through continued use, therefore the related assets and liabilities are classified, respectively, in the Balance Sheet items “110. Non-current assets and groups of assets held for sale” and “70. Liabilities associated with assets held for sale”.

To be classified in the aforesaid items, the assets or liabilities (or group held for sale) must be immediately available for sale and active, concrete programmes must be in place to dispose of the asset or liability in the short term.

These assets or liabilities are measured at the lower amount between the book value and their fair value minus sale costs.

The gains and losses attributable to groups of assets and liabilities held for sale are posted in the Income Statement, under item “290. Gain (Loss) from discontinued operations". The gains and losses attributable to individual assets held for sale are recognised in the most suitable Income Statement item.

Revenue recognition

Revenues are recognised when they are collected or, in the case of the sale of goods or products, when it is likely that we will receive the future economic benefits from the transaction and these benefits can be measured reliably, in the case of services, when the services are performed. In particular:

- fees for services provided to the Lombardy Region are classified in the category of revenues that accrue in connection with the provision of the service performed and recorded on an accruals basis in proportion to the stage of completion, costs incurred and residual future profitability margins;
- late payment interest, if provided for by contract, is recognised in the income statement only when collected;
- dividends are recognised in the income statement when they are declared;
- revenues from the trading of financial instruments, representing the difference between the transaction price and the fair value of the instrument.

Use of estimates

For the purpose of preparing the financial statements, the Directors have adopted estimates that affect the values of assets and liabilities recognised, as well as the disclosures about contingent assets and liabilities.

These estimates are reviewed periodically and the effects of any changes reflected immediately in the income statement.

Other information

Impairment of financial instruments

In accordance with IFRS 9, the following are subject to the related impairment provisions:

- “Financial assets measured at amortised cost”;
- “Financial assets measured at fair value through other comprehensive income” other than equity instruments;
- the commitments to grant loans and the guarantees given that are not measured at fair value through profit or loss.

General approach

The quantification of “Expected Credit Losses” (ECL), i.e. the expected losses to be recognised in the Income Statement as value adjustments, is determined according to the presence or absence of a significant increase in the credit risk of the financial instrument with respect to the one determined at its initial recognition date.

For this purpose, instruments subject to impairment rules are conventionally associated with different stages, characterised by different rules for the quantification of adjustments.

- In particular: in the absence of a significant increase in credit risk relative to the initial recognition, the financial instrument is maintained at stage 1 and with respect to it an adjustment is recognised in the Financial Statements, equal to the loss expected at 12 months (i.e. the expected loss resulting from default events on the financial asset that are deemed possible within 12 months from the date of the reference period);
- in the presence of a significant increase in credit risk relative to the initial recognition, the financial instrument is associated with stage 2, or with stage 3 if the financial instrument is impaired, and an adjustment is recognised in the Financial Statements, equal to the expected lifetime loss (i.e. the expected loss resulting from default events on the financial asset that are deemed possible throughout the entire lifetime of the financial asset).

An exception to the above is represented by “Impaired financial assets acquired or originated” - “POCI” -, and by the assets that are measured according to the provisions of the “Simplified method”, discussed in specific points of the present paragraph.

An improvement in credit risk, such as to nullify the conditions that had led to the significant increase thereof, or the loss of the impaired status, entail the re-attribution of the financial instrument to the previous stage. In this case, the entity redetermines the previously recognised adjustment, recognising a write-back in the Income Statement.

Expected losses are an estimate of the losses (i.e. the present value of all possible missed collections) weighted according to the probability of default throughout the expected lifetime of the financial instrument.

The general approach to estimating expected losses is determined by the application of regulatory risk parameters, adjusted to make them compliant with the requirements of IFRS 9.

The losses expected in the 12 following months are a fraction of the losses expected throughout the lifetime of the receivable, and they represent the losses that would be determined in case of non-compliance in the 12 months following the reference date of the Financial Statements, weighted according to the probabilities of non-compliance.

Non performing positions are measured, as a rule, according to analytical methods.

The criteria for estimating the write-downs to be applied to impaired receivables are based on the discounting of the expected cash flows taking into account any guarantees supporting the positions and any advances received. For the purposes of determining the present value of the flows, the fundamental elements are represented by the identification of the estimated collections, of the related due dates and of the discount rate to be applied. The size of the adjustment is equal to the difference between the book value of the asset and the present value of expected future cash flows, discounted at the original effective interest rate, appropriately revised for instruments with floating interest rate, or, in case of positions classified as non-performing, at the effective interest rate prevailing at the date of classification as non-performing.

Simplified approach

The quantification of the expected losses according to the provisions of the simplified method always takes place on the basis of the lifetime ECL and therefore does not require verification of the presence of the significant increase in credit risk with respect to the one existing as at the date of initial recognition of the asset.

Finlombarda adopts this method for trade receivables and assets deriving from contracts in the absence of significant financial components, i.e. only for cases for which adoption of the simplified approach is mandatory in accordance with IFRS 9. In this regard, the Parent Company did not opt to use this method for those cases in which the application if optional.

Calculation of interest income on financial assets subject to impairment

Interest income is calculated, as stated in the above paragraph, by applying the "criteria of the effective interest rate", with the exception of "Acquired or originated impaired financial assets" - POCI - discussed in the following point.

The quantification of interest income differs according to the stage with which the financial instrument is associated for the purposes of determining value adjustments: In particular:

- for the assets associated with stages 1 and 2, or performing positions, the effective interest rate is applied to the gross book value of the financial asset, represented by the amortised cost of the financial instrument without the value adjustments recognised as a whole;
- for the assets associated with stage 3, or impaired positions, the effective interest rate is applied to the amortised cost of the financial instrument, represented by the gross book value minus the accumulated value adjustment.

Write-Off

The gross book value of a financial asset is reduced, in accordance with IFRS 9, when there is no reasonable expectation of its recovery. Write-off, which constitutes an accounting elimination event (i.e., derecognition), may pertain to the financial asset as a whole or in part and it may be posted before the legal actions activated to proceed with the recovery of the exposure are concluded.

The write-off does not necessarily imply the intermediary's waiver of the legal right to collect the receivable; this waiver, known as "debt forgiveness", in any case entails the derecognition/write-off of the deteriorated position.

Any collections, subsequent to the write-off, are recognised among write-backs.

The numbering of the sections, as well as the numbering of the tables, follows the outline indicated in the Bank of Italy's provision of 02 November 2021 and in the communication of 21 December 2021 - Supplements to the provisions of the Provision- "The financial statements of IFRS intermediaries other than banking intermediaries" concerning the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS. Sections with zero are therefore not included.

PART A – FINANCIAL STATEMENT POLICIES (A.3 – DISCLOSURE ON TRANSFERS OF FINANCIAL ASSETS BETWEEN PORTFOLIOS)

A.3.1 Reclassified financial assets: change in business model, book value and interest income

There were no reclassifications of financial assets due to changes in the business model.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income before transfer

There were no reclassifications of financial assets due to changes in the business model.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

There have been no transfers of financial assets.

PART A – FINANCIAL STATEMENT POLICIES (A.4 – DISCLOSURES ON FAIR VALUE)

QUALITATIVE INFORMATION

For a discussion of the methods used to measure the fair value of assets and liabilities for the purposes of the financial statements and for the disclosures made in the explanatory notes for certain assets/liabilities measured at amortised cost/cost, please refer to the sections on the various accounting categories contained in the chapter entitled "A.1 General Part".

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

For assets and liabilities measured at fair value on a recurring basis in the financial statements, in the absence of active market prices, valuation methods are used in line with those generally accepted and used by the market.
For level 2 financial instruments, prices are determined on the basis of credit spreads paid by comparable issuers, where available. Alternatively, the DCF (Discounted Cash Flow) is used as the valuation method based on the discounting of future cash flows, taking the implicit interest rates and a credit spread calculated by Bloomberg as a point of reference. Note that the only items that are measured at fair value in the financial statements at 31/12/2022 are on a recurring basis and consist solely of financial assets.

A.4.2 Measurement processes and sensitivity

The Company generally performs a sensitivity analysis of unobservable inputs, through a stress test on all significant unobservable inputs for the valuation of the different types of financial instruments belonging to Level 2 of the fair value hierarchy; according to that test we determine certain potential changes in fair value, by type of instrument, attributable to plausible changes in unobservable inputs.

A.4.3 Fair value hierarchy

For a review of the procedures followed by the Company to determine the levels of fair value of assets and liabilities, refer to the section on "Fair value hierarchy" in Part A.2 "Information on the main financial statement aggregates".

A.4.4 Other information

To date, there is no information to be provided under IFRS 13, paragraph 93(i).

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

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

Financial assets/liabilities measured at fair value	31/12/2022			31/12/2021		
	L1	L 2	L 3	L1	L 2	L 3
1. Financial assets measured at fair value through profit or loss	**14.564.328**		**6.273.561**	**16.524.562**		**3.076.141**
a) financial assets held for trading						
b) financial assets designated at fair value						
c) other financial assets mandatorily measured at fair value	14.564.328		6.273.561	16.524.562		3.076.141
2. Financial assets measured at fair value through other comprehensive income	67.183.023	26.362.814	832.973	46.604.685	28.508.457	896.216
3. Hedging derivatives						
4. Property, plant and equipment						
5. Intangible assets						
Total	**81.747.350**	**26.362.814**	**7.106.534**	**63.129.247**	**28.508.457**	**3.972.357**
1. Financial liabilities held for trading						
2. Financial liabilities designated at fair value						
3. Hedging derivatives						
Total						

The securities in level 2 refer to Minibonds issued by corporate companies. While those shown in level 3 are represented by the Next and October Fund SME IV (UCITS) and minor equity investments.

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

Changes	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible Assets
	Total	of which a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**3.972.357**			**3.076.141**	**896.216**			
2. Increases	**4.975.274**			**3.748.517**	**1.226.757**			
2.1 Purchases	3.665.094			3.665.094				
2.2 Profits allocated to:								
2.2.1 Income statement								
of which: capital gains	83.423			83.423				
2.2.2 Equity					1.226.757			
2.3 Transfers from other levels								
2.4 Other increases								
3. Decreases	**-1.841.097**			**-551.097**	**-1.290.000**			
3.1 Sales					(1.290.000)			
3.2 Reimbursements								
3.3 Losses allocated to:	-551.097			-551.097				
3.3.1 Income statement								
of which: capital losses	-551.097			-551.097				
3.3.2 Equity								
3.4 Transfers to other levels								
3.5 Other decreases								
4. Closing inventories	**7.106.534**			**6.273.561**	**832.973**			

Changes in financial instruments classified at Level 3 concern the October SME IV fund, the NEXT fund and the sale of the Fiumicino Energia Investment classified in the HTCS portfolio.

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

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2022				31/12/2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	528.948.080	5.033.029		550.866.661	423.089.601	16.193.852		429.898.921
2. Investment properties								
3. Non-current assets and groups of assets held for sale								
Total	**528.948.080**	**5.033.029**		**550.866.661**	**423.089.601**	**16.193.852**		**429.898.921**
1. Financial liabilities measured at amortised cost	438.951.494	50.011.527		388.939.967	473.876.006	100.361.500		373.676.428
2. Liabilities associated with assets held for sale								
Total	**438.951.494**	**50.011.527**		**388.939.967**	**473.876.006**	**100.361.500**		**373.676.428**

The financial assets represented in Level 3 consist of amounts due from customers for loans and receivables from the Lombardy Region. The financial liabilities represented in Level 3 consist of amounts due to banks for loans payable.

PART A – FINANCIAL STATEMENT POLICIES (A.5 – DISCLOSURES ON "DAY ONE PROFIT / LOSS")

A.5 Information on “Day one profit/loss”

As regards the information required on the day one profit/loss, for the financial instruments in the financial statements at 31/12/2022, we can report that there are no significant differences between the fair value at the time of their initial recognition and the amount determined on the same date using the measurement technique adopted by the Company.

PART B – INFORMATION ON THE BALANCE SHEET (B.1 – ASSETS)

SECTION 1 – CASH AND CASH EQUIVALENTS

This section illustrates item 10.

1.1 Cash and cash equivalents: breakdown

	31/12/2022	31/12/2021
a) Cash	2.086	513
b) Demand deposits at Central Banks		
c) Current accounts and deposits with banks	37.391.895	216.670.156
Total	**37.393.981**	**216.670.669**

SECTION 2 - FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This section illustrates item 20.

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

Items/Amounts	31/12/2022			31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equities						
3. Mutual fund units	**14.564.328**		**6.273.561**	**16.524.562**		**3.076.141**
4. Financing						
4.1 Repurchase agreeme						
4.2 Other						
Total	**14.564.328**		**6.273.561**	**16.524.562**		**3.076.141**

The item "Mutual fund units" is represented, in Level 1 of the Fair Value Hierarchy, by Anima SGR, Azimut Consulenza SIM SpA and J.P. Morgan Asset Management funds, whereas Level 3 of fair value hierarchy includes the Next and October SME IV Fund.

The UCITS units consisted of Euro 9,164 thousand in funds managed by Anima SGR, Euro 3,295 thousand in funds managed by Azimut consulenza SIM SPA, Euro 2,106 thousand in funds managed by J. P. Morgan Asset Management, Euro 412 thousand relating to Fondo Next and Euro 5,861 thousand relating to October SME IV.

2.7 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

Items/Amounts	31/12/2022	31/12/2021
1. Equities		
of which: banks		
of which: other financial companies		
of which: non financial companies		
2. Debt securities		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
3. Mutual fund units	**20.837.888**	**19.600.703**
4. Financing		
a) Central banks		
b) Public administrations		
c) Banks		
d) Other financial companies		
of which: insurance companies		
e) Non-financial companies		
f) Households		
Total	**20.837.888**	**19.600.703**

SECTION 3 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This section illustrates item 30.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by category

The "debt instruments" item, in Level 1 of the fair value hierarchy, shows debt securities relating to Intesa San Paolo, Unicredit Banca, Ferrovie dello Stato and other issuers, Level 2 shows bonds related to the products minibond and Lombardia Basket bond, while Level 3 shows the minor equity investments in the HTCS portfolio. The securities in Level 2 are tested for credit stage at the reporting date.

Items/Amounts	31/12/2022			31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**67.183.023**	**26.362.814**		**46.604.685**	**28.508.457**	
1.1 Structured securities						
1.2 Other debt securities	67.183.023	26.362.814		46.604.685	28.508.457	
2. Equities			832.973			896.216
3. Financing						
Total	**67.183.023**	**26.362.814**	**832.973**	**46.604.685**	**28.508.457**	**896.216**

Equities, for a total of Euro 832 thousand, are represented by minor investments in companies and consortia, which are valued on the basis of each individual company's shareholders' equity.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Amounts	31/12/2022	31/12/2021
1. Debt securities	**93.545.837**	**75.113.142**
b) Public administrations	19.289.580	
c) Banks	18.669.436	12.336.854
d) Other financial companies	25.528.706	30.726.832
of which: insurance companies		
e) Non-financial companies	30.058.114	32.049.456
2. Equities	**832.973**	**896.216**
a) Public administrations		
b) Banks		
c) Other financial companies		
of which: insurance companies		
d) Non-financial companies	832.973	896.216
3. Financing		
a) Public administrations		
b) Banks		
c) Other financial companies		
of which: insurance companies		
d) Non-financial companies		
e) Households		
Total	**94.378.810**	**76.009.358**

3.3 Financial assets measured at fair value through other comprehensive income: gross value and total impairment

	Gross value*					Adjustments				Total partial write-offs (*)
	First stage	of which instruments with low credit risk	Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
Debt securities	69.671.383		23.774.439	882.000		128.283	359.702	294.000		
Financing										
Total (T)	**69.671.383**		**23.774.439**	**882.000**		**128.283**	**359.702**	**294.000**		
Total (T-1)	**55.088.125**		**20.678.811**	**756.000**		**56.489**	**672.904**	**680.400**		

In accordance with IAS 1, amounts for 2021 have been reclassified for ease of understanding

(*) Value to be reported for information purposes

Securities classified as second stage concern securities whose ratings deteriorated during the year.

SECTION 4 – FINANCIAL ASSETS MEASURED AT AMORTISED COST

This section illustrates item 40.

4.1 Financial assets measured at amortised cost: breakdown by category of receivables from banks

Type of transactions/Amounts	31/12/2022						31/12/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3
1. Term deposits	430.381					430.381						
2. Current accounts												
3. Financing												
3.1. Repurchase agreements												
3.2 Finance lease												
3.3 Factoring												
- with recourse												
- without recourse												
3.4 Other loans												
4. Debt securities												
4.1 Structured securities												
4.2 Other debt securities												
5. Other assets												
Total	**430.381**					**430.381**						

The balance as at 31.12.2022 refers to the Margin Call on repurchase agreements.

