REPORT ON OPERATIONS AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

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 2021 with a net profit after tax of Euro zero. Depreciation on property, plant and equipment and amortisation on intangible assets have been charged for a total of Euro 185,756.

The consolidated financial statements presented here have been prepared according to international accounting standards (IAS/IFRS).

The consolidated 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 2021

According to the most recent surveys produced by the Bank of Italy[1], after a widespread slowdown in economic activity in the third quarter, signs of a return to a more sustained recovery emerged at the end of last year in the United States, whilst in the Euro area the recovery decelerated due to the continuation of the pandemic and tensions in supply chains that are hampering manufacturing. Inflation is on the rise in all industrialised countries; in the Eurozone, the rise in prices was also fuelled by the resurgence of geopolitical tensions, which particularly affected the energy component. On the interest rate front, the FED and Bank of England began the process of normalising their monetary policies.

World GDP would return to 5.6% expansion, in 2021, above pre-Covid levels. In 2020, it had recorded a minus sign in all advanced and emerging economies with the exception of China. The Euro area could reach +5.2% in 2021 (compared to -6.4% in 2020) and the US +5.6% (-3.4% in 2020). The United Kingdom and Japan stood at +6.9% and +1.8% respectively, only partially recovering the 2020 decreases. China and India, among the emerging countries, show a more pronounced recovery (+8.1% and +9.4%). Brazil and Russia, on the other hand, went from -3.9% and -3% respectively in 2020 to a growth forecast of 5% and 4.3% over 2021.

[1] Quarterly Economic Bulletin 1 – 2022

These projections consider the benefits of planned expansionary policies and assume large-scale vaccination by year-end. The trends are reflected in world trade, which closes the year with growth - in 2021 as a whole, at global level - of 10.8% and a full recovery of the previous year's contraction. Inflation has increased in all major world economies. In the United States in December 2021, it was 7% compared to 1.4% in the previous year, in the United Kingdom, it was 5.4% at the end of the year compared to 0.3% at the end of 2020, while in Japan inflation in December 2021 came to 0.6% compared to -0.9% in the corresponding period of 2020.

For 2022, Bank of Italy analysts estimate a much more moderate price growth, at 4.8%, also depending on the risks linked to the evolution of the health emergency and consequent interruptions or bottlenecks in the global supply chains, the effects of which have already been felt during 2021; in the sectors in which the intense rise in demand has encountered longer response times - as in the case of semiconductors - there have been price rises and delays in production.

Macroeconomic scenarios (GDP, in %)			
	2020	2021	2022
World	-3,4	5,6	4,5
Advanced countries			
Euro area	-6,4	5,2	4,3
Japan	-4,5	1,8	3,4
United Kingdom	-9,7	6,9	4,7
United States	-3,4	5,6	3,7
Emerging countries			
Brazil	-3,9	5	1,4
China	2,2	8,1	5,1
India	-7,3	9,4	8,1
Russia	-3	4,3	2,7
World trade	-8,4	10,8	4,8

Source: Bank of Italy Economic Bulletin no. 1 - 2022

The above trends may obviously be affected by the war conflict between Russia and Ukraine currently underway and which follows a long period of increasing geopolitical tensions between Russia, the USA, Europe and China. The sanctions mechanism could have repercussions on European companies both as a backlash effect and as a result of potential counter-sanctions. Russia's entry into recession could impact global growth prospects. As a result of the above-mentioned conflict, the International Monetary Fund has revised its estimates of global GDP growth down even further compared with previous outlooks, following the persistence of risk elements regarding the economy[2].

1.2. European Union

In the Euro area, GDP decelerated sharply at the end of the year, due to the rise in contagion and the continuing tensions in supply chains that are hampering manufacturing. Inflation reached its highest level since the start of monetary union, due to exceptional increases in the energy component, especially gas, which is also affected by geopolitical factors in Europe. According to the projections of Eurosystem experts, inflation would stand at 2.6% in 2021, compared with 0.3% in 2020, and would then gradually fall in the course of 2022, reaching 3.2%, and 1.8% in the two-year period 2023-24. According to the latest projections, GDP growth in 2021 would be 5.1% compared to -6.4% in 2020; in the following two years, GDP is expected to grow by 4.2% and 2.9% respectively. The Governing Council of the European Central Bank believes that the progress of the economic recovery and towards the achievement of the inflation target in the medium term allow for a gradual reduction in the pace of purchases of financial assets. The Council also reiterated that the orientation of monetary policy will remain expansionary and its conduct flexible and open to different options in relation to the evolution of the macroeconomic framework.

1.3. International financial markets

According to the Bankit analysis, the impact of the Omicron variant has conditioned the performance of financial markets, both in terms of share prices and with reference to the widening of sovereign spreads of countries in the Euro area. The common currency would continue to depreciate against the dollar, discounting expectations of a less expansive monetary policy in the United States.

In 2021 there was a widening of IRS rates in Euro across the entire curve, which continued in January. Italian government bonds also recorded a widening, which continued in January: these movements were partly expected given the first-rate appointments on the political scene. On the stock market, good yearly performances for the FTSEMib, Eurostoxx and S&P500, with a retracing in January, more marked in the USA due to the imminent FED decisions on interest rates.

On the foreign exchange market there were mixed movements; in 2021 there was a weakening of the Euro against the main currencies with the exception of the Japanese Yen.

[2] Overview on commodities crisis and Russia-Ukraine conflict - The Smart Institute - March 2022

10Y bond yields	31/12/2021	YTD change (bps)	Quarterly change (bps)	Monthly change (bps) 21/01/2022	Italian bond yields	31/12/2021	YTD change (bps)	Quarterly change (bps)	Monthly change (bps) 21/01/2022
Italy 10 Year	1.17%	+63	-F31	+12	Italy 2 Year	-0.07%	+34	+38	-3
Spain 10 Year	0.57%	+52	+11	+7	Italy 5 Year	0.42%	+43	+34	+6
Germany 10 Year	-0.18%	+39	+2	+11	Italy 6 Year	0.57%	+52	+25	+8
UK 10 Year	0.97%	+77	-5	+20	Italy 10 Year	1.17%	+63	+31	+12
US 10 Year	1.51%	+60	+2	+25	BTP-Bund spread	135	+24	+29	**+O**
Stock Markets	**31/12/2021**	**YTD change %**	**Quarterly change %**	**Monthly change**	**Main currencies**	**31/12/2021**	**YTD change %**	**Quarterly change %**	**Monthly change**
Ftse Mb Index	27,347	23.00%	6.47%	-1.04%	Euro/Us Dollar	1.14	-6.93%	-1.81%	-0.23%
Euro Stoxx50 Index	4,298	20.99%	6.18%	-1.60%	Euro/British Pound	0.84	-5.86%	-2.09%	-0.51%
S&F' 500 Index	4,766	26.89%	10.65%	-7.73%	Euro/Japanese Yen	130.90	3.74%	1.57%	-1.47%
HKHangSeng Index	23,398	-14.08%	-4.79%	6.70%	Euro/Swiss Franc	1.04	-4.04%	-3.81%	-0.32%
Nikkei 225	28,792	4.91%	-2.24%	4.41%	US Dollar/Yuan	6.36	-2.24%	-1.43%	-0.25%
EU Rates	**31/12/2021**	**YTD change (bps)**	**Quarterly change (bps)**	**Monthly change (bps)**	**US Rates**	**31/12/2021**	**YTD change (bps)**	**Quarterly change (bps)**	**Monthly change (bps)**
IRS 2Y EUR	-0.30%	+22	+13	**+6**	IRS 2Y USD	0.94%	+74	+56	+25
IRS 5Y EUR	0.02%	+48	+21	+8	IRS 5Y USD	1.37%	+94	+32	+28
IRS 10Y EUR	0.30%	+56	+14	+8	IRS 10Y USD	1.58%	+65	+7	+24
Bond indices	**31/12/2021**	**YTD change %**	**Quarterly change %**	**Monthly change**	**Other**	**31/12/2021**	**YTD change**	**Quarterly change**	**Monthly change**
JPM Ernu bond index 1-3y	226.87	-0.72%	-0.22%	-0.08%	MXEU Index	161.67	22.38%	7.36%	-2.21%
JPM Emu bond index 3-5y	312.64	-1.21%	-0.55%	-0.28%	Italy Yo Yinflation	3.90%	+410	+140	-
JPM Emu bond index 5-7y	420.34	-1.84%	-0.66%	-0.50%	EUribor 1M	-0.58%	-3	*-2*	+2
JPM Emu bond index 7-10y	502.27	-2.98%	-0.75%	-0.66%	EUribor 3M	-0.57%	-2	*-2*	+2
JPM Emu bond index 10+y	750.25	-7.21%	-0.54%	-0.75%	EUribor 6M	-0.55%	-2	*-2*	+3

Source: elaboration from Bloomberg data

1.4. *The Italian economy*

Italian GDP growth in 2021 was strong, thanks to the expansion of household consumption. Compared to 2020, according to ISTAT it would have marked a year-on-year increase of +6.5%, and this increase is expected to remain strong in 2022 (+3.8%) and then decrease in 2023 and 2024 (+2.5% and +1.7%).