4.2 Financial assets measured at amortised cost: breakdown by category of receivables from financial companies

Type of transactions/Amounts	31/12/2022						31/12/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3
1. Financing												
1.1. Repurchase agreements												
1.2 Finance lease												
1.3 Factoring												
- with recourse												
- without recourse												
1.4 Other loans												
2. Debt securities							**3.032.931**			**3.032.931**		
2.1 Structured securities												
2.2 Other debt securities							3.032.931			3.032.931		
3. Other assets	**0**					**0**	**9.159**					**9.159**
Total							**3.042.090**			**3.032.931**		**9.159**

4.3 Financial assets measured at amortised cost: breakdown by category of receivables from customers

Type of transactions/Amounts	31/12/2022						31/12/2021					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3
1. Financing	**516.627.593**	**5.213.464**				**521.841.056**	**400.069.244**	**1.108.747**				**424.181.162**
1.1 Finance lease												
of which: without final purchase option												
1.2 Factoring												
- with recourse												
- without recourse												
1.3 Consumer credit												
1.4 Credit cards												
1.5 Pledged loans												
1.6 Loans granted in connection with payment services provided												
1.7 Other loans	516.627.593	5.213.464				521.841.056	400.069.244	1.108.747				
of which: from enforcement of guarantees												
2. Debt securities	**5.033.029**			**5.033.029**			**13.160.921**			**13.160.921**		
- Structured securities												
- Other debt securities	5.033.029			5.033.029			13.160.921			13.160.921		
3. Other assets	**1.612.351**	**31.262**				**1.870.211**	**5.708.131**	470				**5.708.600**
Total	**523.272.973**	**5.244.726**		**5.033.029**		**523.711.268**	**418.938.295**	**1.109.216**		**13.160.921**		**429.889.763**

The item "Other Loans" is represented, in Level 3 of the Fair Value Hierarchy, by 7 loan products “Made in Lombardy”, “Credito Adesso”, “Credito Adesso Evolution”, “Al Via”, “Linea Innovazione”, “Syndicated loans”, “Patrimonio Impresa”, “Plain Vanilla” and “Turnaround”, disbursed to companies in the Lombardy region essentially SMEs and MICAPs.

The item “Debt securities” is represented, in Level 1 of the Fair Value Hierarchy, by government bonds.

Lastly, the item “Other assets” is represented, in Level 3 of the Fair Value Hierarchy, mainly by other receivables from the Lombardy Region and receivables for Progetti Europei (European Projects).

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of receivables from customers

Type of transactions/Amounts	31/12/2022			31/12/2021		
	First and second stage	Third stage	Impaired acquired or originated	First and second stage	Third stage	Impaired acquired or originated
1. Debt securities	**5.033.029**			**13.160.921**		
a) Public administrations	5.033.029			5.019.527		
b) Non-financial companies				8.141.394		
2. Loans to:	**516.627.593**	**5.213.464**		**400.069.244**	**1.108.747**	
a) Public administrations	10.441.681			**1.784.657**		
b) Non-financial companies	503.680.109	5.178.137		396.100.689	1.071.558	
c) Households	2.505.802	35.327		2.183.897	37.189	
3. Other assets	**1.612.351**	**31.262**				
Total	**523.272.973**	**5.244.726**		**413.230.165**	**1.108.747**	

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

	Gross value					Total adjustments				
	First stage		Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	Total partial write-offs (*)
		of which instruments with low credit risk								
Debt securities			5.033.381				352			
Financing	504.252.536		18.091.097	11.032.455		5.133.468	582.573	5.818.991		
Other Assets	2.042.732			31.262						
Total 31/12/2022	**506.295.268**		**23.124.478**	**11.063.716**		**5.133.468**	**582.925**	**5.818.991**		
Total 31/12/2021	**408.728.715**		**18.172.211**	**6.519.700**		**3.993.376**	**927.164**	**5.410.484**		

4.5a) Loans measured at amortised cost subject to Covid-19 support measures: gross value and total impairment

There are no loans measured at amortised cost that are subject to Covid-19 support measures.

4.6 Financial assets measured at amortised cost: guaranteed assets

	31/12/2022						31/12/2021					
	Due from banks		Receivables from financial entities		Due from customers		Due from banks		Receivables from financial entities		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Guaranteed performing assets:					**373.981.371**	**331.877.900**					**282.609.323**	**258.896.980**
- Assets under finance lease												
- Receivables for factoring												
- Mortgages					12.734.412	6.869.150						
- Pledges					3.845.547	3.558.147					1.776.932	1.776.932
- Unsecured guarantees					357.401.412	321.450.603					280.832.391	257.120.048
- Credit derivatives												
2. Non-performing assets guaranteed by:					**4.965.753**	**4.965.753**					**960.217**	**960.217**
- Assets under finance lease												
- Receivables for factoring												
- Mortgages												
- Pledges					50.000	50.000						
- Unsecured guarantees					4.915.753	4.915.753					960.217	960.217
- Credit derivatives												
Total					**378.947.124**	**336.843.653**					**283.569.540**	**259.857.197**

VE = Book value exposure
VG = Fair value guarantee

With reference to the table above, total guarantees received on own funds amounted to Euro 336,843 thousand, compared to a total of 378,947 thousand in guaranteed assets.

SECTION 7 – EQUITY INVESTMENTS

7.1 Equity investments: information about shareholdings

In 2022 the equity investments item 70 shows a zero balance.

The investment in Finlombarda Gestioni SGR SpA has been reclassified under item 110. “Non-current assets and groups of assets held for sale” from 31/12/2014, in application of IFRS 5.

SECTION 8 – PROPERTY, PLANT AND EQUIPMENT

This section illustrates item 80.

8.1 Property, plant and equipment used for business purposes: breakdown of the assets measured at cost

Property, plant, and equipment were reduced to zero during 2021 following the completion of the depreciation of the historical value of the assets. No new purchases were made in 2022. Therefore, the balance is zero.

8.2 Property, plant and equipment held for investment purposes: breakdown of assets measured at cost

The Company has no property, plant and equipment held for investment purposes.

8.6 Property, plant and equipment used for business purposes: annual changes

There were no changes during the year.

SECTION 9 – INTANGIBLE ASSETS

This section illustrates item 90.

9.1 Intangible assets: breakdown

Assets/Amounts	31/12/2022		31/12/2021	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill				
2. Other intangible assets				
of which: software	**402.794**		**417.670**	
2.1 owned	402.794		417.670	
- generated internally				
- other	**402.794**		**417.670**	
2.2 acquired under financial lease				
Total 2	**402.794**		**417.670**	
3. Assets relating to finance lease				
3.1 unopted assets				
3.2 assets withdrawn following termination				
3.3 other assets				
Total 3				
4. Assets granted under operating leases				
Total	**402.794**		**417.670**	

The balance consists entirely of the capitalisation of multi-year costs arising from evolutionary maintenance on the management system.

9.2 Intangible assets: annual changes

	Total
A. Opening balance	**417.670**
B. Increases	**279.098**
B.1 Purchases	279.098
B.2 Writebacks	
B.3 Increases in fair value:	
- to equity	
- to income statement	
B.4 Other changes	
C. Decreases	**293.974**
C.1 Sales	
C.2 Depreciation	293.974
C.3 Impairment:	
- equity	
- income statement	
C.4 Decreases in fair value:	
- to equity	
- to income statement	
C.5 Other changes	
D. Closing balance	**402.794**

SECTION 10 – TAX ASSETS AND TAX LIABILITIES

Assets item 100 and liabilities item 60 are explained in this section.

10.1 "Tax assets: current and deferred": breakdown

Tax assets amount to Euro 4,739 thousand (Euro 2,511 thousand as at 31.12.2021) of which Euro 1,756 thousand for current tax assets, as detailed in the table below, and Euro 2,983 thousand for deferred tax assets.

Item description	31/12/2022	31/12/2021
Advance payments of income tax	**202.777**	**0**
- *IRES*	-	
- *IRAP*	202.777	
Other tax receivables	**1.553.498**	**1.304.896**
- *IRES*	1.552.461	1.062.646
- *IRAP*	1.037	242.250
Deferred taxes	**2.982.613**	**1.206.287**
Total current taxes	**4.738.888**	**2.511.183**

10.2 "Tax liabilities: current and deferred": breakdown

Tax liabilities amounted to Euro 1,037 thousand (Euro 234 thousand at 31.12.2021); they consist entirely of current taxes.

Item description	31/12/2022	31/12/2021
Provisions for income taxes	**1.037.052**	**234.035**
- *IRES*	767.230	
- *IRAP*	269.822	234.035
Other tax liabilities		
Deferred tax liabilities		
Total current and deferred taxes	**1.037.052**	**234.035**

10.3 Changes in deferred tax assets (with contra-entry to income statement)

Description	31/12/2022	31/12/2021
1. Opening balance	**1.007.595**	**1.028.772**
ıcreases	**0**	**61.135**
2.1. Deferred tax assets arising during the year	0	61.135
a) relating to prior years	0	0
c) reversals of impairment	0	
d) other	0	61.135
2.2 New taxes or increases in tax rates	0	
2.3 Other increases	0	0
3. Decreases	**-272.718**	**-82.312**
3.1 Deferred tax assets eliminated during the year		
a) reversals		
b) written down as no longer recoverable		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases	-272.718	-82.312
a) transformation into tax credits as per Law 214/2011		
b) other		
4. Closing balance	**734.877**	**1.007.595**

10.4 Changes in deferred tax liabilities (with contra-entry to income statement)

There were no deferred taxes with an impact on the income statement in the reporting period.

10.5 Changes in deferred tax assets (with contra-entry to equity)

Description	31/12/2022	31/12/2021
1. **Opening balance**	**198.692**	**56.388**
2. **Increases**	**2.247.735**	**191.083**
2.1. Deferred tax assets arising during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other	2.247.735	191.083
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**-198.692**	**-48.779**
3.1 Deferred tax assets eliminated during the year	-198.692	-48.779
a) reversals	-198.692	-48.779
b) written down as no longer recoverable		
c) due to changes in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases	0	0
4. Closing balance	**2.247.735**	**198.692**

10.6 Changes in deferred tax liabilities (with contra-entry to equity)

There were no deferred taxes with an impact on shareholders' equity in the reporting period.

SECTION 11 – NON-CURRENT ASSETS, GROUPS OF ASSETS HELD FOR SALE AND RELATED LIABILITIES

11.1 Non-current assets and groups of assets held for sale: breakdown

	Asset items	31.12.2022 IAS FL S.p.A.	31.12.2022 IAS Finolombarda SGR	31.12.2022 IAS AGGREGATE	Consolidation entries	31.12.2022 Consolidated IAS
10.	Cash and cash equivalents	37.393.981		37.393.981		37.393.981
20.	Financial assets measured at fair value through profit or loss (IFRS 7 par. 8 lett. a))	20.837.888		20.837.888		20.837.888
	a) financial assets held for trading;	-		-		-
	b) financial assets designated at fair value;	-		-		-
	c) other financial assets mandatorily measured at fair value	20.837.888		20.837.888		20.837.888
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7 par. 8 lett. h))	94.378.810		94.378.810		94.378.810
40.	Financial assets measured at amortised cost (IFRS 7 par. 8 lett. f))	528.952.080		528.952.080	- 4.000	528.948.080
	a) due from banks	430.381		430.381		430.381
	b) due from financial entities	4.000		4.000	- 4.000	-
	c) due from customers	528.517.699		528.517.699		528.517.699
50.	Hedging derivatives			-		-
60.	Value adjustment of financial assets with generic hedges (+/-)			-		-
70.	Equity investments			-		-
80.	Property, plant and equipment	0		0		0
90.	Intangible assets	402.794		402.794		402.794
	of which:			-		-
	- goodwill			-		-
100.	Tax assets	4.738.888		4.738.888		4.738.888
	a) current	1.756.275		1.756.275		1.756.275
	b) deferred	2.982.613		2.982.613		2.982.613
110.	Non-current assets and groups of assets held for sale	460.000	522.223	982.223	- 460.000	522.223
120	Other assets	184.526		184.526		184.526
	Total assets	**687.348.967**	**522.223**	**687.871.190**	**- 464.000**	**687.407.190**

11.2 Liabilities associated with assets held for sale: breakdown

	Liabilities and equity items	31.12.2022 IAS FL S.p.A.	31.12.2022 IAS Finolombarda SGR	31.12.2022 IAS AGGREGATE	Consolidation entries	31.12.2022 Consolidated IAS
		-		-		-
10.	Financial liabilities measured at amortised cost (IFRS 7 par. 8 lett. g))	438.951.495		438.951.495		438.951.495
	a) payables	388.939.968		388.939.968		388.939.968
	c) securities issued	50.011.527		50.011.527		50.011.527
20.	Financial liabilities held for trading	-		-		-
30.	Financial liabilities designated at fair value (IFRS 7 par. 8 lett. e))	-		-		-
40.	Hedging derivatives	-		-		-
50.	Value adjustment to financial liabilities with generic hedges (+/-)	-		-		-
60.	Tax liabilities	1.037.052		1.037.052		1.037.052
	a) current	1.037.052		1.037.052		1.037.052
	b) deferred	0		0		0
70.	Liabilities associated with assets held for sale	-	71.871	71.871	-4.000	67.871
80.	Other liabilities	4.965.991		4.965.991		4.965.991
90.	Employee severance indemnities	1.498.570		1.498.570		1.498.570
100.	Provisions for risks and charges:	127.323		127.323		127.323
	a) commitments and guarantees given	57.323		57.323		57.323
	b) pension and similar commitments	-		-		-
	c) other provisions for risks and charges	70.000		70.000		70.000
110.	Share capital	211.000.000	773.820	211.773.820	-773.820	211.000.000
120.	Treasury shares (-)	-		-		-
130.	Equity instruments	-		-		-
140.	Share premium reserve	127.823		127.823		127.823
150.	Reserves	30.722.661	-77.442	30.645.219	259.820	30.905.039
160.	Valuation reserves	-3.650.683		-3.650.683		-3.650.683
170.	Net profit (loss) for the year (+/-)	2.568.735	-246.026	2.322.709	54.000	2.376.709
180.	Minority interests			-		-
	Total liabilities and equity	**687.348.967**	**522.223**	**687.871.190**	**-464.000**	**687.407.190**

SECTION 12 – OTHER ASSETS

This section illustrates item 120.

This item amounts to Euro 185 thousand (Euro 809 thousand in the previous year) and is made up of:

Description	31/12/2022	31/12/2021
Fees for services		
Other assets	184.526	808.591
Total	**184.526**	**808.591**

Receivables for other assets mainly refer to deferred assets, receivables from personnel, social security institutions, withholding taxes on interest income accrued during the year on current accounts and securities. Compared to last year, there was a substantial reduction in withholding taxes and no VAT credits.

PART B – INFORMATION ON THE BALANCE SHEET (B.2 – LIABILITIES)

SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This section illustrates item 10.

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

Type of transactions/Amounts	31/12/2022			31/12/2021		
	Banks	Financial companies	Customers	Banks	Financial companies	Customers
1. Financing	388.939.967			373.676.428		
1.1 Repurchase agreements	33.997.073					
1.2 Other loans	354.942.894			373.676.428		
2. Lease payables						
3. Other payables						
Total	**388.939.967**			**373.676.428**		
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	388.939.967			373.676.428		
Total Fair value	**388.939.967**			**373.676.428**		

This item consists of two loan contracts with the European Investment Bank (EIB).

The first contract is based solely on loan contracts entered into with companies under the Credito Adesso initiative. The framework agreement signed by the EIB and the Lombardy Region involves a commitment to cooperate to the extent of Euro 200 million. The drawdowns of loans have a 12 year term at 6-month Euribor plus a spread communicated by the EIB from time to time.

The second loan agreement, called "Finlombarda SMEs, Mid-Caps & Other priorities" was signed on 24 September 2015 for an amount of Euro 242 million, and is destined to finance small to medium enterprises (SMEs) and/or medium size companies (MID-CAP) with registered or operating offices in Lombardy. It has been fully utilised. The drawdowns of the loan have a 15 year term at 6-month Euribor plus a spread communicated by the EIB from time to time. It has been fully utilised.

The book value of amounts due to the EIB is Euro 205,494 thousand.

The loan with Banca Popolare di Sondrio, with a residual life of about 4 years for a total of Euro 150 million, fully utilised, completed its pre-amortisation period in 2022 and will begin its amortisation period in 2023; the book value is Euro 149,446 thousand.

Repurchase agreements totalling Euro 33,997 thousand were entered into in 2022, in two tranches to be closed in the second and third quarter of 2023.

The remainder of the balance consists of interest expense on current accounts of about Euro 3 thousand.

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

Type of transactions/Amounts	31/12/2022				31/12/2021			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**50.011.527**	**50.011.527**			**100.199.578**	**100.361.500**		
1.1 structured								
1.2 others	50.011.527	50.011.527			100.199.578	100.361.500		
2. other securities								
2.1 structured								
2.2 other								
Total	**50.011.527**	**50.011.527**			**100.199.578**	**100.361.500**		

The balance consists of a bond issue with a nominal value of Euro 50 million made by the Company on 22 December 2021 at a fixed rate of 0.967% for a term of 4 years in a single payment at maturity. During 2022, the first issue was repaid on 22 September 2017 at a rate of 1.53%. The bond in question is listed on the Luxembourg Stock Exchange.

SECTION 6 – TAX LIABILITIES

See Assets, section 10.

SECTION 7 – LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

See Assets, section 11.

SECTION 8 – OTHER LIABILITIES

This section illustrates item 80.

8.1 Other Liabilities: breakdown

This item amounts to Euro 4,966 thousand (Euro 6,358 thousand in the previous year) and is made up of:

Component	31/12/2022	31/12/2021
Due to suppliers	1.642.992	1.905.519
Other payables	3.322.999	4.452.041
Total	**4.965.991**	**6.357.560**

The item “due to suppliers” includes payables to suppliers for invoices to be received amounting to Euro 785 thousand, payables to Financial Entities of Euro 625 thousand relating to fee and commission expenses.
"Other payables" include "Accrued and deferred liabilities" for Euro 26 thousand, "other payables" for Euro 68 thousand, "payables to the tax authorities" for Euro 28 thousand, "payables to social security institutions and withholdings" for Euro 1,451 thousand, payables to personnel and collaborators for Euro 1,750 thousand, mainly for the allocation of untaken holidays, bonuses and incentives.

With regard to suppliers, a total of Euro 1,033 thousand is reported, referring to guarantees received on existing contracts with suppliers, as required by the Tenders Code. These amounts are recorded in the memorandum accounts.

SECTION 9 – EMPLOYEE SEVERANCE INDEMNITIES

This section illustrates item 90.

9.1 Employee severance indemnities

	31/12/2022	31/12/2021
A. Opening balance	**1.787.058**	**1.882.368**
B. Increases	**91.556**	**92.860**
B.1 Provision for the year	91.556	92.860
B.2 Other increases		0
C. Decreases	**-380.044**	**-188.170**
C.1 Payments made	-57.536	-130.537
C.2 Other decreases	-322.508	-57.633
D. Closing balance	**1.498.570**	**1.787.058**

Periodic cost	31/12/2022	31/12/2021
Total service cost	91.556	92.860
Interest cost	17.407	- 1.817
Actuarial gains(losses)	- 339.915	- 55.816
Total periodic cost	**- 230.952**	**35.227**

9.2 Other information

As regards the actuarial valuations for the purposes of determining the severance indemnities at 31.12.2022 according to IAS/IFRS, we considered the following demographic, economic and financial assumptions:

Demographic assumptions

- The probability of death was derived from ISTAT statistics of the Italian population, split by age and sex, as surveyed in 2000 and reduced by 25%;
- the probability of leaving for absolute and permanent disability of the worker becoming disabled and out of the business community are drawn from the disability tables currently used in reinsurance, broken down by age and sex;
- for the probability of leaving work because of resignations and dismissals the annual frequencies have been estimated, based on corporate data, set at 3.88% per annum;
- the chances of requesting an advance, based on data supplied by the Company, is equal to 1.00% per annum, with an average advance of 44.70%;
- for the timing of retirement of the general working population, it is assumed that people will retire when the first of the pension requirements valid for the mandatory general insurance scheme has been reached.

Economic and financial assumptions

The macroeconomic scenario used for the evaluations is described in the following table:

Dynamic Hypothesis Parameters

Parameters	Dynamic hypothesis
Rate of increase in severance indemnities	3,22%
Inflation rate	2,30%
Discount rate	3,38%

For the revaluation of severance indemnities commencing from 1 January 2015 we apply the substitute tax at the new rate set by the 2015 Stability Law (Law no. 190 of 23 December 2014, art. 44, paragraph 3)

With the exception of the portion that accrued during the year, termination indemnities increased on a compound basis at 31 December each year by applying a fixed rate of 1.50% and 75% of the inflation rate recorded by ISTAT compared with December of the previous year. From 1 January 2015, a 17% tax is due on this revaluation according to para. 623 of Law 190 of 23.12.2014.

SECTION 10 – PROVISIONS FOR RISKS AND CHARGES (ITEM 100)

10.1 Provisions for risks and charges: breakdown

Items/Amounts	31/12/2022	31/12/2021
1. Provisions for credit risk relating to commitments and financial guarantees given	57.323	30.051
2. Provisions on other commitments and other guarantees given		
3. Company severance entitlements		
4. Other provisions for risks and charges	70.000	131.180
4.1 legal and tax disputes		
4.2 personnel costs		20.000
4.3 other	70.000	111.180
Total	**127.323**	**161.230**

Provisions for risks decreased by a total of Euro 34 thousand compared to the previous year. This decrease is due to the release of certain provisions made in previous years of Euro 20 thousand relating to personnel disputes and Euro 41 thousand relating to provisions on guarantees no longer in existence. On the other hand, there are additional provisions for commitments and guarantees in application of IFRS 9 in the amount of Euro 27 thousand.

10.2 Provisions for risks and charges: annual changes

	Provisions on other commitments and other guarantees given	Severance entitlements	Other provisions for risks and charges	Total
A. Opening balance			**131.180**	**131.180**
B. Increases				
B.1 Provision for the year				
B.2 Changes due to the passage of time				
B.3 Changes due to changes to the discount rate				
B.4 Other changes				
C. Decreases			**-61.180**	**-61.180**
C.1 Used in the year				
C.2 Changes due to changes to the discount rate				
C.3 Other changes			-61.180	-61.180
D. Closing balance			**70.000**	**70.000**

10.3 Provisions for credit risk relating to commitments and financial guarantees given

	Provisions for credit risk relating to commitments and financial guarantees given				*Total*
	First stage	Second stage	Third stage	Impaired acquired or originated	
Commitments to disburse	54.908	2.414			**57.323**
Financial guarantees provided					
Total	**54.908**	**2.414**			**57.323**

SECTION 11 – SHAREHOLDERS' EQUITY (ITEMS 110, 120, 130, 140, 150, 160 AND 170)

This section explains liabilities items 110.120, 130,140,150, 160 and 170.

Equity: Breakdown

Description	31/12/2022	31/12/2021
1. Share capital	211.000.000	211.000.000
2. Share premium reserve	127.823	127.823
3. Reserves	30.905.039	45.544.683
4. (Treasury shares)		
5. Valuation reserves	-3.650.683	715.759
6. Equity instruments		
7. Net profit (loss) for the year	2.376.709	0
Total	**240.758.889**	**257.388.265**

11.1 Share capital: breakdown

The share capital, fully subscribed and paid in, amounts to Euro 211,000,000 and consists of 2,110,000 ordinary shares with a par value of Euro 100 each.

Type	Amount
1. Share capital	211.000.000
1.1 Ordinary shares	211.000.000
1.2 Other shares (to be specified)	

11.4 Share premium reserve: breakdown

Description	31/12/2022	31/12/2021
A. Opening balance	**127.823**	**127.823**
B. Increases		
C. Decreases		
D. Closing balance	**127.823**	**127.823**

11.5 Other information

Breakdown of reserves

Description	Legal	Retained earnings	Other reserves	Total
A. Opening balance	**7.073.832**		**38.470.850**	**45.544.683**
B. Increases	**29.720**		**1.471.235**	**1.500.955**
B.1 Allocation of profits	29.720		267.486	297.206
B.2 Other changes			1.203.749	1.203.749
C. Decreases			**16.140.599**	**16.140.599**
C.1 Uses				
- coverage of losses				
- distribution			15.843.393	15.843.393
- transfer to capital				
C.2 Other changes			297.206	297.206
D. Closing balance	**7.103.552**	**-**	**23.801.486**	**30.905.039**

All of the reserves, except for the art. 14 R.L. no. 33/2008 reserve and the OCI reserve, are available to cover operating losses.

At the balance sheet date, the breakdown of the reserves is as follows:

- the legal reserve amounts to Euro 7,137,120;
- The reserve “as per Art. 14 R.L. no. 33/2008” amounts to Euro 208,046;
- The statutory reserve of Euro 5,007,076;
- The statutory risk reserve of Euro 7,131,372;
- The Reserves for first time adoption of Euro 1,347,771;
- The reserve arising from the merger of the former Cestec of Euro 8,687,527;
- The reserve from retained earnings/losses - consolidation reserve for Euro 182,378

During the year, part of the reserve "as per Art. 14 L.R. No. 33/2008" was distributed to the Lombardy Region in the amount of Euro 15,843,393.

PART C – INFORMATION ON THE INCOME STATEMENT

SECTION 1 – INTEREST

This section illustrates items 10 and 20.

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Financing	Other transactions	31/12/2022	31/12/2021
1. Financial assets measured at fair value through profit or loss					
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value					
2. Financial assets measured at fair value through other comprehensive income	1.898.048			1.898.048	1.544.643
3. Financial assets measured at amortised cost:	315.800	11.583.415		11.899.215	6.439.195
3.1 Due from banks	44	13.918		13.962	23.440
3.2 Receivables from financial companies					99.642
3.3 Due from customers	315.756	11.569.497		11.885.253	6.316.112
4. Hedging derivatives					
5. Other assets					
6. Financial liabilities					
Total	**2.213.848**	**11.583.415**		**13.797.263**	**7.983.837**
of which: interest income on impaired assets					
of which: interest income on financial lease					

Interest and similar income totalled Euro 13,797 thousand; there was an increase in interest amounting to Euro 5,813 thousand (Euro 7,984 thousand at 31 December 2021).

From the numbers reported, the composition of the financial investment portfolio experienced a decrease in investments in 2022 in favour of an increase in the use of loans receivable/credit receivables (+27% compared to 2021). We also note the significant increase in interest rates, which also affected the outstanding portfolio, being mostly composed of variable-rate loans.

1.3 Interest and similar expenses: breakdown

Items/Technical forms	Payables	Securities	Other	31/12/2022	31/12/2021
1. Financial liabilities measured at amortised cost	-2.746.939	-1.060.449		-3.807.388	-1.352.591
1.1 Payables to central banks					
1.2 Payables to banks	-2.746.939			-2.746.939	-551.250
1.3 Payables to financial companies					
1.4 Payables to customers					
1.5 Securities issued		-1.060.449		-1.060.449	-801.342
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and provisions			-40	-40	
5. Hedging derivatives					
6. Financial assets					
Total	**-2.746.939**	**-1.060.449**	**-40**	**-3.807.428**	**-1.352.591**
of which: interest expense on lease payables					

Interest due to banks refers to interest accrued on the loan received from Banca Europea degli Investimenti and Banca Popolare di Sondrio, while interest on securities outstanding refers to the bond loan outstanding at 31 December 2022.

SECTION 2 – COMMISSIONS

This section illustrates items 40 and 50.

2.1 Fee and commission income: breakdown

Detail	31/12/2022	31/12/2021
1. financial lease transactions		
2. factoring transactions		
3. consumer credit		
4. guarantees issued		
5. services of:	11.239.357	12.296.620
- management of funds on behalf of third parties	11.239.357	12.296.620
- exchange rate intermediation		
- product distribution		
- other		
6. collection and payment services		
7. servicing for securitisations		
8. other commissions (to be specified)	879.965	996.023
Total	**12.119.321**	**13.292.643**

The compensation relating to the management of funds on behalf of third parties include all fees and commissions for the management of the European Funds and part of the operating contribution attributable to the management of regional Funds.

The other fees and commissions comprise both compensation on European technical assistance appointments and European projects, and a portion of the operating contribution attributable to the regional technical assistance appointments.

Italian Law no. 124 of 4 August 2017 (Article 1 Paragraphs 125-129) prescribes the obligation to persons who have received “subsidies, contributions, paid appointments and otherwise economic advantages of any kind in the previous year” from public administrations to publicly disclose such amounts by indicating the amounts received during the reference year in the explanatory notes to the annual financial statements.

In this regard, in 2022, Finlombarda collected Euro 15,627,166 from the Lombardy Region as fees for the technical assistance and management of regional and European funds (for invoices related to the reference year and previous years)[7].

2.2 Fee and commission expenses: breakdown

Detail/Sectors	31/12/2022	31/12/2021
1. guarantees received		
2. distribution of services from third parties		
3. collection and payment services		
4. other commissions (to be specified)	-40.800	-123.449
Total	**-40.800**	**-123.449**

Item d "other commissions", amounting to Euro 41 thousand (Euro 123 thousand as of 31.12.2021), consists mainly of commission expenses for COSME and Medio Credito Centrale guarantees for Euro 26 thousand and bank commissions for Euro 15 thousand.

[7] This amount is in addition to Euro 156,617 for grants (Finlombarda share) received from the European Commission for specific projects.

SECTION 3 – DIVIDEND AND SIMILAR INCOME

This section illustrates item 70.

3.1 Dividends and similar income: breakdown

Items/Income	31/12/2022		31/12/2021	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading				
B. Other financial assets mandatorily measured at fair value		244.609		110.570
C. Financial assets measured at fair value through other comprehensive income				
D. Equity investments				
Total		**244.609**		**110.570**

The above table includes income (Euro 245 thousand) from coupons accrued on ANIMA UCITS funds amounting to Euro 48 thousand and for distributions from October SME IV amounting to Euro 197 thousand.

SECTION 6 – GAINS (LOSSES) FROM SALE OR REPURCHASE

This section illustrates item 100.

6.1 Gains (Losses) from sale/repurchase: breakdown

Items/Income items	31/12/2022			31/12/2021		
	Gains	Losses	Net profit for the year	Gains	Losses	Net profit for the year
A. Financial assets						
1. Financial assets measured at amortised cost:	3.572	-4.208	-636	4.027	-19.528	-15.106
1.1 Due from banks				634		634
1.2 Due from financial entities	3.572			3.393		-16.135
1.2 Due from customers		-4.208	-4.208	395	-19.528	395
2. Financial assets measured at fair value through other comprehensive income	389.416	-319.321	70.095	185.658	-143.419	42.239
2.1 Debt securities	389.416	-319.321	70.095	185.658	-143.419	42.239
2.4 Loans						
Total assets	**392.987**	**-323.529**	**69.459**	**189.686**	**-162.948**	**27.133**
B. Financial liabilities measured at amortised cost						
1. Bank loans and borrowings						
2. Due to customers						
3. Securities issued						
Total liabilities						

SECTION 7 – NET INCOME FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

This section illustrates item 110.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets mandatorily measured at fair value

Transactions/Income components	Gains (A)	Realized gains (B)	Losses (C)	Realized losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**550.017**		**-2.511.332**		
1.1 Debt securities					
1.2 Equities					
1.3 Mutual fund units	550.017		-2.511.332		
1.4 Financing					
2. Financial assets in currency: exchange differences					
Total	**550.017**		**-2.511.332**		

SECTION 8 – NET IMPAIRMENT/REVERSALS OF IMPAIRMENT FOR CREDIT RISK

This section illustrates item 130.

8.1 Net impairment/reversals of impairment for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/Income components	Adjustments						Writebacks				31/12/2022	31/12/2021
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			Write-offs	Other	Write-offs	Other						
A. Receivables from banks							**503.338**				**503.338**	**-488.343**
- for leases												
- for factoring												
- other receivables							503.338				503.338	-488.343
B. Receivables from financial companies												**539**
- for leases												
- for factoring												
- other receivables												539
C. Receivables from customers	**-1.859.304**	**-295.124**		**-900.945**			**716.741**	**638.264**	**188.605**		**-1.511.764**	**-1.127.026**
- for leases												
- for factoring												
- for consumer cre												
- loans on pledge												
- other receivables	-1.859.304	-295.124		-900.945			716.741	638.264	188.605		-1.511.764	-1.127.026
Total	**-1.859.304**	**-295.124**		**-900.945**			**1.220.079**	**638.264**	**188.605**		**-1.008.426**	**-1.614.830**

Value adjustments/reversals on financial assets at amortised cost amounted to Euro -1,008 thousand, of which: Euro 503 thousand of value reversals in application of IFRS9 on current accounts, Euro -2.156 thousand 'lump-sum' stage 1 and stage 2 (Performing) adjustments, analytical value adjustments of Euro 901 thousand, stage 1 and stage 2 reversals of Euro 1,355 thousand, analytical reversals (stage 3) of Euro 189 thousand and finally, reversals of securities at amortised cost for Euro 1 thousand. The increase in provisions was mainly due to the increase in outstanding (+27% compared to 2021), while the reduction in current accounts generated a considerable reversal of their credit risk.