Rising contagions and worsening confidence would have affected service spending the most. Italian exports posted year-on-year growth of +12.4% over 2020, and at the same level would be imports (+12.7%). There was a recovery in international tourism and the current account balance of the balance of payments was confirmed at high levels despite the deterioration of the energy balance (+3.8% on the 2020 figure).

The number of hours worked increased (up 7% on the 2020 figure), the use of wage subsidies was reduced and there was a recovery in the number of people hired on permanent contracts. The removal of the redundancy freeze in all sectors did not have a significant impact. The stagnant unemployment rate reflects the gradual recovery of labour supply, which is approaching pre-pandemic values. The dynamics of contract renewals do not foreshadow any significant acceleration in wages in 2022.

Gross domestic product and its components (in %)				
ITEMS	2021	2022	2023	2024
	expected	estimated	estimated	estimated
GDP	**6,3**	**3,8**	**2,5**	**1,7**
Household consumption	5,1	4,4	2,2	1,5
Collective consumption	1,2	1,2	0,2	-0,5
Gross fixed capital expenditure	15,7	5,3	5,9	3,5
of which: capital expenditure in capital goods	11,4	7,2	6,9	5,3
Total exports	12,4	4,8	6	3,5
Total imports	12,7	5,1	6,3	3,4
Employment (hours worked)	7	3,4	1,9	1,4
Employment (number of persons employed)	0,5	1,7	0,9	1
Unemployment rate	9,4	9	8,9	8,7
Export competitiveness	0,8	2,5	0	-0,2
Balance of the current account of the balance of payments	3,8	3,1	2,9	2,9

Source: Bank of Italy Economic Bulletin no. 1 - 2022

Inflation rose significantly (3.9% in December), mainly due to energy prices. However, by the end of 2021, the increase in retail prices remained moderate (+1.9% over 2020 figures). The advent of the Omicron variant has affected financial markets, with increased volatility and sovereign spread (132 in mid-January 2022 versus 105 in mid-October 2021).

1.5. Lombardy Region

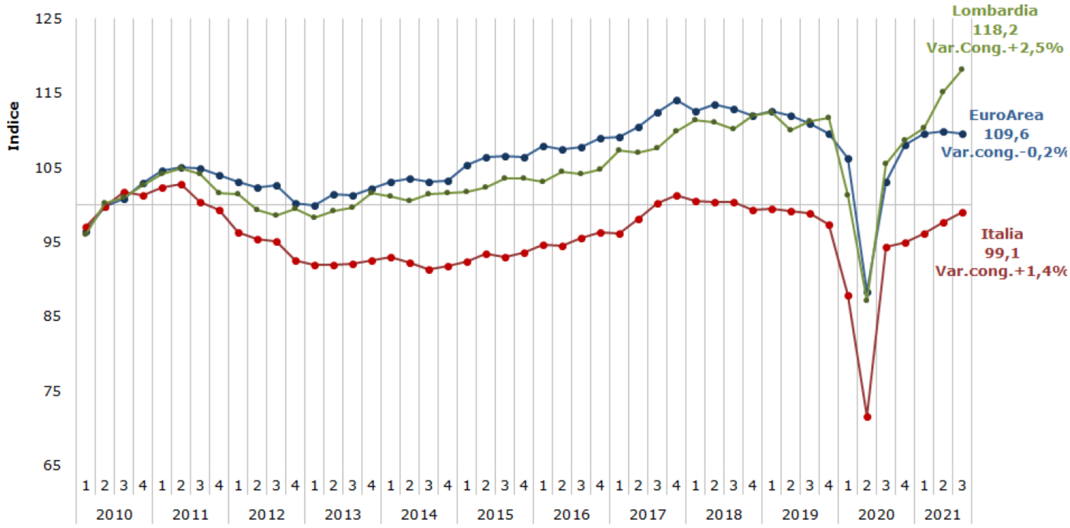
According to the Bank of Italy's survey on trend published in November 2021, there was a strong recovery in the first part of the year, aided by the easing of restrictions on activities and the vaccination campaign. Output would have increased by about 7% in the first half of the year compared to the corresponding period in 2020, particularly in industry, such that companies, on average, would have recovered to pre-pandemic levels of turnover. As in the rest of Italy, Lombardy is also experiencing difficulties in procuring raw materials and intermediate products, resulting in increased costs and higher production prices. Exports would exceed previous 2019 levels, and so similarly would construction sales. Less marked was the recovery of private services and retail trade. Loans to businesses slowed down in the first half of the year, and then came to a halt in the summer months, partly due to the substantial growth accumulated during 2020 and the reduced need to finance working capital, following the improvement in corporate profitability. Recourse to financing backed by government guarantees continued, albeit less intensively.

Credit quality indicators remained substantially stable, however there would have been a slight increase in the share of loans that, while remaining performing, see their risk increase after disbursement.

According to data from Unioncamere Lombardia, manufacturing production would have increased 20.1% in the first half of the year compared to the same period in 2020 and would have exceeded 2019 levels starting in the second quarter.

MANUFACTURING SECTOR PRODUCTION INDEX

Average base year 2010=100 deseasonalized quarterly data



Source: Unioncamere Lombardia - Manufacturing companies. The economic performance of industry and crafts in Lombardy. 3rd quarter 2021

Comparing the different manufacturing sectors, the recovery was most pronounced in the non-metallic minerals, transportation equipment and steel segments, which surpassed the levels of the last quarter of 2019. Apparel and textiles had subdued growth and a partial recovery from 2019. Construction grew robustly while retail trade grew less (+11.2% in the first six months of the year compared to the corresponding period in 2020) with a more pronounced rebound for non-food establishments, which were more restrained by restrictions in the prior period. Accommodation and food services had a limited increase (0.8%) due to restrictions on tourism. Flows still remain well below those of the first eight months of 2019. In the first eight months, according to Assaeroporti, the number of passengers at Lombardy's airports also fell (down 3%) compared with the same period in 2020. In contrast, the volume of goods increased (+45.6%). In the first half of 2021, Lombardy exports and imports of goods increased (+22.6% for exports) and exceeded 2019 levels. With reference to the impact of the conflict between Russia and Ukraine, the impact on the Lombardy economy is highlighted in the mechanical, fashion and chemical sectors as they are among the most exposed to the Russian market. Russia is worth a total of 1.6% of Lombard exports, in line with 1.5% of Italian exports. Russia absorbs 3.7% of the Italian added value exported to the world[3].

1.6. *Credit market*

The recovery of profitability has fuelled the financial resources of Lombardy companies. However, the tendency of at least one-third of companies to set aside a portion of the financing obtained and to increase their assets as a precautionary measure would remain marked.

After sustained growth in 2020, the trend in bank lending to businesses eased in the first part of 2021 (+2.3% in June versus +7.3% in 2020), especially for medium and large companies. In contrast, loans directed to smaller businesses would have grown steadily at the beginning of the year and then slowed down since the second quarter.

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. 2019	-4,5	-2,4	-0,5	-2,6	-2,6	-2,7	-1,4	3,4	-1
Mar. 2020	-1,3	-0,8	1,4	1,1	1,6	-2,1	-1,5	2,2	1
Jun. 2020	-1,4	-1,1	2,9	3,8	4,1	2,1	4	1,4	2,1
Sept. 2020	-0,2	-3	4,7	6,7	7	4,7	7	1,3	3,1
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

Source: regulatory reporting - Regional economies - Lombardy's economy - Economic update - November 2021

(1) Includes 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.