8.1a Net impairment for credit risk relating to loans at amortised cost subject to Covid-19 support measures: breakdown

Transactions/Income components	Net impairment						31/12/2022	31/12/2021
	First stage	Second stage	Third stage		Impaired acquired or originated			
			Write-offs	Other	Write-offs	Other		
1. Loans granted in accordance with GL								- 132.091
2. Loans subject to outstanding moratorium measures no longer in compliance with GL and not evaluated as granted								
3. Loans granted in accordance with other measures								
4. New loans								- 170.172
Total (T)								**- 302.263**

8.2 Net impairment/reversals of impairment for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income components	Adjustments						Writebacks				31/12/2022	31/12/2021
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	91.814							263.520	386.400		741.734	-1.111.807
B. Loans												
- Due to customers												
- Due to financial companies												
- Due to banks												
Total	**91.814**							**263.520**	**386.400**		**741.734**	**-1.111.807**

SECTION 10 – ADMINISTRATIVE EXPENSES

This section illustrates item 160.

10.1 Personnel costs: breakdown

Type of expense/Values	31/12/2022	31/12/2021
1) Employees	-12.507.429	-12.979.315
a) wages and salaries	-8.741.659	-9.234.833
b) social contributions	-2.494.879	-2.588.057
c) termination indemnities		
d) pension expenses		
e) provision for employee severance indemnity	-201.601	-124.214
f) provision for pension and similar commitments:		
- defined contribution		
- defined benefits		
g) payments to external supplementary pension funds:	-577.713	-592.909
- defined contribution	-577.713	-592.909
- defined benefits		
h) expenses in connection with equity-settled share-based payment agreements		
i) other employee benefits	-491.576	-439.302
2) Other serving personnel	-419.724	-476.944
3) Directors and Statutory Auditors	-242.249	-196.045
4) Retired personnel		
5) Recovery of expenses for employees seconded to other companies	18.743	
6) Reimbursement of expenses for seconded third-party employees at the company		-2.778
Total	**-13.150.659**	**-13.655.082**

Item g) "payments to external supplementary pension funds" consists of the provision for the PREVIGEN fund.

10.2 Average number of employees by category

Description	31/12/2022	31/12/2021	Average number
Managers	10	10	10
Middle managers	60	58	59
Office workers	78	85	81,5
Total	**148**	**153**	**150,5**

10.3 Other administrative expenses: breakdown

Description	31/12/2022	31/12/2021
General services	-251.527	-226.826
Development services	-152.314	-163.924
Consultancy	-625.301	-723.856
Supervisory Authorities	-15.600	-19.500
Leases and rentals	-639.235	-762.522
Indirect taxes	-340.581	-171.036
Sundry services	-814.058	-790.419
Total	**-2.838.616**	**-2.858.083**

Pursuant to art. 2427, para. 16-bis of the Italian Civil Code, we would point out that the amount due to the Independent Auditors came to Euro 29,832 in 2022, while tax advisory costs amounted to Euro 26,103.

SECTION 11 – NET ALLOCATIONS TO PROVISIONS FOR RISKS AND CHARGES

11.1 Net allocations to provisions for credit risk relating to commitments to disburse funds and financial guarantees given: breakdown

Item description	31/12/2022	31/12/2021
Commitments and guarantees given	- 27.272	
Total	**-27.272**	

The amount relates to provisions for commitments, on the basis of IFRS9 on amounts resolved but not disbursed, amounting to Euro 27 thousand.

SECTION 12 – IMPAIRMENT/REVERSAL OF IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

This section illustrates item 180.

12.1 Impairment/reversal of impairment of property, plant and equipment: breakdown

There was no impairment/reversal of impairment of property, plant and equipment.

SECTION 13 – IMPAIRMENT/REVERSAL OF IMPAIRMENT OF INTANGIBLE ASSETS

This section illustrates item 190.

13.1 Impairment/reversal of impairment of intangible assets: breakdown

Assets/income items	Amortisation and Depreciation (a)	Impairment adjustments (b)	Reversal of impairment (c)	Net result (a + b - c)
1. Intangible assets	**-293.974**			**-293.974**
1.1 Owned	-293.974			-293.974
1.2 Acquired under finance lease				
2. Assets relating to finance lease				
3. Assets granted under operating leases				
Total	**-293.974**			**-293.974**

SECTION 14 – OTHER OPERATING INCOME AND EXPENSES

This section illustrates item 200.

14.1 Other operating expenses: breakdown

Items/Amounts	31/12/2022	31/12/2021
Other operating expenses	-11.038	-406.238

This item consists mainly of the purchase of subscriptions on behalf of employees for Euro 8 thousand, rounding for about Euro 2 thousand.

14.2 Other operating income: breakdown

Items/Amounts	31/12/2022	31/12/2021
Other income	215.114	455.230

The amount is mainly attributable to the following: compensation received for Euro 77 thousand, release of the provision for risks on sureties for Euro 41 thousand, release of the provision for risks on personnel litigation for Euro 20 thousand, charge-back of TARI for previous years to the tenants of Via Fabio Filzi for Euro 23 thousand, penalties applied to suppliers for Euro 43 thousand, charge-back of the purchase of subscriptions to employees for Euro 8 thousand, rounding up of assets for Euro 2 thousand and reimbursements from Finlombarda SGR for the use of the Via Taramelli premises for Euro 14 thousand.

SECTION 19 – TAXES ON INCOME FROM ORDINARY OPERATIONS

19.1 Income taxes on ordinary operations: breakdown

	Income components/Values	31/12/2022	31/12/2021
1.	Current taxes (-)	-1.037.052	-234.035
2.	Changes in current taxes of previous years (+/-)	50.238	
3.	Decrease in current taxes for the year (+)		
3.bis	Reduction in current taxes for the year for tax credits under Law 214/2011 (+)		
4.	Change in deferred tax assets (+/-)	-272.718	-21.177
5.	Change in deferred tax liabilities (+/-)		
6.	Income tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	-1.259.532	-255.212

19.2 Reconciliation between the theoretical and current tax burden

	Ires taxable income	% theoretical	Ires tax	Irap taxable amount	% theoretical	Irap tax	Total taxable amount	Total Tax
Profit before taxes	3.882.267	27,50%	1.067.624	16.088.916	5,57%	896.153	19.971.183	1.963.776
Theoretical tax burden	27,50%			5,57%				
Decrease in taxable amount	-1.601.834	27,50%	-440.504	-12.395.355	5,57%	-690.421	-13.997.189	-1.130.925
Increase in taxable amount	509.494	27,50%	140.110	1.150.647	5,57%	64.091	1.660.141	204.201
Taxable amount	2.789.928	27,50%	767.230	4.844.207	5,57%	269.822	7.634.135	1.037.052
Total actual current taxes in the financial statements	**767.230**	**27,50%**		**269.822**	**5,57%**		**1.037.052**	

SECTION 20 – PROFIT (LOSS) FROM DISCONTINUED OPERATIONS AFTER TAXES

20.1 Profit (loss) from discontinued operations after taxes: breakdown

31.12.2022 IAS FL S.p.A.	31.12.2022 IAS Finolombarda SGR	31.12.2022 IAS AGGREGATE	Consolidation entries	31.12.2022 Consolidated IAS
13.797.263		13.797.263		13.797.263
-3.807.428		-3.807.428		-3.807.428
9.989.836		**9.989.836**	**0**	**9.989.836**
12.119.321		12.119.321		12.119.321
-40.800		-40.800		-40.800
12.078.522		**12.078.522**	**0**	**12.078.522**
244.609		244.609		244.609
69.459		69.459		69.459
-637		-637		-637
70.095		70.095		70.095
-1.961.314		-1.961.314		-1.961.314
-1.961.314		-1.961.314		-1.961.314
20.421.110		**20.421.110**	**0**	**20.421.110**
-450.320		-450.320	0	-450.320
-1.008.426		-1.008.426		-1.008.426
558.106		558.106		558.106
0		0	0	0
19.970.790		**19.970.790**		**19.970.790**
-15.985.398		-15.985.398	-3.877	-15.989.275
-13.146.782		-13.146.782	-3.877	-13.150.659
-2.838.616		-2.838.616		-2.838.616
-27.272		-27.272		-27.272
-27.272		-27.272		-27.272
0		0	0	0
0		0		0
-293.974		-293.974		-293.974
218.122		218.122	-14.045	204.076
-16.088.523		**-16.088.523**	**-17.923**	**-16.106.446**
0		0		0
0		0		0
0		0	0	0
0		0	0	0
3.882.267		3.882.267	-17.923	3.864.345
-1.259.532		-1.259.532		-1.259.532
2.622.735		2.622.735	-17.923	2.604.813
-54.000	-246.026	-300.026	71.923	-228.103
2.568.735	**-246.026**	**2.322.709**	**54.000**	**2.376.709**
0		0	0	0
2.568.735	**-246.026**	**2.322.709**	**54.000**	**2.376.709**

PART D – OTHER INFORMATION

This part provides information regarding the specific activities carried out by the Company as well as references to the main categories of risk to which it is exposed, its risk management policies and the hedges that are already in place.

SECTION 1 - SPECIFIC REFERENCES ON ACTIVITIES CARRIED OUT

D. Guarantees issued and commitments

Transactions	31/12/2022	31/12/2021
1) Guarantees given of a financial nature at first demand		
a) Banks		
b) Financial entities		
b) Customers		
2) Other guarantees given of a financial nature		
a) Banks		
b) Financial entities		
b) Customers		
3) Commercial guarantees issued		
a) Banks		
b) Financial entities		
b) Customers		
4) Commitments to disburse funds	15.834.636	12.906.632
a) Banks		
i) certain to be used		
ii) uncertain to be used		
b) Financial entities		
i) certain to be used		
ii) uncertain to be used		
c) Customers	15.834.636	12.906.632
i) certain to be used		
ii) uncertain to be used	*15.834.636*	*12.906.632*
5) Commitments underlying credit derivatives: protection sales		
6) Assets pledged to guarantee third-party obligations		
7) Other irrevocable commitments		
a) to issue guarantees		
b) other		
Total	**15.834.636**	**12.906.632**

F. Operations with third-party funds

F.1 – Nature of funds and types of use

This table contains a description of operations using third-party funds, broken down by types of use and nature of the funds received in administration. The share of the assets on which the intermediary bears the risk in its own right is reflected in a separate column. Guarantees issued and commitments are reported at their total value; non-performing exposures include outstanding guarantees and commitments to customers with non-performing exposures.

F.1 – Nature of funds and types of use

Item	31/12/2022		31/12/2021	
	Public funds		Public funds	
		of which at own risk		of which at own risk
1. Performing assets				
- finance lease				
- factoring				
- other loans	153.049.866		179.726.005	
of which: for enforcement of guarantees and commitments				
- equity investments				
- guarantees and commitments	143.300.325		154.307.117	
2. Non-performing assets				
2.1 Non-performing				
- finance lease				
- factoring				
- other loans	25.202.001		41.380.056	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
2.2 Unlikely-to-pay				
- finance lease				
- factoring				
- other loans	1.749.180		1.674.264	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
2.3 Past due non-performing exposures				
- finance lease				
- factoring				
- other loans	4.678.736		2.461.822	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
Total	**327.980.108**		**379.549.265**	

F.3 – Other information

F.3.1 – Operations using third party funds

Third-party funds are represented substantially by funds from the Lombardy Region (98.5%), for a residual portion of funds provided by the European Community and by a fund on behalf of FLA foundation belonging to the Regional system. These funds are used for financing activities, giving guarantees, capital grants or interest subsidies; the fund managed on behalf of FLA foundation concern cash management. The management of each fund is regulated by agreements with the granting entity, which establish the ways in which Finlombarda is to intervene (also depending on specific tenders or regulations), the remuneration for the service, the procedures for using existing liquidity and the operating procedures for the technical-financial approval process. Some funds are disbursed with the participation of credit institutions with which there is an agreement regulating the relationships and methods of delivery.

F.3.2 – Third-party funds

The following table contains information relating to stock values, cash flows and methods of use. We would point out that none of the funds indicated has been reported in the financial statements in view of the fact that their management is remunerated by a flat-rate fee. All resources are separately managed.

STATEMENT OF THIRD-PARTY FUNDS	31/12/2022	31/12/2021
Total under management	**653.814.446**	**767.841.718**

Details are shown below:

Funds on behalf of Lombardy Region	31/12/2022	31/12/2021
- Deposits in c/a and securities under Regional Laws	462.822.147	488.052.512
- Loans, finance lease transactions		
outstanding under Regional Laws	183.892.425	224.745.914
- Due from customers on accrued instalments	2.941.410	496.234
- Sundry receivables	1.469.373	2.225.115
- Payments on warranty account		1.469.373
Total Lombardy Region	**651.125.355**	**716.989.147**

Simpler Management	31/12/2022	31/12/2021
- Deposits in c/a and securities	-	295.968
Total Simpler Management	**-**	**295.968**

FLA Management	31/12/2022	31/12/2021
- Deposits in c/a and securities	2.685.490	10.354.162
Total FLA Management	**2.685.490**	**10.354.162**

JOP Management	31/12/2022	31/12/2021
- Deposits in c/a and securities	3.601	3.669
Total Simpler Management	**3.601**	**3.669**

It should be noted that the Simpler management was closed in the course of 2022.

Table 1/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
SINGLE FUND 598/94 LAW 1329/65	119.019	0	0	0	1.029	0	(345)	385	0	120.087	0	120.087
Mis. 1.1. F	0											132.280
FUND LAW 1329/65	(264)	0	0	0	0	0	(104)	0	0	(368)	0	(368)
Pia (Law 1329/65-Law 36/88)	0											0
Development Fund	100.161	0	0	0	0	(1.476)	1.408	0	0	100.094	0	100.094
Industrial districts	0											0
R.L. 22/2006 former 1/99 and 1/99 PIA	3.733.097	(33.600)	0	4.819.923	15.859	(4.504.529)	(216)	3.524	0	4.034.059	4.355.954	8.390.013
	9.175.876											11.714
R.L. 68/86	29.584	0	0	454.479	13.976	(463.658)	(253)	87	0	34.215	170.904	205.119
	625.384											6.331
FRIM BUSINESS START-UP LINE 8	2.586.058	0	0	400.376	6.527	(296.383)	(362)	(1.750)	0	2.694.465	996.694	3.691.159
	1.397.069											9.038
FRIM COOPERATION	7.308.758	(3.815.973)	(220.640)	3.904.469	2.494	(172.071)	128	30.964	0	7.038.127	17.699.064	24.737.190
	21.382.892											16.658
R.L. 16/93	83.786	(50.000)	0	211.547	246	(211.793)	(78)	0	0	33.708	304.010	337.718
	515.557											49.836
Guarantee Fund - R.L. 16/93	1.423.098	0	0	0	0	0	(112)	0	0	1.422.986	0	1.422.986
	0											0
FONCOOPER	1.224.524	(1.015.577)	0	56.282	(1.639)	58.394	(138)	3.751	0	325.597	254.887	580.485
	311.170											7.095
R.L. 21/2003	6.540.143	(2.429.333)	0	1.410.282	5.003	(1.258.897)	(171)	27.806	0	4.294.833	485.684	4.780.517
Revolving fund	1.895.966											1.235
R.L. 21/2003	494.878	0	0	0	0	0	(104)	0	0	494.774	0	494.774
Abb. Fund Rates	0											0
R.L. 21/2003	1.397.579	0	0	0	0	0	(172)	0	0	1.397.407	0	1.397.407
Guarantee fund	0											0
R.L. 34/96	849.022	0	0	704.188	5.070	(640.382)	(117)	6.520	0	924.300	797.440	1.721.741
	1.501.628											7.132
R.L. 34/96 red. Rates	1.171.701	0	0	0	0	0	(186)	0	0	1.171.515	0	1.171.515
	0											0
Guarantee	7.184.482	0	0	0	0	0	(178)	0	0	7.184.303	0	7.184.303
Fund 34/96	0											
	1.428.816											1.428.816
Guar. Fund Institutes	3.084.016	0	0	0	0	0	0	0	0	3.084.016	0	3.084.016
	0											