[3] Overview on commodities crisis and Russia-Ukraine conflict - The Smart Institute - March 2022

According to AnaCredit[4], about 60% of businesses in mid-2021 were either using moratorium or had secured financing (loans with "Covid-19" guarantees). Moratorium counted for 8.1% of business lending and assisted loans for 15.9% (compared to 12.6% and 12.7% at the end of 2020).

The cost of debt would have stood at 2.9% versus 3.1% at the end of 2020. The recovery of the financial markets would have supported corporate bond lending, resulting in a total of Euro 12 billion of placements in the first 9 months of the year, a share similar to that of the same period of 2019 but almost a third higher than in the same period of 2020.

The increase was more pronounced for manufacturing than for services. The balance of placements and redemptions was a positive 5.3 billion.

Bank loans to businesses by business segment (percentage changes over 12 months and millions of euro)

Segments	Dec. 2019	Mar. 2020	Jun. 2020	Sept. 2020	Dec. 2020	Mar. 2021	Jun. 2021	End-of-period balances (Jun. 2021)
Manufacturing activities	0,6	3,4	5,3	7,2	6,4	4,5	1,7	61.147
Buildings	-5,6	-3,1	-0,3	0,1	4,8	2,6	-0,6	20.386
Services	-3,4	1,3	4,9	9	9,1	4,8	3,3	109.935
Total	-2,6	1,1	3,8	6,7	7,3	4,3	2,3	207.406

Source: regulatory reporting - Regional economies - Lombardy's economy - Economic update - November 2021

1.7. Future outlook

Significant interventions are envisaged in terms of public finance for the next three-year period 2022-24 with benefits for the net debt of the Public Administration and the debt-to-GDP ratio: 150% versus about 155% in 2020, and 135% in 2019. The deficit over the period would grow by an average of 1.3%. GDP would return to its pre-pandemic level by mid-2022, increase by 3.8% in the year, 2.5% in 2023, and 1.7% in 2024. The number of employed would return to pre-recession levels by the end of 2022.

However, the macro-economic context is characterised by a significant rise in inflation, about the consistency of which there are conflicting opinions over time, and which in any case does not appear to be reflected in the returns offered by the market, leading to a potential negative real return on invested assets. Growth prospects are subject to multiple risks, related to health conditions and

[4] information from the analytical survey of corporate bank loans

supply-side challenges. In the medium term, the projections are tied to the full implementation of the expenditure programmes included in the budget maneuver and the PNRR interventions.

2. THE ACTIVITY CARRIED OUT BY THE PARENT COMPANY IN 2021

The activity carried out by the Parent Company in 2021, 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.

More in detail, among the **financial instruments with EU resources**, it should be noted that the call for proposals Linea Internazionalizzazione Plus has been activated, an instrument consisting of financing plus non-repayable contribution with regional resources POR FESR, aimed at supporting internationalisation projects and the call Agroindustria 4 aimed at supporting investments in modernisation and innovation of agro-industrial companies within Measure 4 "Material investments for companies" of PSR FEASR.
In addition, work continued in the management of the initiatives already started in the previous year, both with regard to those already open in 2021, and with reference to those for which management continues on the requests already submitted, such as FREE (Energy Efficiency Regional Fund), Linea R&S per MPMI (R&D Line for SMEs, FRIM FESR 2020), Linea R&S per Aggregazioni (R&D Line for Business Combinations), Fondo Credito per l'Agroindustria (Credit Fund for Agro-industry) (Operation 4.2 PSR-FEASR), Linea Intraprendo, Linea Controgaranzie, FRIM FESR 2020 "RICERCA & SVILUPPO, Linea Internazionalizzazione.
The Parent Company then 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. With reference to the new programme, 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 Company on the most innovative issues with its stakeholders.

On the other hand, as far as **financial interventions with autonomous regional resources** are concerned, the Fund for the capitalisation of Lombardy's cooperative enterprises was launched. Its aim is to support the growth and development of Lombardy's cooperatives, promoting in particular their capitalisation and the maintenance and development of employment levels.

Moreover, 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 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.

Next to the activities more closely related to structuring, implementation and management of financial instruments and facilitating measures, the Parent Company also supported the Lombardy Region providing technical assistance as a part of the Social Housing policies, in particular on the EU regulation on Services of General Economic Interest (SGEI), as well as in terms of interventions in support of Social Promotion Associations and Voluntary Organisations.

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

- **Credito Adesso**, is the measure launched in 2011 by Lombardy Region and the Parent Company to support the working capital of businesses and it has the following characteristics: a) 24/36 month co-financing by Finlombarda (40%) and Banks (60%) based on a maximum amount of Euro 500 million; b) interest contribution of 2% (an additional amount is provided for some categories of businesses);
- **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 follows the structure of Credito Adesso, albeit with the greater complexity tied to the EU nature of the regional resources, associating co-financing with an interest grant using 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 2021,

about Euro 1.3 million were disbursed, considering only the resources based on the co-financing portion of Finlombarda;

- **“AL VIA” Initiative**, in 2016 the definition of the Initiative was completed with the publication in the Official Bulletin of the Lombardy Region Ordinary Section no. 24 of 13 June 2017 of the Notice to Companies and in Official Bulletin of the Lombardy Region Notices and Competitions Section no. 24 of 14 June of the Notice to Intermediaries. The measure, intended for Lombard SMEs to finance productive investments, consists of medium-term co-financing up to 6 years (50% based on Finlombarda resources and 50% on resources from participating intermediaries) for a total 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 2021 was Euro 23 million, considering only the resources based on the portion of co-financing of Finlombarda;
- **Credito Adesso Evolution**: in April 2020, the Parent Company launched a new measure called Credito Adesso Evolution with an endowment of Euro 67 million (50% from Finlombarda, 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 Finlombarda, 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 Finlombarda, 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 Finlombarda, 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 Oggi. 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 Finlombarda (50%) and banks (50%); b) 3% interest rate subsidy. The amount of

disbursements in 2021 was Euro 185 million, considering only the resources based on the portion of co-financing of Finlombarda;

- **Patrimonio Impresa**, a new 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. At 31 December 2021, a total of 311 applications have been received, of which 31 have also requested financing from Finlombarda (which is optional) for a total value of Euro 13 million of financing requested. Grants totalling around Euro 6.1 million were also awarded;
- **Minibond Project**, an 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 Finlombarda 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, Finlombarda 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, nine transactions have been approved for a total subscription value (Finlombarda portion) of Euro 18.38 million against a total issue value of Euro 62.5 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 Finlombarda and Cassa Depositi e Prestiti.

  The Issuance Programme has a total amount of Euro 80 million, with subscriptions at 31 December 2021 equal to Euro 37 million (of which Euro 18.5 million subscribed by Finlombarda);

- **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 Finlombarda 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. Since the initiative was launched, eight syndicated transactions have been approved for a total amount of Euro 298 million (Euro 61.5 million from Finlombarda).
- **"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;
- **Leveraged & Acquisition Finance**, a line of financing intended for Lombardy SMEs and Mid Caps to finance medium-long term growth through external lines, generational change or transfer of ownership to employees of companies, through merger and acquisition operations (also through recourse to Leveraged/Family/Management buy-out). The financing is aimed at the acquisition of company shares and business units, refinancing of pre-transaction debt and/or investments for possible post-transaction synergies. Finlombarda intervenes with its own resources in co-financing with the agreed financial intermediaries. The ceiling of financial resources made available by Finlombarda is Euro 65 million, in addition to the funds made available by co-lenders;
- **Turnaround financing**: a financing initiative aimed at supporting Lombardy companies that have undertaken a restructuring process and need resources to finance the business re-launch phase. The recipients are companies that have had an approved debt restructuring agreement in place for at least 24 months pursuant to art. 182 bis of the Bankruptcy Law or an agreement in continuity approved pursuant to art. 186 bis of the same Law. The loans granted, ranging from 500 thousand to Euro 2 million and lasting up to 48 months, are backed by a free regional guarantee. The budget is Euro 15 million made available by Finlombarda for the loans and Euro 10 million of regional resources for the guarantees granted. The initiative closed on 30 December 2021;
- **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 Finlombarda amounts to Euro 25 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. Finlombarda has allocated Euro 15 million of its own resources for the subscription of 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. In particular, the resources allocated by Finlombarda will be used to provide Lombardy SMEs with loans of up to Euro 150 thousand, with a duration of up to 72 months and amortising repayment. At 31 December 2021, Euro 2.74 million has been disbursed to the Fund.

Beginning in 2020, the Parent Company is also managing 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 EELL. For the management of these resources, the Lombardy Region has set up a Fund, which is managed by Finlombarda;
- 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 Finlombarda;
- 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.

The "**Anticipazione Sociale 2020**" initiative, which provided for the Parent Company to manage a Fund set up by the Lombardy Region under Regional Law 11/2020 to guarantee requests for social advances activated by workers in accordance with the procedures laid down in the ABI (Italian Banking Association) Agreement, ended in 2021. The total endowment of the Fund amounts to Euro 7,562,879.18. A total of 12 banks have adhered to the scheme, which have granted 11,923 social advances for a total of Euro 12,151,089.

In 2021, the Parent Company continued its work in the offer of customised services directed at business in terms of competitiveness (innovation 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, 19 open innovation challenges for international companies (EEN Network) and 7 national were carried out; more than 1,400 proposals for collaboration and partner searches for the development of projects and industrial development activities were distributed to Lombardy companies - receiving 480 expressions of interest; finally, more than 700 individual consultancy services were provided to companies for participation in European calls and partner searches. In order to further increase the range of services offered, the Company took part in 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. The outcomes of the call will be available indicatively in June 2022.

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 **updating of the Regional Strategy of Intelligent Specialisation (S3)**, a programmatic document that guides the ERDF funds in the field of Research and Innovation for the regional planning 2021-2027, to the setting up 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 2021, the Parent Company also supported Lombardy Region in the definition of the **new three-year Strategic programme for Research, Innovation and Technology Transfer (STP)**, a programmatic document that is a fundamental pillar in the implementation of Regional Law no. 29/2016 "Lombardy is Research and Innovation". As part of these activities connected with strategic planning and governance in the area of research and innovation, the Parent Company managed a **structured process (stakeholder engagement) of listening to and collaborating with the main regional and local stakeholders** (General Management of the Lombardy Region, Lombardy Technology Clusters, Trade Associations, Universities, etc.). Also as part of **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 2021, the Parent Company signed the **Protocol for Sustainable Development promoted by the Lombardy Region**, undertaking to carry out actions to promote and raise awareness of sustainability issues in the territory.

As of January 2020, the Parent Company has also been among the partners of the European project **TRANSFORM** - Territories as Responsive and Accountable Networks of S3 through new Forms of Open and Responsible Decision-Making - approved under the Horizon 2020 call and focused on the development and promotion of Responsible Research and Innovation. In 2021, 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 STP.

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

- **Arché 2019 and 2020**, support to new Lombard entrepreneurial realities (MPMI or freelancers) for start-up or consolidation plan (**2019**) and in response to the Covid-19 emergency (**2020**);
- **Faber 2020**, contributions for investments aimed at optimising and innovating the production processes of micro and small manufacturing, building and craft enterprises;
- **Smart Living**, integration between production, services and technology in the wood - furniture - home supply chain;
- **Storevolution**, granting of contributions for investments aimed at innovation in micro, small and medium-sized commercial enterprises;
- **Competitiveness Agreements**, for the development and enhancement of productive, human, environmental and infrastructural resources in the regional territory in order to favour competitive growth;
- **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;
- **Reattivi contro il Covid:** granting of contributions aimed at expanding the capacity of production units already used for the production of medical devices (MD) or personal protective equipment (PPE) or for the conversion of production units aimed at the production of medical devices or even personal protective equipment;
- **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 (MPMI), 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.

With regard to communication and promotion activities, during 2021, 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 internal and external audiences. This activity involved the integrated use of digital tools and channels (e.g. multimedia publications, video - pills, LinkedIn, online meetings and events) and traditional ones (e.g. new brand, institutional relations and memoranda of understanding, press office, communication of business cases and financial operations, etc.) and mainly focused on: the support action - which has been going on since 1971 - for the economic revitalisation of the Lombardy production system; the commitment of Finlombarda Spa for the dissemination of a culture of sustainability starting from the signing of the Lombardy Protocol for Sustainable Development; the role of Finlombarda at European level starting from the establishment at Casa della Lombardia in Brussels.

3. SUMMARY OF 2021 RESULTS

3.1. *Income statement*

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

Reclassified income statement	31/12/2021	31/12/2020
OPERATING INCOME - OP. INCOME	**19.919.826**	**18.440.502**
PURCHASES OF GOODS AND SERVICES	-2.858.083	-1.813.307
VALUE ADDED	17.061.742	16.627.195
PERSONNEL COSTS	-13.655.082	-12.744.568
EBITDA	3.406.660	3.882.627
AMORTISATION AND DEPRECIATION	-185.756	-758.510
OPERATING PROFIT FROM OPERATIONS	3.220.904	3.124.117
OTHER INCOME/(EXPENSES)	48.992	62.438
OPERATING PROFIT - EBIT	**3.269.896**	**3.186.555**
FINANCIAL INCOME/(EXPENSES)	-3.014.684	-2.976.826
PROFIT BEFORE TAXES	255.212	209.729
(TAXES)	-255.212	-209.729
NET PROFIT - RN	**0**	**0**

Operating income came to Euro 19,920 thousand, 1,479 thousand higher than the previous year (+8%).

Within the operating income, net interest income increased by Euro 1,031 thousand (+18.4%). There was a decrease in interest income on investments in the securities portfolio and an increase in interest from loans, while the increase in interest expense is mainly due to the activation of the loan line with Banca Popolare di Sondrio. With regard to other financial income and expense, there was a significant decrease in dividends and similar income of 58%, essentially due to the reduction in UCITS in the portfolio, the net result of financial assets at fair value was negative for Euro 18 thousand (last year, it was positive for Euro 105 thousand); finally, there was a profit from the sale or repurchase of financial assets at amortized cost/fair value with an impact on comprehensive income of Euro 27 thousand (last year, there was a loss of Euro 156 thousand).

Fee and commission income amounted to Euro 13,293 thousand, an increase compared with 2020 (+3%). Costs for other administrative expenses increased compared to 2020 by approximately Euro 1,045 thousand to Euro 2,858 thousand. Depreciation on property, plant and equipment and intangible assets amounted to approximately Euro 186 thousand, down by approximately Euro 573 thousand compared to 2020. The difference is due to the application of IFRS 16 to the lease agreement for the previous premises in Via F. Filzi, which in 2020 was effective only for the first 5 months, since the free loan of the new premises in Palazzo Sistema does not fall within the scope of application of the same standard. Personnel costs amounted to Euro 13,655 thousand on Euro 12,744 thousand in 2020. No provisions for risks and charges were recorded during the year.
Adjustments to assets at amortised cost and comprehensive income went from Euro 2,654 thousand to Euro 2,727 thousand. It is noted that the provision is due to Euro 1,137 thousand for stage 1, 2 and 3 write-downs of loans in portfolio, Euro 488 thousand for write-downs on current accounts and Euro 1,102 thousand for write-downs on securities (both HTC and HTCS). There were no changes in Item 290 relating to assets/liabilities held for sale. In conclusion, the net result in 2021 amounted to zero, in line with 2020.

3.2. Balance sheet

The main balance sheet changes during 2021 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.