Table 2/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
OB2 Craftsmen	276.903	0	0	0	0	0	(263)	0	0	276.640	73.580	350.220
enterprises	73.580											0
OB2 Imp.art.	206.994	0	0	0	0	0	(112)	0	0	206.883	0	206.883
Guarantee fund	0											0
R.L. 1/2007	116.774	0	0	581.375	3.958	(580.116)	(213)	0	0	121.778	797.542	919.320
(former R.L. 34/96)	1.378.917											4.652
R.L. 1/2007 MEASURES A) B)-C)	6.514.199	0	0	2.008.882	14.455	(1.920.036)	(511)	4.515	0	6.621.504	1.956.640	8.578.144
	3.965.522											99.006
FRIM TENDER RGD 1988 OF 2011	9.953.538	(12.867.542)	(13.440)	6.628.577	11.781	(414.408)	(372)	59.143	0	3.357.277	5.400.217	8.757.494
	12.028.794											14.864
Revolving Fund and Innovation Guarantee	89.586	0	0	3.065	0	0	(78)	4.260	0	96.832	7.411	104.243
Craftsmen	10.476									0		0
	40.557								0		0	40.557
R.L. 1/2007 INDUSTRY	595.329	0	0	(417)	(595)	5.573	(69)	1.012	0	600.833	168.787	769.620
	168.370											1.160
R.L. 35/96	7.889.284	0	0	828.669	40.385	(867.718)	(286)	1.999	0	7.892.332	1.447.254	9.339.587
	2.275.923											37.285
R.L. 35/96 art. 8bis.(NEXT FUND)	13.280.220	0	0	0	0	0	(112)	0	0	13.280.108	0	13.280.108
	0											0
NEXT II FUND	42.301	0	0	0	0	0	(104)	0	0	42.197	0	42.197
	0											0
FRIM-FESR	18.847.091	(17.700.000)	0	3.091.598	58.014	(482.123)	(354.480)	26.884	0	3.486.985	4.607.194	8.094.179
	7.698.792											29.259
RL 35/96 Meas. D2	152.338	0	0	184.250	1.423	(164.216)	(354)	0	0	173.442	0	173.442
	184.250											0
Rent Support Fund Tender	(416)	0	0	0	0	0	(104)	0	0	(520)	0	(520)
	0											0
FUND FOR ACCESS TO	2.465.376	(436.026)	0	0	6.075	0	(116)	0	0	2.035.310	0	2.035.310
FIRST HOME	0											1.823
ALER TENDER	7.176.690	(5.285.382)	0	0	0	0	(116)	0	0	1.891.193	0	1.891.193
	0											0
CONTRIBUTION ALER HOMES	1.541.888	0	0	0	0	0	(104)	0	0	1.541.784	0	1.541.784
	0											0

Table 3/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
R.L. 36/88 - 2001 criteria	12.131	0	0	0	0	0	(216)	0	0	11.915	0	11.915
and PIA RL 36	0											21.247
R.L. 9/91	43.382	0	0	8.333	46	(2.181)	(77)	111	0	49.615	14.519	64.134
	22.852											285
R.L. 31/96	(434)	0	0	0	0	0	(104)	0	0	(538)	0	(538)
	0											0
R.L. 23/1999	612.874	0	0	0	0	0	(104)	0	0	612.770	0	612.770
	0											0
R.L. 23/1999 Guarantee Fund	437.926	0	0	0	0	0	(104)	0	0	437.822	0	437.822
	0											0
Infrastructure Fund	(6.028.440)	(4.855.945)	0	6.773.484	0	152.060	(167)	2.355	0	(3.956.654)	33.307.682	29.351.028
Docup Ob. 2	40.081.166											0
Revolving Fund	7.919.712	(144.055)	0	1.079.628	0	(346.140)	(1.048)	644	0	8.508.743	12.903.334	21.412.077
Infrastructure	13.982.962											0
R.L. 26/2002	586.052	0	0	169.597	508	5.295	(175)	3.273	0	764.549	220.918	985.468
	390.515											1.166
R.L. 35/96 art. 6 p. 1	(691)	0	0	0	0	0	(104)	0	0	(795)	0	(795)
VOUCHER	0											0
MEZZANINE	(627)	0	0	0	0	0	(104)	0	0	(731)	0	(731)
	0											0
BIOINITIATIVE	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
	0											0
R.L. 35/86 PIA	(247.863)	0	0	0	0	0	(434)	0	0	(248.296)	0	(248.296)
INTEC 3	0											0
R.L. 35/86 PIA	11.046	0	0	0	0	0	0	0	0	11.046	0	11.046
INTEC 3	0											0
R.L. 35/86	242.337	0	0	0	0	0	0	0	0	242.337	0	242.337
INTEC 3	0											0
L. 215 - V Tender	55.442	0	0	0	4.586	0	(122)	0	0	59.906	0	59.906
Add. Resources	0											257.964
R.L. 13/2000 P.I.C.	103.232	3.098	0	54.873	375	(49.817)	(76)	0	0	111.685	53.386	165.070
	108.259											55.011
R.L. 13/2000	21.950	0	0	40.605	123	(39.689)	(69)	0	0	22.921	40.467	63.388
TENDER 2006	81.072											84.917

Table 4/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
R.L. 19/2004-R.L. 35/95	1.045.287	0	0	311.491	(246)	60.637	(1.084)	520	0	1.416.604	579.165	1.995.769
Revolving Fund	890.656											246
R.L. 19/2004-R.L. 35/95	114.085	0	0	0	0	0	(104)	0	0	113.981	0	113.981
Guarantee fund	0											0
R.L. 35/95	5.259.049	0	0	1.139.209	(142)	373.102	(1.523)	331	0	6.770.026	4.352.380	11.122.406
CULTURE 2008	5.491.589											6.439
FSE SUBSIDY	(638)	0	0	0	0	0	(104)	0	0	(742)	0	(742)
GLOBAL	0											0
FUND LAW 598/94	(407.709)	0	0	0	0	0	(104)	0	0	(407.813)	0	(407.813)
Pia (Law 140/97 - Law 598/94)	0											0
FUND LAW 598/94	1.145	0	0	0	0	0	(104)	0	0	1.041	0	1.041
Pia New Economy	0											0
FUND LAW 598/94	(778)	0	0	0	0	0	(104)	0	0	(882)	0	(882)
Pia Intec 4	0											0
R.L. 13/00	240.231	0	0	5.781	38	(5.819)	(67)	0	0	240.164	761	240.925
TENDER FOR SMALL MUNICIPALITIES	6.543											8
FRI - INTERNATIONALISATION	1.339.133	0	0	308.833	(25)	27.395	(105)	3.278	0	1.678.509	696.059	2.374.568
FUND	1.004.892											1.909
Social Health Fund	153.141	0	0	0	0	0	(66)	0	0	153.075	0	153.075
	0											0
FIMSER	(9.891.008)	3.426.596	(136.702)	213.015	875	(222.616)	(123)	0	0	(6.609.962)	62.500	(6.547.462)
	275.515											392
TENDER FOR SERVICES	(269)	0	0	24.195	122	(24.317)	(67)	0	0	(336)	0	(336)
R.L. 1/07	24.195											0
DECO PROJECT DESIGN AND	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
COMPETITIVENESS	0											0
AXIS 1 INNOVATION MEASURE 1.5	(863)	0	0	0	0	0	(226)	0	0	(1.088)	110.136	109.048
	110.136											1.227
LOGISTIC TENDER	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
LR35/96 PIA New Econ. And New Economy	(641)	0	0	69.340	826	(70.166)	(275)	0	0	(916)	0	(916)
	69.340											19.340
ADP AXIS 1 MEASURE A-B	(411)	600	0	0	0	0	(106)	0	0	83	0	83
	0											0
P.I.P. TENDER	7.655	0	0	106.416	773	(107.190)	(67)	0	0	7.588	14.050	21.638
	120.466											42
P.I.C.S. Integrated plans fund	45.070	0	0	19.986	174	(20.160)	(67)	0	0	45.003	30.164	75.167
for competitiveness	50.149											94
START-UP RESTART DIRECT LOANS TENDER	4.596.134	0	0	906.470	(12)	(85.524)	(1.297)	17.783	0	5.433.554	4.907.733	10.341.287
	5.814.204											77.584
START-UP RESTART CONTRIB. TUTOR TENDER	963.182	0	0	0	0	0	(104)	0	0	963.078	0	963.078
	0											418.190
LR13/2000 Tender	3.909	0	0	0	0	0	(104)	0	0	3.805	0	3.805
INNOVA RETAIL (2010)	0											0
SEED FUND	299.175	(600)	0	0	0	0	(68)	0	0	298.507	0	298.507
	0			0								0

Table 5/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
MIUR TENDER	33.847.562	0	0	404.195	1.498	(18.490)	(632.542)	688	0	33.602.911	676.322	34.279.232
FRIM FESR	1.080.516											2.039
MIUR TENDER	18.082.732	0	0	432.981	1.964	(76.837)	6.689	1.411	0	18.448.939	1.006.609	19.455.547
FAR FIN	1.439.589											5.348
2011 THEATER DIGITALISATION TENDER	501.885	0	0	4.331	(61)	6.487	(156)	124	0	512.611	24.057	536.667
	28.387											61
FINTER	679.473	0	0	2.586	37	6.566	(283)	211	0	688.591	87.794	776.384
	90.380											404
GREEN AREAS FUND TENDER	1.920.806	(140.801)	(607.467)	0	0	0	(122)	0	0	1.172.416	0	1.172.416
	0											0
MOVIE PROD. FUND	256.897	(256.846)	0	0	0	0	(51)	0	0	(0)	0	(0)
	0											0
MOVIE FUND	191.093	(191.042)	0	0	0	0	(51)	0	0	0	0	0
	0											0
BIOMEDICA NERVIANO	(381)	0	0	0	0	0	0	0	0	(381)	0	(381)
	0											0
2012 THEATER DIGITALISATION TENDER	584.360	0	0	8.943	(35)	3.479	(263)	78	0	596.561	19.336	615.897
	28.279											35
ANTI-USURY FUND	908	0	0	0	0	0	(104)	0	0	804	0	804
	0											0
FUND FOR RED. INTEREST = EIB	652.284	24.664	(20.865)	0	43.681	(24.664)	(194)	64	0	674.970	0	674.970
	0											399.289
R&D TENDER FOR BUSINESS COMBINATIONS	15.226.556	(2.875.100)	(22.148)	3.511.794	(355)	2.672.725	37.826	4.677	(67.798)	18.488.177	10.166.579	28.654.756
	13.656.226											356
DIGITALISATION FUND	304.124	0	0	0	0	0	(104)	0	0	304.020	0	304.020
	0											0
MACHINERY TENDER	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
INSTITUTIONAL AGREEMENTS FUND	6.742.728	0	(3.044.827)	0	0	0	(149)	0	0	3.697.752	0	3.697.752
	0											0
INTERNATIONALISATION VOUCHER FUND	15.209	0	0	0	0	0	(104)	0	0	15.105	0	15.105
	0											0
DRIADE FUND	205.520	0	0	0	0	0	(104)	0	0	205.416	0	205.416
	0											0
SKI COMPLEX 2015 TENDER	1.249.221	0	0	400.387	(303)	222.329	(706)	2.703	0	1.873.630	356.808	2.230.438
	757.195											1.005
CTS TENDER	393.123	0	(12.561)	8.734	116	7.133	(182)	6	0	396.369	41.769	438.137
	44.109											285
INFRASTRUCTURES AND MOBILITY TENDER	1.724.271	(1.676.765)	0	0	0	0	(107)	0	0	47.399	0	47.399
	0											0
SIMPLIFICATION FUND	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
	0											0
LOMBARDIA CONCRETA RISK COVERAGE	1.064.653	0	0	0	0	0	(104)	0	0	1.064.549	0	1.064.549
	0											0

Table 6/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
ERGON FUND	100.185	0	0	0	0	0	(208)	0	0	99.977	0	99.977
	0											0
TOURISM	267.546	0	0	0	0	0	(221)	0	0	267.325	0	267.325
EXCELLENCE PROJECT	0											0
LOMBARDIA CONCRETA - FUND FOR RED. OF RATES	(1.898.411)	0	0	0	1.368	0	(119)	148	0	(1.897.014)	0	(1.897.014)
	0											0
SIMEST FUND	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
	0											0
ASTER FUND ATTRACTIVENESS	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
DECO-TER	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
FRIM	181.961	0	0	16.800	0	(2.800)	(245)	0	0	195.715	131.582	327.297
FIERE	148.382											988
FUND TO SAFEGUARD	2.777.138	0	0	107.733	0	55.019	(412)	0	0	2.939.477	1.005.717	3.945.194
LOCAL CULT. SISMA MN	1.113.450											0
TENDER FOR	389.474	0	0	16.606	(37)	9.115	(244)	344	0	415.258	206.774	622.032
SKI LIFTS	223.380											175.284
DIGITALISATION 2013 FUND RL. 21/08 ART. 5	142.200	0	(97.512)	212.602	747	7.262	(428)	392	0	265.264	248.458	513.722
	461.060											309
MIUR FAR	11.212.569	0	(31.988)	0	102.552	(2.000)	(568.169)	0	104.943	10.817.906	0	10.817.906
CONTRIBUTIONS	0											292.170
START-UP RESTART FUND	70.775	0	0	0	1.384	(252)	(134)	0	0	71.773	0	71.773
CONTRIB. B.P.	0											207.951
SCHOOL CONSTRUCTION FUND	13.116.674	0	0	633.210	0	95.952	(461)	0	0	13.845.375	6.348.172	20.193.547
	6.981.382											0
CASH CREDIT	292.289	0	0	0	0	0	(104)	0	0	292.185	0	292.185
RATES REDUCTION	0											0
MAINTENANCE SUPPORT FUND	(194.140)	0	0	0	0	0	(104)	0	0	(194.244)	0	(194.244)
OF RENTED HOME	0											0
CULTURE 2013 TENDER	1.235.080	0	(100.911)	347.471	0	57.353	(553)	0	0	1.538.440	3.090.960	4.629.400
	3.362.747											0
TAXI 2013 TENDER	3.018	0	0	0	0	0	(104)	0	0	2.914	0	2.914
	0											0
LOMBARDIA CONCRETA RED. COMMERCE RATES	1.147.338	0	0	0	2.486	0	(112)	251	0	1.149.963	0	1.149.963
	0											33.493
SOCIAL ANTICIPATION	872.643	(10.000)	0	0	0	0	(107)	0	0	862.537	0	862.537
	0											0
FRIM FESR 2020	17.396.209	(1.806.000)	0	2.338.104	(12.964)	722.253	(522.168)	40.710	(514.287)	17.641.858	6.426.069	24.067.926
	8.764.173											57.260
ASAM ANTICIPATION	142.474	0	0	0	0	0	(104)	0	0	142.370	0	142.370
	0											0
WOMEN FASHION DESIGN	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
	0											0

Table 7/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
DESIGN COMPETITION FUND	5.895	(5.817)	0	0	0	0	(79)	0	0	0	0	0
	0											0
DAT - TOURISM ATTRACTIVENESS DISTRICTS	(26)	0	0	0	0	0	(106)	0	0	(132)	0	(132)
	0											0
SUPPORT EXODUS FUND	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
FASHION DIGITAL TENDER	(416)	494	0	0	0	0	(78)	0	0	0	0	0
	0											0
TEMPORARY MANAGER FUND	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
HISTORICAL STORES FUND	0	0	0	0	0	0	0	0	0	0	0	0
	0											0
VIDEO SECURITY TENDER	(0)	0	0	0	0	0	0	0	0	(0)	0	(0)
	0											0
NEWS STAND TENDER	219.602	0	0	0	0	0	(104)	0	0	219.498	0	219.498
	0											0
MINIBOND PROJECT	(112)	0	0	0	0	0	(104)	0	0	(216)	0	(216)
	0											0
COUNTER-GUARANTEE FUND	26.021.133	(7.611.164)	(215.251)	0	0	0	(1.049.377)	0	(92.861)	17.052.480	0	17.052.480
	0											0
MUSICAL INSTRUMENTS FUND	34.119	0	0	0	0	0	(104)	0	0	34.015	0	34.015
	0											0
LINEA INTRAPRENDO TENDER	3.040.149	0	(55.953)	485.799	9.729	272.548	(3.759)	11.290	(75.243)	3.684.560	2.409.204	6.093.764
	2.839.051											9.790
NATURAL CALAMITIES FUND	(416)	0	0	0	0	0	(104)	0	0	(520)	0	(520)
	0											0
FOPPOLO ANTICIPATION	6.470	0	0	0	0	0	(104)	0	0	6.366	0	6.366
	0											0
2016 CULTURE FUND PRIVATES-CHURCH ENTITIES	1.586.903	0	(52.586)	248.788	0	133.800	(1.164)	0	0	1.915.742	3.038.080	4.953.822
	3.247.429											0
2015 PUBLIC ENTITIES CULTURE FUND	805.692	0	(69.980)	41.619	0	23.272	(128)	0	0	800.475	1.606.512	2.406.987
	1.595.647											0
FREE FUND	10.987.590	(3.399.804)	(350.264)	574.149	0	75.610	(282.098)	29.208	(14.991)	7.619.400	8.710.300	16.329.700
	8.934.185											0
REVOLVING FUND RL 21/08 YEAR 2016	(114.294)	0	(20.156)	107.170	0	16.510	(154)	0	0	(10.923)	650.044	639.120
	747.136											0
Fund for Agricultural Enterprises	4.913.205	0	(2.200.094)	1.355.808	(51.962)	458.149	(1.250)	104.401	(37.042)	4.541.215	20.799.422	25.340.637
	19.955.135											51.962
Al Via Guarantee Fund	75.451.434	4.872.719	(116.941)	0	0	0	(5.216.701)	0	(184.613)	74.805.898	0	74.805.898
	0											0
Research and Innovation Fund	200.771	0	0	0	0	0	(106)	0	0	200.665	0	200.665
	0											0
Bando Stoa	100.537	(30.295)	0	0	33.973	0	(88)	47	0	104.175	0	104.175
	0											0
Stoa Tender	(114.175)	0	0	0	0	0	(67)	0	0	(114.243)	0	(114.243)
	0											0
Scholastic Construction Tender	(8.985.893)	0	0	385.926	0	3.355	(171)	0	0	(8.596.783)	1.896.357	(6.700.426)
	2.282.283											0