INVESTED CAPITAL	2021		2020	
	EURO	%	EURO	%
RECEIVABLES	401.187.771		238.380.214	
MISCELLANEOUS RECEIVABLES	9.017.846		8.927.587	
DEFERRED LIQUIDITY	410.205.617	79,71	247.307.801	62,08
MISCELLANEOUS PAYABLES	-6.483.843		-5.290.587	
TAX PAYABLES	-234.035		-57.916	
TOTAL AMOUNTS DUE	-6.717.878	-1,31	-5.348.503	-1,34
NET OPERATING WORKING CAPITAL - NOWC	**403.487.739**	**78,40**	**241.959.298**	**60,74**
INTANGIBLE ASSETS	417.670		413.284	
PROPERTY, PLANT AND EQUIPMENT	0		959	
FINANCIAL ASSETS	112.636.483		158.436.573	
NET FIXED ASSETS	**113.054.153**	**21,98**	**158.850.816**	**39,87**
OTHER MEDIUM/LONG-TERM NON-FINANCIAL LIABILITIES	-161.230		-542.921	
PROVISION FOR SEVERANCE INDEMNITIES	-1.787.058		-1.882.368	
ADJUSTED INVESTED CAPITAL	**514.593.603**	**100,00**	**398.384.823**	**100,00**

SOURCES OF FUNDS	2021		2020	
	EURO	%	EURO	%
SHORT-TERM FINANCIAL LIABILITIES	0		0	
IMMEDIATE LIQUIDITY	-216.670.669		-20.236.741	
SHORT-TERM FINANCIAL POSITION	**-216.670.669**	**-42,11**	**-20.236.741**	**-5,08**
MEDIUM/LONG-TERM AMOUNTS DUE TO BANKS	473.876.006		162.098.639	
OTHER FINANCIAL FUNDS	0		0	
OTHER MEDIUM/LONG-TERM LOANS	0		0	
MEDIUM/LONG-TERM FINANCIAL LIABILITIES	473.876.006	92,1	162.098.639	40,69
TOTAL MINORITY INTERESTS	**257.205.337**	**50,0**	**141.861.898**	**35,61**
SHARE CAPITAL	211.000.000		211.000.000	
RESERVES	46.388.265		45.522.925	
RESULT FOR THE YEAR:	0		0	
EQUITY	**257.388.265**	**50,0**	**256.522.925**	**64,39**
TOTAL SOURCES OF FUNDS	**514.593.603**	**100,0**	**398.384.823**	**100,00**

Note that the adjusted invested capital went from Euro 398 million to Euro 514 million. This increase is attributable to the increase in funding sources that occurred during 2021.

Finally, with regard to financial liabilities, in 2021, there was an increase in loans granted by EIB, with the completion of the drawing of the line of Euro 242 million, as well as the signing of a loan of Euro 150 million with Banca Popolare di Sondrio with a duration of 4 years.

Furthermore, new bonds totalling Euro 50 million were issued (in addition to the Euro 50 million already issued in previous years) as part of the EMTN programme for Euro 500 million. Lastly, the following indices have been prepared on the basis of the above figures.

	2021	2020
PROFITABILITY RATIOS		
ROE **(RN/MP)**	0,0%	0,1%
RONA **(EBIT/CIR)**	0,6%	0,8%
ROS **(EBIT/M. INTERM.)**	16,4%	17,3%
LIQUIDITY/SOLVENCY ANALYSIS		
PRIMARY LIQUIDITY - ACID TEST (CURR. ASS./CURR. LIAB.)	129,1%	143,8%
ANALYSIS OF FINANCIAL SOLIDITY/STRUCTURE		
GLOBAL LEVEL OF DEBT (MIN.INT./ EQUITY)	187,5%	66,2%

As for the profitability of operations, the ROE index is constant compared to 2020, partly due to the regional provisions regarding the determination of the operating contribution, the ROS and RONA show a decrease compared to 2020.

On the financial front, the Parent Company maintains a high degree of solvency.
In fact, capital absorption amounts to Euro 41.8 million, corresponding to 8% of weighted assets, as required by the regulations on financial intermediaries.
Core capital amounts to Euro 240.5 million (in 2020, it was Euro 239.3 million). At the end of 2021, both the Tier 1 capital ratio and the Total Capital ratio reached 46.04% (see table 4.2.1.2 of the explanatory notes, part D).
It should be noted that Finlombarda does not calculate consolidated regulatory capital since the subsidiary Finlombarda Gestioni SGR is below the threshold envisaged by Bank of Italy Circular 288.

4. OTHER INFORMATION

The last quarter of the year saw a change in the composition of the Board of Directors following the resignation of Director Ignazio Parrinello in August 2021; after a brief period in which the position of Director was held by a regional manager (Fabrizio De Vecchi), the Company's Shareholders' Meeting, held on 29 December 2021, appointed Andrea Mentasti as a member of the Board of Directors until approval of the financial statements as of 31 December 2022. Therefore, 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 did not change (with the Chair of the Board of Statutory Auditors Luigi Jemoli, the Standing Auditors Antonella Chiametti and Maurizio Bocca and the Alternate Auditors Elisa Belloni and Daniele Vezzani).
Changes were also made during the year to the composition of the Supervisory Board. In fact, the Board of Directors confirmed the collegial composition by appointing Gaetano Caputi as Chair in March and Manuela Giaretta as full members representing the Lombardy Region Shareholder and Francesca Biancheri as internal member, replaced by Vito Noceti in October 2021.

Lombardy Region with DGR no. XI/5737 of 21.12.2021 approved the new directives - effective from 2022 - which define, among other things, the forms of participation in the regional system for in-house entities and companies to which Finlombarda is also subject as a wholly-owned subsidiary. The Company has approximately Euro 240.5 million of own funds. Risk-weighted assets (RWA) amount to Euro 522.4 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. As for the effects of the assets held for sale, please refer to Section 11 of the balance sheet in the explanatory notes, highlighting that in 2021 there were no effects.
We would point out, in accordance with the regulations for the preparation of the consolidated 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 2021.

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.

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 Parent Company's investments portfolio, 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 to the pandemic in progress and the crisis between Russia and Ukraine.

Lending activities reflected the impact of the restrictive measures introduced by the government and the Italian Banking Association regarding the moratorium on loans.
With reference to relations with the sole shareholder, Lombardy Region, it should be noted that with Regional Decision no. XI/4147 of 30/12/2020 concerning the "Procedure for the determination, reporting and related verification of operating contributions of dependent entities and in-house companies as per Annex A1 section 1 R.L. 30/2006", the procedure for determining and reporting the operating grant was defined. The operating grant represents the component of revenues paid by the Lombardy Region to the Company for services rendered in the context of "in house providing".
On 30 September 2021, the Parent Company's Board of Directors resolved to renew the EMTN "Euro Medium Term Note" Programme. On 19 October 2021, the Extraordinary Shareholders' Meeting voted in favour of renewing the programme and issuing bonds in the next 12 months from the approval of the documentation for a maximum amount of Euro 150 million with a maximum duration of seven years, repayment at maturity, reserved for institutional investors. The activation of the EMTN Programme and, more broadly, the diversification of the Parent Company's sources of funding 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. On 23 November 2021, the renewal of the EMTN Programme was completed. On 22 December 2021, the Parent Company therefore placed Euro 50 million with a four-year maturity, 0.967% coupon and BBB (Fitch) rating. The security is listed on the Luxembourg Stock Exchange.

On 18 October 2021, the Parent Company activated a medium/long-term funding line, with a total amount of Euro 150 million, a duration of five years, variable rate indexing and an amortising repayment profile with one year of pre-amortisation. This operation on the one hand contributes to diversifying the Parent Company's sources of funding, and on the other is part of the broader strategy of strengthening the Parent Company's financial capacity, in response to the liquidity and investment needs of companies committed to recovering turnover and market share after the pandemic crisis.

5. EQUITY INVESTMENTS

The Parent Company 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. 2021
SISTEMI DI ENERGIA S.P.A.	31/12/2020	19.035.425	11,25%	2.141.485	744.920
SKIAREA VALCHIAVENNA S.P.A.	30/06/2020	10.227.520	0,69%	70.570	56.976
CENTRO TESSILE COTONIERO S.P.A.	31/12/2020	5.933.918	2,91%	172.677	31.075
CONSORZIO PER LA REINDUSTRIALIZZAZIONE AREA DI ARESE S.R.L. (CRAA S.R.L.) in liquidation	30/11/2015	252.375	15,00%	37.856	1
FIUMICINO ENERGIA S.R.L.	31/12/2020	11.981.202	11,25%	1.347.885	63.243
BIC LA FUCINA - CENTRO EUROPEO DI IMPRESA E INNOVAZIONE - IN LIQUIDATION	31/12/2012	-1.303.958	5,26%	-68.588	1
TOTAL					896.216
FINLOMBARDA SGR	31/12/2020	993.584	100,00%	993.584	514.000
TOTAL					514.000

During the year, the Parent Company continued to implement its plan to dispose of its equity investments; in particular, 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., following an appraisal carried out by an external advisor, it acquired the estimated value of the investments, in order to proceed with a further attempt to sell them via a public bidding procedure.