Table 8/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											on-call receivables
												guarantee deposit
Store Revolution	40.832	0	(39.254)	0	0	(2.173)	(121)	0	0	(716)	0	(716)
	0											0
Faber Tender	67.987	0	(30.000)	0	0	0	(75)	0	0	37.912	0	37.912
	0											0
Credit Support Fund (New Frim Coop)	340.495	3.603.660	(1.014.761)	142.505	(3.162)	98.609	(871)	5.807	0	3.172.283	4.146.302	7.318.585
	3.274.046											3.162
Lombardy to Stay Tender	940.963	1.267.812	(2.209.021)	0	0	0	(152)	0	0	(398)	0	(398)
	0											0
Frim Fesr II Research and Development	4.059.374	(1.699.018)	(362.346)	1.066.876	(6.737)	30.395	(24.378)	56.920	(46.906)	3.074.181	2.681.313	5.755.494
	3.385.843											6.737
Line for Internationalisation Fund	1.143.555	3.307.438	(610.912)	332.233	(138)	55.799	(71.583)	1.604	(57.438)	4.100.558	5.582.786	9.683.344
	5.304.108											138
Bei Interest Rate Reduction Fund/Evolution Loan	3.202.452	21.024.075	(10.765.160)	0	5.321	(73.231)	(556)	0	0	13.392.902	0	13.392.902
	0											0
Tender Faber 2020	7.495	42.474	(8.057)	0	0	(42.474)	(150)	0	0	(712)	0	(712)
	0											0
Tender Trade Districts for Territorial Reconstruction	3.307	9.149.559	(1.654.962)	0	12.542	0	(188)	0	0	7.510.257	0	7.510.257
	0											15.000
Reactive against Covid	(159)	183.296	0	0	0	(183.296)	(110)	0	0	(269)	0	(269)
	0											0
ARCHE' 2020	182.569	6.445.391	(6.449.242)	0	0	500	(459)	0	0	178.759	0	178.759
	0											0
Fund for the recovery of local entities	24.115.148	29.532.335	(43.195.288)	0	0	0	(1.762)	0	0	10.450.434	0	10.450.434
	0											0
AL VIA - Contribution	4.279.742	6.000.000	(5.698.492)	0	0	0	226	0	0	4.581.476	0	4.581.476
	0											0
Social Anticipation 2020	(50)	0	0	0	0	0	(67)	0	0	(117)	0	(117)
	0											0
Bei Interest Rate Reduction "Credito Evolution" (FSC Resources)	11.355.222	3.011.642	(13.617.400)	0	7.474	485	(188)	0	0	757.235	0	757.235
	0											9.623
Fund for the capitalization of Lombard cooperatives	(82.833)	9.157.141	(4.873.151)	0	(8.815)	190	(809)	11.626	0	4.203.348	4.786.799	8.990.147
	82.800											8.825
Infrastructure program	5.608.009	27.937.354	(11.137.372)	0	0	0	(318)	0	0	22.407.673	0	22.407.673
	0											0
Fund for intervention in support of the economic fabric of local entities	678.874	50.230.025	(45.154.019)	0	0	0	(3.170)	0	0	5.751.709	0	5.751.709
	0											0
Capitalization measure	2.925.548	15.512.562	(13.401.648)	0	100.000	0	(477)	0	0	5.135.985	0	5.135.985
	0											0
Treasury Management	17.707.317	0	0	0	0	(500)	(13.644.376)	0	0	4.062.442	0	4.062.442
	0											0

Table 9/9 Changes during the year 1.1.2022 – 31.12.2022 and balance sheet amounts at 31.12.2022

LAWS	Balances available at 31.12.2021	Increase and/or decrease of the Provision for debits or credits and/or transfers between Funds	Disbursements to Enterprises and others	In capital	On-call and other receivables	Fund Assets and Liabilities and management fees (Legal Fees, etc.)	Interest, charges and Income on current account and securities (*)	Interest on Loans	Reimbursements Lombardy Region Accrued in the Year	Balances available at 31.12.2022 (***)	Loans Existing at 31.12.2022	Balance of third party provisions
	Existing loans											**on-call receivables**
												guarantee deposit
TOTAL	488.052.512	124.695.555	(168.392.990)	50.578.683	622.684	(8.229.500)	(23.885.659)	472.041	(1.091.180)	462.822.147	183.892.425	646.714.572
	224.745.914											2.941.410
	1.469.373											1.469.373

(*) includes the fair value delta and accrued income

(**) the column interest on loans also includes interest on late payments of withdrawn grants

(***) The cash balances column at 31.12.2022 includes cash pooling receivables of Euro 189,796,633.95

*4.5. - Management of JOP and Fondazione Lombardia per l'Ambiente (FLA) and Simpler**

Changes in the Year 01.01.2022 - 31.12.2022

FERROVIE NORD	Balances available at 31.12.2021	Disbursement Decrease and/or Increase in budget	Disbursements Loans to Enterprises	Indentation	Interest Income on c/c and securities and operating expenses	Reimbursement Made	Finlombarda fees paid	Balances available at 31.12.2022	Loans Existing at 31.12.2022	Balance sheet
JOP	3.669	0	0	0	(68)			3.601	0	3.601
Ambiente	10.354.162	(7.355.184)	0	0	(313.488)	0	0	2.685.490	0	2.685.490
SIMPLER	295.968	(296.100)			132			(0)	0	(0)
TOTAL	10.653.799	(7.651.284)	0	0	(313.423)	0	0	2.689.091	0	2.689.091

*Closed during 2022

SECTION 3 - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

The main financial assets of Finlombarda S.p.A. include bank deposits on demand, bank loans, receivables for services, investment in securities and loans granted. The Company has not entered into any derivative transactions and is not directly exposed to exchange risk as it does not work in foreign currencies.

The main risks generated by these activities are credit risk, operational risk, interest rate risk, liquidity risk and concentration risk.

3.1 – CREDIT RISK

Qualitative information

1. General aspects

Credit risk is the possibility that a change in the creditworthiness of a counterparty, with which the Company has an exposure, could result in a corresponding change in the value of the receivable.

2. Credit risk management policies

2.1. Organisational aspects

Finlombarda uses the standardised approach in the determination of its credit risk.
Application of this methodology involves splitting exposures in classes according to the type of counterparty and underlying asset, subsequently applying different weightings related to the risk degree exposures are risk-weighted, net of any specific provisions.
Capital absorption, taking into account the bonds issued by the Company under the EMTN programme, is prudentially determined by applying a percentage of 8% to total weighted assets, consistent with the regulations on financial intermediaries.

2.2 Systems for managing, measuring and monitoring

Finlombarda monitors credit risk through organisational measures involving board level officials and the various corporate divisions.

Finlombarda monitors risks associated with the loan portfolio both with reference to the individual positions recorded in the financial statements, and with reference to the portfolio as a whole.
In view of Finlombarda's strategic objectives and operations, the general strategy to manage the risk generated by investment activities is the following:

- investing excess cash in deposits on demand, bonds, government securities, and mutual funds;
- sufficient diversification of investment of deposits.

2.3 Credit risk mitigation techniques

With regard to funding, the individual disbursements are preceded by a series of measures designed to contain, prevent and mitigate credit risk through:

- careful assessment of the credit rating of loan applicants;
- careful assessment of the purposes of the requested loans;
- control of credit risk concentration by counterparty;
- formalisation of credit policies, of guiding principles underlying the granting of credit, rules for the granting of credit and credit management, and the classification of credit positions and the organisational structure;
- specific limits envisaged in the internal regulations.

Risk mitigation techniques include those elements that contribute to reducing the loss that the Company would incur in the event of a counterparty default. The Company pursues the objective of containing credit risk not only through an adequate assessment of creditworthiness but also through the acquisition of guarantees.

With reference to the particular economic situation, which characterised 2022 as well, there was an increase in the use of the Central Guarantee Fund pursuant to Law no. 662/96, due to the higher risk identified in the assessment activities aimed at granting new loans. Specifically, the incidence of loans guaranteed by the Central Fund increased from 2.3% at the end of 2019 to 11.6% at the end of 2020, up to 32.6% at the end of 2021, reaching about 36.8% at 31/12/2022. In addition, recourse is also made to other forms of public guarantees such as the regional guarantee, whose recourse at 31/12/2022 covers about 13% of performing loans, and to a much lesser extent the Sace Italia guarantees (0.5% of performing loans at 31/12/2022) and Cosme (0.5% of performing loans at 31/12/2022).

The valuation of loans granted is carried out in accordance with IFRS 9. Specifically regarding performing loans, loans that present a series of risk indicators specifically codified on the basis, in particular, of the monitoring rating trend, the regularity of the relationship and the information available from the Risks Central Office and the Chamber of Commerce as well as some financial statements indicators are classified as "stage 2", i.e., loans that present a significant increase in risk with respect to the date of granting and for which the impairment is therefore determined on a lifetime basis. For greater risks, the classification is determined by a more complete and accurate analysis. Finally, each position is associated with a provision based on the specific level of risk attributed to it according to the monitoring rating and with a calibration of the marginal PD curves on the basis of historically measured default rates. For the 2022 provisions, as was already done in 2020 and 2021, given the continuation of a critical scenario with respect to the years prior to 2020, it was prudently deemed appropriate to calibrate the marginal PD curves using values higher than the particularly low default rate recorded in the last three years as a result of moratoria, using rates determined as a weighted average of a historical series also including default rates recorded in the pre-Covid period.

3. Impaired credit exposures

Impaired credit exposures are identified through the systematic monitoring of loans by the Management and Monitoring Office of the Credit function within the Credit Department, with the support of the integrated information system. Monitoring makes it possible to promptly detect any anomalous situations and therefore to correctly classify credit positions into different management statuses, with an increasing probability of insolvency based on the risk signals detected. Impaired positions are also reviewed on an annual basis in order to update their classification, determine the amount of the impairment loss, assess the basis for the recognition of a loss and monitor the progress of credit recovery actions carried out directly or through affiliated financial intermediaries.

On a monthly basis, the Credit Department prepares a report in which it represents to the Board of Directors the credit performance of loans containing the risk profile (classification) of the credit positions, the main information on the composition of the loan portfolio and the changes noted over time. With particular reference to impaired exposures, the report also shows their performance by breaking down the changes in total value into the various components: changes due to new impaired positions, changes due to positions returned to performing status or settled and reductions due to collections from recovery initiatives implemented (enforcement of guarantees, repayment plans, distributions from bankruptcy proceedings or out-of-court settlements).

Quantitative Information

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

Portfolios/quality	Non-performing	Unlikely-to-pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	858.039	4.386.686		294.495	523.408.859	528.948.080
2. Financial assets measured at fair value through other comprehensive income		588.000			92.957.837	93.545.837
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value						
5. Financial assets held for sale						
31/12/2022	**858.039**	**4.974.686**		**294.495**	**616.366.696**	**622.493.916**
31/12/2021	**919.034**	**227.499**	**38.283**	**5.193.082**	**491.824.845**	**498.202.744**

2. Distribution of financial assets by portfolio and credit quality (gross and net amounts)

Portfolios/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total adjustments	Net exposure	Total partial write-offs (*)	Gross exposure	Total adjustments	Net exposure	
1. Financial assets measured at amortised cost	11.059.716	5.818.991	5.240.726		529.423.746	5.716.392	523.707.354	528.948.080
2. Financial assets measured at fair value through other comprehensive income	882.000	294.000	588.000		93.445.821	487.985	92.957.837	93.545.837
3. Financial assets designated at fair value								
4. Other financial assets mandatorily measured at fair value								
5. Financial assets held for sale								
31/12/2022	**11.941.716**	**6.112.991**	**5.828.726**		**622.869.568**	**6.204.377**	**616.665.191**	**622.493.916**
31/12/2021	**7.275.407**	**6.090.590**	**1.184.816**		**502.667.861**	**5.649.934**	**497.017.927**	**498.202.744**

3. Distribution of financial assets by maturity ranges (book values)

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired acquired or originated		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost					52.944	241.550		10.500	5.133.098			
2. Financial assets measured at fair value through other comprehensive income												
3. Financial assets held for sale												
31/12/2022					**52.944**	**241.550**		**10.500**	**5.133.098**			
31/12/2021	**5.127.448**			**65.635**			**75.600**		**1.109.216**			

4. Financial assets, commitments to disburse funds and financial guarantees given: evolution of total adjustments and of total allocations

Reasons/risk stages	Total adjustments																							Total allocations on commitments to disburse funds and financial guarantees given				Total
	Assets included in the first stage						Assets included in the second stage						Assets included in the third stage						Financial assets impaired acquired or originated									
	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairments	of which: collective impairments	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairments	of which: collective impairments	Due from banks and central banks on demand Financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairments	of which: collective impairments	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairments	of which: collective impairments	First stage	Second stage	Third stage	Commitments to disburse funds and fin. guarantees issued impaired acquired or originated	
Initial total impairment	**539.652**	**3.993.376**	**56.489**					**927.164**	**672.904**					**5.410.190**	**680.400**									**29.895**	**155**			**12.310.227**
Increases from financial assets acquired or originated Cancellations other than write-off Net impairment/reversal of impairments for credit risk (+/-) Contractual amendments without cancellations Changes in estimation method Write-offs not recognised directly in the income statement Other changes	-503.338	1.140.091	71.794		128.283	5.169.782		-344.240	-313.203		359.702	582.925		408.801	-386.400		6.112.991							25.013	2.259			100.778
Final total inventories	**36.315**	**5.133.468**	**128.283**		**128.283**	**5.169.782**		**582.925**	**359.702**		**359.702**	**582.925**		**5.818.991**	**294.000**		**6.112.991**							**54.908**	**2.414**			**12.411.005**
Recoveries from collection on financial assets written off Write-offs recognised directly in the income statement																												

5. Financial assets, commitments to disburse funds and financial guarantees provided: transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values / nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	First stage to second stage	Second stage to first stage	Second stage to third stage	Third stage to second stage	First stage to third stage	Third stage to first stage
1. Financial assets measured at amortised	9.272.136	2.951.284	364.792		4.730.362	
2. Financial assets measured at fair value through other comprehensive income	7.346.471					
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees provided						
31/12/2022	**16.618.607**	**2.951.284**	**364.792**		**4.730.362**	
31/12/2021	**9.893.911**	**4.487.519**	**55.133**		**111.879**	

5a. Loans subject to Covid-19 support measures: Transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values / nominal value						
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage		
	First stage to second stage	Second stage to first stage	Second stage to third stage	Third stage to second stage	First stage to third stage		Third stage to first stage
A. Loans measured at amortised cost							
A.1 granted in accordance with GL							
A.2 subject to outstanding moratorium measures no longer in compliance with GL and not evaluated as granted							
A.3 granted in accordance with other measures							
A.4 new loans							
B. Financial assets measured at fair value through other comprehensive income							
B.1 granted in accordance with GL							
B.2 subject to outstanding moratorium measures no longer in compliance with GL and not evaluated as granted							
B.3 granted in accordance with other measures							
B.4 new loans							
Total 31/12/2022							
Total 31/12/2021	**3.690.609**						

6. Credit exposures to customers, to banks and to financial companies

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

Type of exposure/amounts	Gross exposure					Total impairment and provisions					Net Exposure	Total partial write-offs*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
A.1 ON DEMAND	**37.428.210**	**37.428.210**				**36.315**	**36.315**				**37.391.895**	
a) Non-performing												
b) Performing	**37.428.210**	**37.428.210**				**36.315**	**36.315**				**37.391.895**	
A.2 ALTRE	**45.007.105**	**26.588.535**	**18.418.569**			**378.581**	**47.663**	**330.918**			**44.628.524**	
a) Doubtful loans												
- of which: forbearance exposures												
b) Unlikely-to-pay												
- of which: forbearance exposures												
c) Non-performing past due exposures												
- of which: forbearance exposures												
d) Performing past due exposures												
- of which: forbearance exposures												
e) Other performing exposures	45.007.105	26.588.535	18.418.569			378.581	47.663	330.918			44.628.524	
- of which: forbearance exposures												
TOTAL A	**82.435.315**	**64.016.746**	**18.418.569**			**414.896**	**83.978**	**330.918**			**82.020.419**	
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing												
a) Performing												
TOTAL B												
TOTAL A+B	**82.435.315**	**64.016.746**	**18.418.569**			**414.896**	**83.978**	**330.918**			**82.020.419**	

6.2 On-balance sheet credit exposures to banks and financial companies: analysis of gross impaired exposures

No impaired credit exposure to banks or financial companies.