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

- **Agenzia per la Cina S.r.l.**: the company completed the liquidation process on 31 August 2021;
- **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.:** negotiations are currently underway for the sale by direct private treaty of the investee company. The Shareholders' Meeting of the investee company held on 26 May 2021, appointed Paola Peduzzi as Director, who had already been co-opted by the Board of Directors on 30 March 2021 following the resignation of Director Manuela Giaretta.

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

The financial statements at 31 December 2021 closed with a net negative result of Euro 297 thousand, slightly down compared to 2020. The following table shows the key economic figures for 2021 operations:

Finlombarda Gestioni SGR S.p.A.

thousands of Euro	31/12/2021	31/12/2020	21 vs 20
Net commission income	0,0	0,0	0,0
EBITDA	0,6	1,4	-0,8
Operating results (A)	-297,2	-335,7	38,5
Net result	-297,2	-335,7	38,5
Net invested capital (B+C)	1.505,5	2.138,5	-632,9
Net financial position (B)	809,2	1.144,9	-335,7
Equity (C)	696,4	993,6	-297,2

Financial and management indicators

	31/12/2021	31/12/2020	21 vs 20
ROI (A/B+C)	-19,7%	-15,7%	-14,8%
Debt/Equity (B/C)	-1,2	-1,2	-0,1
Employees	1	1	0

The activity carried out by the company during the year was focused on the management of closed-end investment fund Next, with particular attention to the management of the funds in which the latter invested. As a consequence of the strategic decision to prioritise an orderly sale of the assets of the managed Fund, the company then operated exclusively according to a “divestment” logic, without dedicating resources to the promotion of new investment instruments, and focusing on cost containment.

In December 2021, the 2021-2024 budget and Next Fund settlement plan update were approved.

On 14 December 2021, the subsidiary's extraordinary shareholders' meeting resolved to reduce the share capital from Euro 1,871,430 to Euro 773,820.00 in order to cover part of the losses (amounting to Euro 1,097,610).

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

As of 3 August 2021, the Parent Company completed the process of rationalisation of the organisational structure, which began in June 2020, and consequently continued the activities of drafting/updating internal regulations, with particular focus on the credit management process. The rationalisation process was implemented with the aim of:

- 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 number of employees of the Group at the end of 2021 was 154, while at 31 December 2020 the headcount was 157.

In relation to the health emergency resulting from the spread of the Covid-19 virus, starting from the Prime Ministerial Decree of 23/02/2020 as amended, the Company continued to use the simplified agile work tool, provided for by the emergency legislation, for all personnel, subject to specific presence requirements, and in any case maintaining the IT security and monitoring of activities. As of 1 September, in view of the improvement in the pandemic situation, Finlombarda undertook a gradual resumption of work activities at the company's headquarters, defining a daily presence of 50% of the staff of each organisational unit.

To this end, on 15 July, the Covid Emergency Protocol was updated, in accordance with the relevant national indications and with a similar regional protocol, on the basis of which the resumption, in rotation, of work activities at headquarters took place. Still on the subject of safety, health surveillance visits, previously suspended due to the pandemic, resumed during the year.

As in previous years, in 2021, the Company evaluated the performance of its employees and the company bonus was defined, following agreement with the trade unions on 5/12/2018 in accordance with art. 48 of the National Labour Contract for 2021.

In view of the health emergency, staff training continued to be carried out remotely, especially regarding compulsory matters and safety in the workplace, as well as specific matters linked to specialist needs; in addition, a managerial training programme was launched for the entire management team.

9. EVENTS AFTER THE END OF THE YEAR

The first part of 2022 was characterised by the continuation of the pandemic and the related health emergency, to which was added, starting from the end of February, the outbreak of the war conflict between Russia and Ukraine, which led to significant economic sanctions against Russia and its main representatives as a reaction on the part of western countries; all this generated obvious repercussions on both financial markets and the real economy due to the rise in commodity prices and consequently inflation. The overall macro-economic effects, net of state and EU interventions to mitigate them, will in any case only be quantifiable in the coming months, also in light of the dynamics linked to the conflict which cannot be predicted at present. In this context, the Company will pay great attention to the monitoring of credit exposures to entities operating in the sectors that are most sensitive to the crisis between Russia and Ukraine, such as energy, food, etc.

At the beginning of January 2022, the Parent Company signed the new Framework Agreement 2022-2024 with the Lombardy Region, which reaffirms the Company's leading role in regional territorial development programmes; compared to the past, the Framework Agreement defines a new remuneration mechanism for in-house activities that recognises and safeguards the Company's identity with respect to its status as a financial intermediary.
Subsequently, on the basis of the new text of the Framework Agreement, the update of the three-year budget 2022-2024 was approved, confirming its growth and development objectives.

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 2021, the 2022-2024 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 the following factors: strengthening of credit skills, development of new products, strengthening of partnerships with the banking system, strengthening of its "commercial" capacity.

It is expected to be able to further strengthen its role in the "in house" sphere, with particular reference to the design and management of instruments in the Regional Operational Programmes, also through the new EU programming 2021/27, and, with reference to the particular contingency we are all experiencing, to the measures and initiatives put in place by the Lombardy Region to support the production fabric and in response to the socio-economic damage caused by the pandemic, as well as the initiatives that will be put in place for the relaunch of the Lombardy economy.

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	31/12/2021		31/12/2020	
	Equity	of which: Net profit for the year	Equity	of which: Net profit for the year
	(in thousands of euro)	(in thousands of euro)	(in thousands of euro)	(in thousands of euro)
Balances as per Parent Company's financial statements	257.206	297	256.043	336
Effect of consolidation of Subsidiary Finlombarda Gestioni SGR	182	-297	480	-336
Offsetting of equity investment				
Balances as per Consolidated Financial Statements	257.388	0	256.523	0

Milan, 29 March 2022

THE BOARD OF DIRECTORS

The Chairman

(Michele Giuseppe VIETTI)

Digitally signed electronic document
in accordance with the single text Presidential Decree 28 December 2000, no. 445,
Legislative Decree no. 82 of 7 March 2005 and related regulations

FINANCIAL STATEMENTS

BALANCE SHEET

	Asset items	31/12/2021	31/12/2020
10.	Cash and cash equivalents	216.670.669	20.236.741
20.	Financial assets measured at fair value through profit or loss (IFRS 7 par. 8 lett. a))	19.600.703	35.538.957
	a) financial assets held for trading;	0	
	b) financial assets designated at fair value;	0	
	c) other financial assets mandatorily measured at fair value	19.600.703	35.538.957
30.	Financial assets measured at fair value through other comprehensive income (IFRS 7 par. 8 lett. h))	76.009.358	85.226.231
40.	Financial assets measured at amortised cost (IFRS 7 par. 8 lett. f))	423.080.442	300.612.641
	a) due from banks	0	3.156.939
	b) due from financial entities	3.032.931	11.837.625
	c) due from customers	420.047.512	265.384.066
50.	Hedging derivatives	0	
60.	Value adjustment of financial assets with generic hedges (+/-)	0	
70.	Equity investments	0	
80.	Property, plant and equipment	0	959
90.	Intangible assets	417.670	413.284
	of which:	0	
	- goodwill	0	
100.	Tax assets	2.511.183	2.119.061
	a) current	1.304.896	1.033.901
	b) deferred	1.206.287	1.085.160
110.	Non-current assets and groups of assets held for sale	831.820	1.186.469
120.	Other assets	808.592	1.295.026
	Total assets	**739.930.438**	**426.395.357**

	Liabilities and equity items	31/12/2021	31/12/2020
10.	Financial liabilities measured at amortised cost (IFRS 7 par. 8 lett. g))	473.876.006	162.098.639
	a) payables	373.676.428	111.935.402
	c) securities issued	100.199.578	50.163.237
20.	Financial liabilities held for trading	0	
30.	Financial liabilities designated at fair value (IFRS 7 par. 8 lett. e))	0	
40.	Hedging derivatives	0	
50.	Value adjustment to financial liabilities with generic hedges (+/-)	0	
60.	Tax liabilities	234.035	57.916
	a) current	234.035	57.916
	b) deferred	0	
70.	Liabilities associated with assets held for sale	126.283	141.983
80.	Other liabilities	6.357.560	5.148.605
90.	Employee severance indemnities	1.787.058	1.882.368
100.	Provisions for risks and charges:	161.230	542.921
	a) commitments and guarantees given	30.051	153.647
	b) pension and similar commitments	0	
	c) other provisions for risks and charges	131.180	389.274
110.	Share capital	211.000.000	211.000.000
120.	Treasury shares (-)	0	
130.	Equity instruments	0	
140.	Share premium reserve	127.823	127.823
150.	Reserves	45.544.683	45.544.683
160.	Valuation reserves	715.759	-149.581
170.	Net profit (loss) for the year (+/-)	0	
180.	Minority interests	0	
	TOTAL LIABILITIES AND EQUITY	**739.930.438**	**426.395.357**

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

INCOME STATEMENT

	Items	31/12/2021	31/12/2020
10	Interest and similar income	7.983.837	6.603.849
	of which: interest income with the effective interest method	7.934.336	6.603.849
20	Interest and similar expenses	-1.352.591	-1.003.378
30	**Net interest income**	**6.631.246**	**5.600.471**
40	Fee and commission income	13.292.643	12.942.311
50	Fee and commission expenses	-123.449	-315.272
60	**Net commission income**	**13.169.194**	**12.627.038**
70	Dividends and similar income	110.570	263.123
80	Net trading income	0	0
90	Net hedging gains (losses)	0	0
100	Gains/losses on disposal or repurchase of:	27.133	-155.621
	a) financial assets measured at amortised cost	-15.106	-29.013
	b) financial assets measured at fair value through other comprehensive income	42.239	-126.608
	c) financial liabilities	0	0
110	Net income from other assets and financial liabilities measured at fair value through profit or loss	-18.317	105.490
	a) financial assets and liabilities designated at fair value	0	0
	b) other financial assets mandatorily measured at fair value	-18.317	105.490
120	**Operating income**	**19.919.826**	**18.440.502**
130	Net adjustments/writebacks for credit risk of:	-2.726.637	-2.653.733
	a) financial assets measured at amortised cost	-1.614.830	-3.117.057
	b) financial assets measured at fair value through other comprehensive income	-1.111.807	463.324
140	gains/losses from contractual amendments without cancellations	0	0
150	**PROFIT FROM FINANCIAL MANAGEMENT**	**17.193.189**	**15.786.769**
160	Administrative expenses:	-16.513.166	-14.557.875
	a) personnel costs	-13.655.082	-12.744.568
	b) other administrative expenses	-2.858.083	-1.813.307
170	Net provisions for risks and charges	0	-19.094
	a) commitments and guarantees given	0	0
	b) other net allocations	0	-19.094
180	Impairment/reversal of impairment of property, plant and equipment	-959	-637.130
190	Impairment/reversal of impairment of intangible assets	-184.797	-121.380
200	Other operating income and expenses	48.992	81.532
210	**OPERATING COSTS**	**-16.649.930**	**-15.253.947**
220	Gains (losses) on equity investments	0	
230	Net result of fair value measurement of property, plant and equipment and intangible assets	0	
240	Goodwill impairments	0	
250	Gains (losses) on disposal of investments	0	
260	**PROFIT (LOSS) FROM ORDINARY OPERATIONS BEFORE TAXES**	**543.259**	**532.822**
270	Income taxes on ordinary operations	-255.212	-209.729
280	**PROFIT (LOSS) FROM ORDINARY OPERATIONS AFTER TAXES**	**288.047**	**323.093**
290	Profit (loss) from discontinued operations after taxes	-288.047	-323.093
300	**NET PROFIT (LOSS) FOR THE YEAR**	**0**	**0**
310	Net profit (loss) pertaining to minority interests	0	0
320	Net profit (loss) pertaining to the Parent Company	0	0

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME			
	Items	**31/12/2021**	**31/12/2020**
10	Net profit (loss) for the year	0	0
	Other comprehensive income after tax without reversal to income statement		
20	Equities designated at fair value through other comprehensive income		-2.853
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	78.656	-154.185
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	-197.570	-890.465
150	Non-current assets and groups of assets held for sale		
160	Share of valuation reserves of equity investments valued at equity		
170	**Total other comprehensive income, after tax**	-118.915	-1.047.503
180	**Comprehensive income (item 10+170)+C2**	**-118.915**	**-1.047.504**
190	Consolidated comprehensive income of minority interest		
200	**Consolidated comprehensive income of the parent company**	**-118.915**	**-1.047.504**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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:	0		0										
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	0		0										
Treasury shares	0		0										
Net profit (loss) for the year	0		0									0	0
Group shareholders' equity	256.523	0	256.523			865						0	257.388
Minorities' equity	0		0										

Amounts in thousands of Euro

The share capital of the Parent Company, 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.

Statement of changes in shareholders' equity at 31 December 2020

Description	Balances at 31.12.2019	Change opening balances*	Balances at 01.01.2020	Allocation of result from previous year		Changes in the year							Comprehensive income at 31.12.2020	Equity at 31.12.2020
				Reserves	Dividends and other destinations	Change in reserves	Transactions on equity						
							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	32.778		32.778	1.552									34.330
b) other	11.215		11.215										11.215
Valuation reserves	1.698		1.698			-1.847							-149
Equity instruments													
Treasury shares													
Net profit (loss) for the year	1.552		1.552	-1.552								0	0
Group shareholders' equity	258.370	0	258.370			-1.847						0	256.523
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	31/12/2021	31/12/2020
1. Management	**3.236.367**	**3.619.334**
- Result for the year	0	0
- gains/losses on financial assets held for trading and financial assets/liabilities measured at fair value	18.317	-105.490
- net hedging gains/losses	0	0
- net impairment adjustments	2.726.637	2.653.733
- net impairment on property, plant and equipment and intangible assets	185.756	758.510
- net provisions for risks and charges and other costs/revenues	-48.992	-62.438
- unpaid taxes and duties		
- net impairment adjustments on disposal groups, net of tax effect	354.649	375.019
- other adjustments		
2. Cash generated/absorbed by financing activities:	**-120.197.329**	**111.767.926**
- financial assets held for trading	0	0
- financial assets designated at fair value	0	11.013.687
- financial assets mandatorily measured at fair value	15.919.936	2.124.925
- financial assets measured at fair value through other comprehensive income	8.105.065	56.008.557
- financial assets measured at amortised cost	-144.316.643	41.547.509
- other assets	94.313	1.073.249
3. Cash generated/absorbed by financial liabilities:	**312.718.732**	**-56.407.448**
- financial liabilities at amortised cost	**311.777.367**	**-54.820.626**
- financial liabilities held for trading	**0**	**0**
- financial liabilities designated at fair value	**0**	**0**
- other liabilities	**941.365**	**-1.586.822**
Net cash generated/absorbed by operating activities (A)	**195.757.771**	**58.979.812**
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:	**-189.184**	**-72.436**
- purchases of equity investments		
- purchases of property, plant and equipment	0	0
- purchases of intangible assets	-189.184	-72.436
- purchases of business divisions		
Net cash generated/absorbed by investing activities (B)	**-189.184**	**-72.436**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- change in equity	865.340	**-1.847.691**
- distribution of dividends and other uses		
Net cash generated/absorbed by financing activities (C)	**865.340**	**-1.847.691**
NET CASH GENERATED/ABSORBED IN THE YEAR (D=A+/B+/-C)	**196.433.927**	**57.059.685**

RECONCILIATION	31/12/2021	31/12/2020
Cash and cash equivalents at beginning of year	20.236.741	77.296.426
Total net cash generated/absorbed in the year	196.433.928	-57.059.685
Cash and cash equivalents at end of year	216.670.669	20.236.741

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

EXPLANATORY NOTES

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

SECTION 1: DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These consolidated 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 consolidated 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 2021:

Document title	Issue date	Date of entry into force	Date of approval	EU Regulation and date of publication
Reform of Interest Rate Benchmarks – Phase 2 - (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(EU) 2021/25 14 January 2021
Concessions on royalties related to COVID-19 beyond 30 June 2021 (Amendment to IFRS 16)	March 2021	1 April 2021	30 August 2021	(EU) 2021/1421 31 August 2021
Extension of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)	June 2020	1 January 2021	15 December 2020	(EU) 2020/2097 16 December 2020