6.3 Impaired on-balance sheet credit exposures to banks and financial companies: analysis of total impairment

No impaired credit exposure to banks or financial companies.

6.4 Credit and “off-balance sheet” exposures to customers: gross and net amounts

Type of exposure/amounts	Gross exposure					Total impairment and provisions					Net Exposure	Total partial write-offs*
		First stage	Second stage	Third stage	Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
A. ON-BALANCE SHEET CREDIT EXPOSURES												
a) Doubtful loans	5.629.030			5.629.030		4.770.991			4.770.991		858.039	
- of which: forbearance exposures	542.460			542.460		423.498			423.498		118.963	
b) Unlikely-to-pay	6.316.686			6.316.686		1.342.000			1.342.000		4.974.686	
- of which: forbearance exposures	348.879			348.879		261.435			261.435		87.445	
c) Non-performing past due exposures												
- of which: forbearance exposures												
d) Performing past due exposures	320.650		320.650			26.156		26.156			294.495	
- of which: forbearance exposures	42.280		42.280			3.721		3.721			38.560	
e) Other performing exposures	577.537.812	549.378.116	28.159.697			5.799.640	5.214.088	585.552			571.738.172	
- of which: forbearance exposures	2.549.138		2.549.138			38.476		38.476			2.510.662	
TOTAL A	**589.804.179**	**549.378.116**	**28.480.347**	**11.945.716**		**11.938.787**	**5.214.088**	**611.708**	**6.112.991**		**577.865.393**	
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing												
a) Performing	15.834.636	15.725.942	108.695			57.323	54.908	2.414			15.777.314	
TOTAL B	**15.834.636**	**15.725.942**	**108.695**			**57.323**	**54.908**	**2.414**			**15.777.314**	
TOTAL A+B	**605.638.816**	**565.104.058**	**28.589.041**	**11.945.716**		**11.996.109**	**5.268.996**	**614.122**	**6.112.991**		**593.642.706**	

** Value to be reported for information purposes*

6.4a Loans subject to Covid-19 support measures: gross and net values

At 31 December 2022, there were no outstanding Covid-19 support measures still active.

6.5 On-balance sheet credit exposures to customers: analysis of gross impaired exposures

Reasons/Category	Non-performing	Unlikely-to-pay	Non-performing past due exposures
A. Initial gross exposure	**5.949.068**	**1.262.976**	**63.362**
- of which: exposures granted not derecognised			
B. Increases	**251.577**	**5.221.710**	**0**
B.1 reclassified from performing exposures	135.258	5.065.513	
B.2 reclassified from financial assets impaired acquired or originated			
B.3 reclassified from other categories of non-performing exposures	116.319		
B.4 contractual amendments without derecognition			
B.5 other increases		156.197	
C. Decreases	**-571.615**	**-168.000**	**-63.362**
C.1 reclassified to performing exposures			
C.2 write-offs			
C.3 collections	-263.868	-168.000	-7.935
C.4 proceeds from sale			
C.5 losses from disposals	-307.748		
C.6 reclassified to other non-performing exposure categories			-55.427
C.7 contractual amendments without derecognition			
C.8 other decreases			
D. Final gross exposure	**5.629.030**	**6.316.686**	**0**
- of which: exposures granted not derecognised			

6.5bis On-balance sheet credit exposures to customers: analysis of gross forbearance exposures by credit quality

Reasons/Quality	Non-performing forbearance exposures	Other forbearance exposures
A. Initial gross exposure	**628.976**	**4.351.240**
- of which: exposures granted not derecognised		
B. Increases	**421.995**	
B.1 reclassified from performing loans not subject to forbearance	421.995	
B.2 reclassified from performing loans subject to forbearance		
B.3 reclassified from non-performing exposures subject to forbearance		
B.4 reclassified from non-performing exposures not subject to forbearance		
B.5 other increases		
C. Decreases	**-159.631**	**-1.802.101**
C.1 reclassified to performing exposures not subject to forbearance		
C.2 reclassified to performing exposures subject to forbearance		
C.3 reclassified to non-performing exposures subject to forbearance		
C.4 write-offs		
C.5 collections	-98.738	-1.802.101
C.6 proceeds from sale		
C.7 losses from sale		
C.8 other decreases	-60.893	
D. Final gross exposure	**891.340**	**2.549.138**
- of which: exposures granted not derecognised		

6.6 Impaired on-balance sheet credit exposures to customers: analysis of total impairment

Reasons/Category	Non-performing		Unlikely-to-pay		Non-performing past due exposures	
	Total	of which: forbearance exposures	Total	of which: forbearance exposures	Total	of which: forbearance exposures
A. Initial total impairment	**5.030.034**	**432.870**	**1.035.477**	**45.264**	**25.372**	
- of which: exposures granted not derecognised						
B. Increases	**50.847**	**39.099**	**771.126**	**242.469**		
B.1 impairment of financial assets impaired acquired or originated						
B.2 other impairment						
B.3 losses from sale						
B.4 reclassified from other non-performing loan categories	50.847	39.099				
B.5 contractual amendments without derecognition						
B.6 other increases			771.126	242.469		
C. Decreases	**-309.891**	**-48.471**	**-464.603**	**-26.298**	**-25.372**	
C.1 reversal of impairment from valuation	-6.351		-438.305			
C.2 reversal of impairment from collection	-303.540	-48.471			-823	
C.3 gains from sale						
C.4 write-offs						
C.5 reclassified to other non-performing exposure categories			-26.298	-26.298	-24.549	
C.6 contractual amendments without derecognition						
C.7 other decreases						
D. Final total impairment	**4.770.991**	**423.498**	**1.342.000**	**261.435**		
- of which: exposures granted not derecognised						

9 Credit concentration

9.1 Distribution of cash and "off-balance sheet" exposures by economic sector of the counterparty

The loans granted by the company are mainly aimed at micro, small and medium-sized enterprises with operational headquarters in the Lombardy region belonging to the manufacturing, business services, wholesale and construction industries, in line with the company's mission.

Exposures/Counterparties	Public administration		Financial companies		Non-financial companies		Households		Banks	
	Net exposure	Total impairment	Net exposure	Total impairment	Net exposure	Total impairment	Net exposure	Total impairment	Net exposure	Total impairment
A. On-balance sheet credit exposures										
A.1 Non-performing					822.712	4.708.459	35.327	62.532		
of which: forbearance exposures										
A.2 Unlikely-to-pay loans					4.974.686	1.342.000				
of which: forbearance exposures					85.824	261.435				
A.3 Past due non-performing exposures										
of which: forbearance exposures										
A.4 Other performing exposures	36.352.382	13.697	25.528.706	351.800	533.174.483	5.782.560	2.505.802	29.539	56.491.713	63.096
of which: forbearance exposures										
Total (A)	**36.352.382**	**13.697**	**25.528.706**	**351.800**	**538.971.882**	**11.833.019**	**2.541.129**	**92.071**	**56.491.713**	**63.096**
B. Off-balance sheet exposures										
B.1 Non-performing										
B.2 Other performing exposures					15.753.090	57.227	24.224	95		
Total B					**15.753.090**	**57.227**	**24.224**	**95**		
Total (A+B) (2022)	**36.352.382**	**13.697**	**25.528.706**	**351.800**	**554.724.972**	**11.890.246**	**2.565.353**	**92.166**	**56.491.713**	**63.096**
Total (A+B) (2021)	**12.486.528**	**3.470**	**33.768.922**	**678.079**	**450.220.903**	**10.975.257**	**2.266.118**	**103.925**	**229.007.010**	**549.790**

9.2 Geographical distribution of on- and off-balance sheet credit exposures

Exposures/Geographical areas	Italy		Other EU countries	
	Net exposure	Total adjustments	Net exposure	Total adjustments
A. On-balance sheet credit exposures				
A.1 Non-performing	858.039	4.770.991		
A.2 Unlikely-to-pay loans	4.974.686	1.342.000		
A.3 Past due non-performing exposures				
A.4 Other performing exposures	635.941.413	6.214.753	18.111.673	25.938
Total (A)	**641.774.138**	**12.327.744**	**18.111.673**	**25.938**
B. Off-balance sheet exposures				
B.1 Non-performing				
B.2 Other performing exposures	15.777.314	57.323		
Total B	**15.777.314**	**57.323**		
Total (A+B) (2022)	**657.551.452**	**12.385.067**	**18.111.673**	**25.938**
Total (A+B) (2021)	**723.589.260**	**12.303.918**	**4.160.221**	**6.603**

9.2bis Distribution of cash and off-balance sheet exposures by geographical area of the counterparty

Exposures/Geographical areas	North West Italy		North East Italy		Central Italy		Italy South and Islands	
	Net exposure	Total impairment	Net exposure	Total impairment	Net exposure	Total impairment	Net exposure	Total impairment
A. On-balance sheet credit exposures								
A.1 Non-performing	857.019	4.530.843		238.411	1.020	1.737		
A.2 Unlikely-to-pay loans	4.974.686	1.342.000						
A.3 Past due non-performing exposures								
A.4 Other performing exposures	564.341.222	5.117.437	38.929.838	1.058.809	32.358.231	33.850	312.123	4.657
Total (A)	**570.172.928**	**10.990.280**	**38.929.838**	**1.297.220**	**32.359.251**	**35.587**	**312.123**	**4.657**
B. Off-balance sheet exposures								
B.1 Non-performing								
B.2 Other performing exposures	15.251.659	54.048	525.655	3.275				
Total B	**15.251.659**	**54.048**	**525.655**	**3.275**				
Total (A+B) (2022)	**585.424.586**	**11.044.328**	**39.455.493**	**1.300.495**	**32.359.251**	**35.587**	**312.123**	**4.657**
Total (A+B) (2021)	**611.452.830**	**11.116.773**	**33.501.340**	**1.032.471**	**78.044.397**	**148.260**	**590.693**	**6.413**

It is specified that the loans receivable were granted to companies with registered offices in Lombardy.

9.3 Large Exposures

At 31 December 2022, there were no major exposures to report.

10 Models and other methods for measuring and managing credit risk

The Company measures its credit risk exposure in compliance with the regulations set by the Bank of Italy in accordance with the weightings of the standardised approach.

11 Other quantitative information

There are no disclosures to be made under to IFRS 7, para. 36, letter b) and 38.

3.2 – Market risk

Market risk, i.e. the risk of incurring possible losses in value resulting from changes in market parameters such as credit spreads, interest rates, prices of financial instruments traded on financial markets due to market evolution or issuers' specific situation, is monitored through a sensitivity analysis, subject to approval by the Supervisory Authorities. The market risk calculation method used by the Parent Company for determining its capital requirement is the Standardised Approach.

3.2.1 – Interest rate risk

Quantitative Information

1. General aspects

Interest rate risk is limited to financial instruments related to such variables as deposits on demand, bonds of issuers of high standing in portfolio and mutual funds is monitored through the method envisaged by Circular no. 288/2015 and subsequent updates (Title IV, Chapter 14, Annex C).

The Company has two lines of credit with the European Investment Bank: one for Euro 200 million that is no longer usable and another for Euro 242 million also fully utilised. At the end of 2022, the two lines have an outstanding amount of Euro 205.5 million (book value). Line of credit for Euro 150 million was fully drawn down with Banca Popolare di Sondrio, with a book value of Euro 149.4 million. The Company has bonds for Euro 98.6 million, current accounts for Euro 37.4 million, loans to businesses stipulated for Euro 521.9 million, of which floating-rate for Euro 452.2 million exposed to interest rate risk and Euro 69.7 million at fixed rate.

The mutual funds have a variable return linked to the performance of the underlining portfolio, which contains fixed income securities as well as floating rate securities that are subject to changes in interest rates; interest rate risk management is carried out directly by the management company.
In 2022, the Company repaid the Bond listed on the Luxembourg Stock Exchange of Euro 50 million issued in 2017. The company has an EMTN programme for 500 million, for which a new bond issue is active for a nominal value of Euro 50 million in December 2021, at a fixed rate for a duration of 4 years.

1. Distribution of financial assets and liabilities by residual maturity (repricing date)

Type/Residual maturity	On demand	up to 3 months	from over 3 months to 6 months	from over 6 months to 1 year	from over 1 year to 5 years	over 5 years to 10 years	over 10 years	Undefined maturity
1. Assets	**37.605.392**	**113.226.292**	**371.232.451**	**52.268.306**	**57.428.415**	**23.898.865**	**2.206.702**	
1.1 Debt securities		7.037.185	15.099.742	42.246.831	18.126.841	16.068.267		
1.2 Receivables	37.550.786	106.189.107	356.132.709	10.021.475	39.301.575	7.830.598	2.206.702	
1.3 Other assets	54.606							
2. Liabilities	**164.630**	**14.013.801**	**369.897.401**	**4.864.135**	**50.011.527**			
2.1 Payables	164.630	14.013.801	369.897.401	4.864.135				
2.3 Debt securities					50.011.527			
2.4 Other liabilities								
3. Financial derivatives								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								

2. Models and other methods for measuring and managing interest rate risk

For a detailed analysis of the significant items exposed to interest rate risk, it is necessary to highlight the line of credit used by the European Investment Bank for approximately Euro 205 million, as well as the new line of Euro 150 million (book value Euro 149.4 million) of Banca Popolare di Sondrio fully used (residual duration 4 years). Repurchase transactions of Euro 33.9 million were entered into, maturing in the second and third quarters of 2023. Liabilities also include the bond issue, with a nominal value of Euro 50 million, at fixed rate. The average residual duration of the funding sources is just over 4 years. About 14.3% of the asset items consists of investments in bonds issued by supervised financial institutions and leading corporate companies, for a total of Euro 98.6 million, the rest being cash balances on the Company's current accounts, i.e. Euro 37.4 million. Loans to customers other than bonds, amounting to a total of around Euro 521.9 million, of which around 86.6% (Euro 452.2 million) are at floating rates, have a residual average duration of between 3 and 4 years. With regard to other significant items, the receivables from customers due from the Lombardy Region are not financial in nature, but are due for services rendered and have an average residual life of about six months. The mutual funds are similar to equities, despite having a variable return linked to the performance of the underlying portfolio, so are not included in assets subject to interest rate risk.

3.2.2 – Price risk

Qualitative information

1. *General aspects*

This risk is absorbed by the assessments of market risk, while for mutual funds, the price risk is already observed as part of credit risk.

3.2.3 – Exchange rate risk

Quantitative Information

With reference to exchange rate risk, the methodology explained in art. 351 and 352 of the CRR was used. The Company has performed the full look through of the underlying portfolio of mutual funds held in portfolio at 31 December 2022 compared to units held until 24 December 2020, highlighting in table 1, the total (unweighted) exposure to exchange rate risk.

For UCITS units purchased after 24 December 2020, in accordance with Regulation 2019/876 (which defines rules for calculating Own Funds Requirements for exposures in the form of units or shares in CIUs), the MBA (Mandate Based Approach) method is used.

Pursuant to article 351 of the CRR, foreign exchange risk is no longer reported, since as it is indirect in nature on the units of UCITS held, the total foreign exchange exposure is below 2% of regulatory capital.

3.3 – Operational risk

Qualitative information

1. General aspects, management and measurement of operational risk

The Company manages the various factors of operational risk through a variety of organisational, procedural and IT safeguards and controls appropriately adopted and evaluated regularly in order to verify their validity over time.

The first one is aimed at mitigating internal operational risk and is the system of procedures and regulations. All key processes of the Company are, in fact, mapped and, for the significant steps, the Company has always separated the functions that deal with the phase control from those that are responsible for their implementation.

Operational risks are managed through the application of logical and physical security measures to ensure the integrity and authenticity of the data processing process.
In order to monitor the operational risks to which the Company is exposed, the Risk Management Office coordinates the process of drafting and updating the Corporate Risk Map, in which it analyses all relevant business processes and identifies the related operational risks and mitigation activities of those with a "High" and "Medium High" net rating, submitting them to the Corporate Bodies for decisions.

Quantitative Information

In relation to the "Basic" approach indicated by the Supervisory Authorities, the driver used for the sensitivity analysis on operational risk is the relevant indicator.

3.4 – Liquidity risk

Qualitative information

1. General aspects, management and measurement of operational risk

Liquidity risk means the risk of not being able to meet payment commitments due to the inability to obtain funds on the market (funding liquidity risk) or to sell assets (market liquidity risk). The liquidity planning process begins every year with the preparation of a Business Plan, making forecasts of monthly liquidity consumption over a period of three years. During the course of the year, to determine the funding needs and their coverage, the Asset Management and Treasury Service uses a maturity ladder, built on the basis of forecasts of expected cash inflows and outflows month by month, the positive and negative imbalances split by time bands, including both the inflows and the outflows. For the construction of the schedule, the Asset Management and Treasury Service requires the organisational units in charge of core operations to prepare prospective data on payroll, suppliers, taxes and fees, payments from the Lombardy Region, while on financial intermediation it takes the figures from the management systems, completing the prospective part based on the forecasts contained in the Business Plan. The maturity ladder, produced on a monthly basis, highlights the differences between income and expense and the monthly cash balance that the Company can rely on prospectively over a twelve-month horizon and allows the Asset Management and Treasury Office to adjust its investment/disinvestment policy by identifying the more cost-effective financial strategy for the Company, as well as an analysis of variances caused by the actual cash flows recorded. For each investment made, the Asset Management and Treasury Office updates a schedule containing the maturities by coupons, interest and capital of the investments made to update the maturity ladder in a continuous and timely manner. In addition, following the bond issue, in a prudential logic, the Liability Management Office in conjunction with the Asset Management and Treasury Office draws up and updates the Contingency Funding Plan. This document lists the various types of liquidity stress, also under high stress conditions, identifying the sources of funding to cope with them. At the end of 2022, the Company has liquid assets, mainly current accounts for about Euro 37.4 million to partially mitigate the Funding liquidity risk, which could also be addressed through the divestment of part of the assets, starting from the most liquid items such as, for example, the sale of class 1 bonds and UCITS. Should the Company find itself in a situation of greater need, it could proceed with a new bond issue using the EMTN programme for up to Euro 500 million; currently, the company has issued bonds for Euro 50 million. In addition, the company is considering the possibility of applying for a new credit line with the EIB, and in 2023, a credit line with Cassa Depositi e Prestiti totalling Euro 50 million was activated. Repurchase transactions of Euro 33.9 million were entered into, maturing in the second and third quarters of 2023.

Quantitative Information

1. Distribution of financial assets and liabilities by residual maturity

Items/Time bands	on demand	over 1 day to 7 days	over 7 days to 15 days	from over 15 days to 1 month	over 1 month to 3 months	from over 3 months to 6 months	from over 6 months to 1 year	from over 1 year to 3 years	over 3 years to 5 years	Over 5 years	undefined maturity
Cash assets	**45.383.703**		**528.711**	**139.375**	**19.043.686**	**48.667.914**	**84.212.946**	**267.963.803**	**154.847.808**	**66.850.677**	**21.258.587**
A.1 Government securities					7.505	5.175.145	5.056.385	15.000.000			
A.2 Other Debt securities			528.711	139.375	151.735	2.593.534	11.905.352	24.034.400	3.799.000	38.321.852	
A.3 Loans	5.523.829				18.884.446	40.899.235	67.251.208	228.929.403	151.048.808	28.528.825	
A.4 Other assets	39.859.873										21.258.587
On-balance sheet liabilities	**164.630**				**14.013.801**	**38.411.453**	**28.473.009**	**133.126.642**	**37.500.000**	**196.509.310**	
B.1 Payables											
- Banks	164.630				14.013.801	38.411.453	27.989.509	83.126.642	37.500.000	196.509.310	
- Financial companies											
- Customers											
B.2 Debt securities							483.500	50.000.000			
B.3 Other liabilities											
Off-balance sheet transactions	**1.351.326**					**10.611**	**48.450**	**9.977.610**	**4.446.639**		
C.1 Financial derivatives with capital exchange											
- long positions											
- short positions											
C.2 Financial Institution derivatives without capital exchange											
- positive differentials											
- negative differentials											
C.3 Loans to be received											
- long positions											
- short positions											
C.4 Irrevocable commitments to disburse funds											
- long positions	1.351.326					10.611	48.450	9.977.610	4.446.639		
- short positions											
C.5 Financial Institution guarantees given											
C.6 Financial Institution guarantees received											

SECTION 4 – INFORMATION ON EQUITY

4.1 – The Capital of the Company

4.1.1 - Qualitative information

Capital management is entrusted to the Board of Directors on the recommendation of the sole shareholder, the Lombardy Region. All equity reserves can be used to cover any losses, with the exception of the legal reserve, and when the Company deems it necessary, they can be used to increase the share capital. Excluding the legal reserve and the share premium reserve, all of the other reserves are distributable.

4.1.2 - Quantitative information

4.1.2.1 - Capital of the company: breakdown

Items/Amounts	31/12/2022	31/12/2021
1. Share capital	211.000.000	211.000.000
2. Share premium reserve	127.823	127.823
3. Reserves	30.905.039	45.544.683
- of profits	30.905.039	45.544.683
a) legal	7.137.120	7.107.400
b) statutory	5.007.076	4.977.356
c) treasury shares		
d) others	18.760.843	33.459.927
- other		
4. (Treasury shares)		
5. Valuation reserves	-3.650.683	715.759
- Equities designated at fair value through other comprehensive income:		
- Hedging of equities designated at fair value through other comprehensive income		
- Financial assets (other than equities) measured at fair value through other comprehensive income	-3.767.182	1.007.664
- Property, plant and equipment		
- Intangible assets		
- Foreign investment hedges		
- Cash flow hedges		
- Hedges (non designated elements)		
- Exchange differences		
- Non-current assets and groups of assets held for sale		
- Financial liabilities designated at fair value through profit or loss (changes of own credit rating)		
- Special write-back laws		
- Actuarial gains/losses relating to pension plans on defined benefit plans	116.499	-291.905
- Share of valuation reserves relating to equity investments valued at equity		
6. Equity instruments		
7. Net profit (loss) for the year	2.376.709	0
Total	**240.758.889**	**257.388.265**

4.1.2.2 - Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Amounts	31/12/2022		31/12/2021	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	781.985	4.549.167		1.023.063
2. Equities			15.399	
3. Financing				
Total	**781.985**	**4.549.167**	**15.399**	**1.023.063**

The aforementioned valuation reserve shows the increases and decreases in value deriving from the fair value and credit risk valuations of the financial assets of the HTCS portfolio, in accordance with the provisions of IFRS 9.

4.1.2.3 - Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equities	Financing
1. Opening balance	**1.023.063**	**-15.399**	
2. Positive changes	**4.192.380**	**15.399**	
2.1 Increases in fair value	3.023.617		
2.2 Impairment for credit risk	488.363		
2.3 Reversal to income statement of negative realisation reserves			
2.4 Transfers to other equity components (equities)		15.399	
2.5 Other changes	680.400		
3. Negative changes	**-8.982.626**	**0**	
3.1 Decreases in fair value	-7.186.054		
3.2 Reversal of impairment for credit risk	-1.116.172		
3.3 Reversal to income statement of positive reserves: realisation			
3.4 Transfers to other equity components (equities)			
3.5 Other changes	-680.400		
4. Closing inventories	**-3.767.182**	**0**	

The OCI reserve in accordance with IFRS 9 has changed due to increases and decreases in the fair value of debt securities, as well as the increase/decrease in the associated credit risk.

4.2 – Own funds and capital ratios

4.2.1 – Own funds

4.2.1.1 - Qualitative information

This section lists the main contractual characteristics of the instruments included in the calculation of TIER 1 capital, of TIER 2 capital and of regulatory capital.

The Parent Company does not make use of the deduction of deferred tax assets from TIER 1 of the investment in Finlombarda SGR, as it is below the exemption threshold provided for in the Bank of Italy's Circular no. 288 of 3 April 2015 and subsequent updates, applying a weighting of 250% on the value of both assets. The elements to be deducted from TIER 1 include the OCI reserve (IFRS 9) and the assets of defined benefit pension fund (IAS 19). Finlombarda did not apply the transitional arrangements provided by IFRS9. The Parent Company is exempt from consolidated supervisory reporting, the tables below therefore refer to its prudential requirements and do not extend to the Group.

4.2.1.2 - Quantitative information

Items/Amounts	31/12/2022	31/12/2021
A. Core capital before the application of prudential filters	**237.095.465**	**241.219.393**
B. Core capital prudential filters:		
B.1 Positive IAS/IFRS prudential filters (+)		
B.2 Negative IAS/IFRS prudential filters (-)		
C. Core capital before elements to be deducted (A+/-B)	**237.095.465**	**241.219.393**
D. Elements to be deducted from the core capital	- 402.794	709.575
E. Total core capital (TIER 1) (C-D)	**236.692.671**	**240.509.819**
F. Tier 2 capital before application of prudential filters		
G. Tier 2 prudential filters:		
G.1 Positive IAS/IFRS prudential filters (+)		
G.2 Negative IAS/IFRS prudential filters (-)		
H. Tier 2 capital before elements to be deducted (F+G)		
I. Elements to be deducted from the Tier 2 capital		
L. Total Tier 2 capital (H-I)		
M. Elements to be deducted from the core capital and tier 2 capital		
B. Regulatory capital (E+L-M)	**236.692.671**	**240.509.819**

4.2.2 - Capital adequacy

4.2.2.1 - Qualitative information

The current absorption of Own Funds is quite low indeed: compared with a total of about Euro 44.9 million of capital requirements imposed by the first pillar, the Company holds regulatory capital equal to Euro 236.7 million and therefore has a surplus of Euro 191.8 million. Tier 1 Capital Ratio is 42.13% and Total Capital Ratio amounts to 42.13%.

The Company uses the methods of calculating regulatory capital requirements for Pillar I risks (standardised method for credit and marked risks, and the Basic Indicator Approach for operational risk) and measures the risks not included in the first pillar providing monitoring and mitigation systems such as adequate procedures, policies, frameworks and analytical documents.

Finlombarda has analysed its business and prospectively evaluated its activities, separating the significant risks.

Finlombarda’s goal and mission are not to maximise profits, but to facilitate and support the socio-economic development of the local area, encouraging interaction with the production system and private funding. In concrete terms, the Company's current situation features a high level of capitalisation.

In light of its specific activity, Finlombarda believes that its Own Funds are sufficient to deal with any adverse scenarios in relation to the risks assumed compared with the regulatory requirements imposed by the first pillar.

In compliance with Bank of Italy Circular no. 288 of 3 April 2015, the Company monitors its capital adequacy by preparing an ICAAP report (Internal Capital Adequacy Assessment Process), which it publishes on its website, www.finlombarda.it, "Disclosure to the general public" ("third pillar").

4.2.2.2 - Quantitative information

Categories/Amounts	Unweighted amounts		Weighted amounts/requirements	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
A. RISK ASSETS				
A.1 Credit and counterparty risk	765.600.780	834.539.410	524.419.366	483.321.033
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			41.953.549	38.665.683
B.2 Requirement for the performance of payment services				
B.3 Requirement for the issue of e-money				
B.4 Specific prudential requirements				
B.5 Total prudential requirements			44.942.945	41.792.442
C. RISK ASSETS AND RATIOS				
C.1 Risk-weighted assets			561.786.818	522.405.519
C.2 Core capital/Risk-weighted assets (Tier 1 capital ratio)			42,13%	46,04%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)			42,13%	46,04%

SECTION 5 – STATEMENT OF COMPREHENSIVE INCOME

Items	Gross Value	Income tax	Net Value
Net profit (loss) for the year	3.636.242	-1.259.532	2.376.709
:r comprehensive income without reversal to income statement			
uities designated at fair value through other comprehensive income:			
ıange in fair value			
ansfers to other equity components			
ıcial liabilities at fair value through profit or loss (change of own credit rating):			
ıange in fair value			
ansfers to other equity components			
jing of equities designated at fair value through other comprehensive income			
ıange in fair value (hedged instrument)			
ıange in fair value (hedging instrument)			
operty, plant and equipment			
gible assets			
fined benefit plans	408.404		408.404
n-current assets and groups of assets held for sale			
are of valuation reserves of equity investments valued at equity			
ne tax relating to other comprehensive income without reversal to income statement			
:r comprehensive income with reversal to income statement			
ign investment hedges:			
changes in fair value			
reversal to income statement			
other changes			
ange differences:			
changes in fair value			
reversal to income statement			
other changes			
ı flow hedges:			
changes in fair value			
reversal to income statement			
other changes			
ıich: result of net positions			
jes (non designated elements):			
changes in fair value			
reversal to income statement			
other changes			
ıcial assets (other than equities) measured at fair value through other comprehensive income			
changes in fair value	4.240.736		4.240.736
reversal to income statement			
airment adjustments			
ıs/losses on disposal			
other changes			
current assets and groups of assets held for sale:			
changes in fair value			
reversal to income statement			
other changes			
e of valuation reserves of equity investments valued at equity:			
changes in fair value			
reversal to income statement			
airment adjustments			
ıs/losses on disposal			
other changes			
ne tax relating to other comprehensive income with reversal to income statement			
Total other income components	4.649.140		4.649.140
Comprehensive income (item 10+190)	**8.285.382**	**-1.259.532**	**7.025.849**
Consolidated comprehensive income of minority interest			
Consolidated comprehensive income of the parent company	**8.285.382**	**-1.259.532**	**7.025.849**

SECTION 6 – TRANSACTIONS WITH RELATED PARTIES

6.1 - Information on remuneration of managers with strategic responsibilities

Finlombarda S.p.A.

	31/12/2022	31/12/2021
Board Directors*	185.128	142.438
Board of Statutory Auditors	46.800	46.800
Supervisory body	15.600	19.500

*2022 remuneration includes the settlement of the month of December 2021 (29 to 31) for one of the directors in the amount of Euro 276.13

Fees, where paid to persons enrolled in Professional Associations, are inclusive of charges relating to the Social Security Fund to which they belong and, in the case of a fee on a pay slip, are inclusive of welfare and assistance charges (INPS and INAIL).

The remuneration and social security charges for the year 2022 are detailed below:

Directors' and Statutory Auditors' fees including social security charges	Fee	Welfare and Assistance Fund	Separate management Inps	Inail
Board Directors*	171.476	5.478	8.095	78
Board of Statutory Auditors	45.000	1.800		

Finlombarda Gestioni SGR

	31/12/2021	31/12/2020
Members of the Board of Directors	44.408	44.408
Board of Statutory Auditors	38.064	38.064

Where the fees are paid to persons enrolled in specific professional associations, they include charges relating to the social security fund to which they belong.

6.2 - Loans and guarantees given in favour of directors and statutory auditors

No loans were granted nor guarantees given in favour of any member of the Corporate Bodies.

6.3 - Information about related party transactions

Transactions with related parties, mainly the Lombardy Region, are traded at market conditions.

At 31/12/2022, the amounts due to the Sole Shareholder Lombardy Region are as follows:

LOMBARDY REGION	Revenues	11.736.106	Costs	63.721
	Receivables	1.572.156	Payables	33.168

6.4 – Information on the audit firm

Pursuant to art. 2427 of the Italian Civil Code, para. 16-bis, the audit fees for the year were as follows:

Finlombarda S.p.A.

Type of services	Counterparty	31/12/2022	31/12/2021
Audit	Audirevi SPA	29.832	29.832
Other services	Audirevi SPA	26.103	13.122

Finlombarda Gestioni SGR

Type of services	Counterparty	31/12/2022	31/12/2021
Audit	PWC S.p.A.	16.897	17.009
Auditing Closed-end Securities Funds	PWC S.p.A.	15.370	15.043

6.5 – Management and coordination as per art. 2497 bis of the Italian Civil Code

The Company is subject to management and coordination by the Lombardy Region in accordance with art. 2497 bis of the Civil Code. The system of corporate governance adopted is the traditional one with the presence of a Board of Directors and Board of Statutory Auditors.

FINLOBARDA S.p.A.

Independent Auditor's Report

pursuant to articles 14 and 19-bis of Legislative Decree n. 39, dated January 27, 2010

Independent Auditor's Report

pursuant to articles 14 and 19-bis of Legislative Decree n. 39, dated January 27, 2010

To the shareholder of
Finlombarda S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Finlombarda S.p.A. (the Group), which comprise the statement of financial position as at December 31, 2022, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 43 of Legislative Decree NO. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 43 of Legislative Decree NO. 136/15 and, within the terms provide by the law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the holding Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Finlombarda S.p.A. are responsible for the preparation of the report on operations of the Group as at December 31, 2022, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree n. 58/98, with the consolidated financial statements of the Group as at December 31, 2022 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Group as at December 31, 2022 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 13 April 2023

Audirevi S.p.A.

(signed in the original)

Gian Mauro Calligari
Partner