- IAS/IFRS and related IFRIC interpretations applicable to financial statements for periods beginning after 1 January 2021 - 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
Improvements to IFRSs (2018-2020 cycle) [Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41]	May 2020	1 January 2022	28 June 2021	(EU) 2021/1080 02 July 2021
Property, plant and equipment - Income before use (Amendments to IAS 16)	May 2020	1 January 2022	28 June 2021	(EU) 2021/1080 02 July 2021
Onerous contracts - Costs necessary to fulfill a contract (Amendments to IAS 37)	May 2020	1 January 2022	28 June 2021	(EU) 2021/1080 02 July 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	28 June 2021	(EU) 2021/1080 02 July 2021
IFRS 17 - Insurance contracts (including amendments published in June 2020)	May 2017 June 2020	1 January 2023	19 November 2021	(EU) 2021/2036 23 November 2021

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

SECTION 2: GENERAL POLICIES

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

The consolidated 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 Covid-19 pandemic is continuing to generate a significant negative impact on the socio-economic status at the global level and, of course, at the level of the country system, despite signs of improvement in all economic sectors already in 2021 following the reopening of a bit of all the production and services, thanks to corrective and support maneuvers implemented by the government and the massive vaccine plan. The beginning of 2022 was also marked by the conflict between Russia and Ukraine, which is having significant effects above all on the energy, food and raw materials sectors. The impact of the conflict on the European economy will be quantifiable at the earliest in the first half of 2022. At corporate level, however, there is a good capital holding, generated with constantly positive results over the years, and with a level of loans that does not saturate the absorption capacity of capital, and allows, on the basis of the information currently available at macro-economic level, to cope with any negative impacts (credit to customers and financial portfolio) without prejudice to the Company's continuity.

On 1 March, Decree Law no. 17/2022 was issued, containing "Urgent measures for the containment of electricity and natural gas costs, for the development of renewable energies and for the relaunch of industrial policies" (so-called "Energy Decree"); the Decree, published in the Official Journal (OJ General Series no. 50 of 01-03-2022), has been in force since 2 March 2022 and must be converted by Parliament within 60 days (otherwise it loses effectiveness from the outset).

Article 42 - Financial Provisions, paragraph 1, states "The deduction of the 12% portion of the amount of negative components provided for the purposes of corporate income tax and regional tax on production activities, respectively, by paragraphs 4 and 9 of article 16 of Decree-Law no. 83 of 27 June 2015, converted, with amendments, by Law no. 132 of 06 August 2015, for the tax period in progress at 31 December 2021, is deferred, on a straight-line basis, to the tax period in progress at 31 December 2022 and to the three subsequent".

In brief, the provision affects the mechanism of fractional deductibility for IRES and IRAP purposes of deferred tax assets (DTA) recorded against write-downs and value adjustments on loans to customers, provided for by paragraphs 4 and 9 of Decree Law no. 83 of 2015. Specifically, the portion of deductibility established for 2021, equal to 12% of the initial DTA stock, is deferred on a straight-line basis to the tax period ending 31 December 2022, and the following three years.

Subsequently, following the conversion into law of the Energy Decree, the Company will (within the regulatory terms provided for) submit its income tax return and fulfil its tax payment obligations in accordance with the provisions contained in the aforementioned decree. The effects, which from estimates are positive and of an insignificant amount, will then be reflected in the 2022 budget.

At the beginning of January, the Parent Company signed the new Framework Agreement 2022-2024 with the Lombardy Region, which reaffirms the Company's leading role in regional territorial development programmes; the Framework Agreement defines a new remuneration mechanism for in-house activities that recognises and safeguards the Company's identity with respect to its status as a financial intermediary.

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.

During 2021, in continuity with 2020, in line with the evolution of the health and economic framework, there was a series of regulatory interventions, mainly of an interpretative nature and to support the application of the accounting standards in relation to the impacts of COVID-19.

It should be noted that, since the first days of the health and social emergency that hit Italy, the Parent Company has been fully committed to dealing effectively with the difficult context, in line with the measures implemented by the Lombardy Region, constantly ensuring the operational continuity of its processes and services, despite the considerable difficulties. Successfully adopting solutions to cope with emergency, mitigate risk and ensure service continuity through smart working, process digitalisation and systemic process interventions. The Parent Company has also assured support for Lombardy businesses, in partnership with the Lombardy Region.

The estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. The main areas of estimation uncertainty include those related to credit losses, fair value of financial instruments, employee benefits and impairment of financial assets. During the year, also given the situation of the financial markets, in accordance with the company's mission, the volume of loans increased, also in the form of minibonds, significantly replacing the investments in corporate/banking bonds.

The impact of the pandemic did not in any way affect the company's ability to continue as a going concern, given the company's solid capitalisation and the timely organisational and strategic actions taken by management to contain and mitigate both the operational and credit risks associated with the global crisis.

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 explanatory 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 entities;
- 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 2021, the Parent Company holds 100% in Finlombarda Gestioni SGR S.p.A.

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 2021, 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. Tax 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.

The Parent Company 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, Finlombarda 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 31/12/2021 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	31/12/2021			31/12/2020		
	L1	L 2	L 3	L1	L 2	L 3
1. Financial assets measured at fair value through profit or loss	**16.524.562**		**3.076.141**	**35.123.704**		**415.254**
a) financial assets held for trading						
b) financial assets designated at fair value						
c) other financial assets mandatorily measured at fair value	16.524.562		3.076.141	35.123.704		415.254
2. Financial assets measured at fair value through other comprehensive income	46.604.685	28.508.457	896.216	66.016.347	18.313.667	896.216
3. Hedging derivatives						
4. Property, plant and equipment						
5. Intangible assets						
Total	**63.129.247**	**28.508.457**	**3.972.357**	**101.140.051**	**18.313.667**	**1.311.470**
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 (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	**1.311.470**			**415.254**	**896.216**			
2. Increases	**2.747.290**			**2.747.290**				
2.1 Purchases	2.736.249			2.736.249				
2.2 Profits allocated to:								
2.2.1 Income statement								
of which: capital gains	11.040			11.040				
2.2.2 Equity								
2.3 Transfers from other levels								
2.4 Other increases								
3. Decreases	**-86.402**			**-86.402**				
3.1 Sales								
3.2 Reimbursements								
3.3 Losses allocated to:	-86.402			-86.402				
3.3.1 Income statement								
of which: capital losses	-86.402			-86.402				
3.3.2 Equity								
3.4 Transfers to other levels								
3.5 Other decreases								
4. Closing inventories	**3.972.357**			**3.076.141**	**896.216**			

Changes in the financial instruments classified in Level 3 concern the Next Fund managed by its subsidiary Finlombarda Gestioni SGR, as well as the October SME IV fund.

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	31/12/2021				31/12/2020			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	423.080.443	16.193.852		429.889.763	280.378.629	36.484.167		258.690.960
2. Investment properties								
3. Non-current assets and groups of assets held for sale								
Total	**423.080.443**	**16.193.852**		**429.889.763**	**280.378.629**	**36.484.167**		**258.690.960**
1. Financial liabilities measured at amortised cost	473.876.006	100.361.500		373.676.428	162.098.639	50.871.500		111.935.402
2. Liabilities associated with assets held for sale								
Total	**473.876.006**	**100.361.500**		**373.676.428**	**162.098.639**	**50.871.500**		**111.935.402**

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

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 31/12/2021, 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

	31/12/2021	31/12/2020
a) Cash	513	2.730
b) Demand deposits at Central Banks		
c) Current accounts and deposits with banks	216.670.156	20.234.011
Total	**216.670.669**	**20.236.741**

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

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	31/12/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equities						
3. Mutual fund units	16.524.562		3.076.141	35.123.704		415.254
4. Financing						
4.1 Repurchase agreeme						
4.2 Other						
Total	**16.524.562**		**3.076.141**	**35.123.704**		**415.254**

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.

Mutual fund units consist of Euro 10,331 thousand of the funds managed by Anima SGR, Euro 3,932 thousand of the funds managed by Azimut Consulenza SIM SPA and Euro 2,262 thousand of the funds managed by J.P. Morgan Asset Management.

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

Items/Amounts	31/12/2021	31/12/2020
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	**19.600.703**	**35.538.957**
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	**19.600.703**	**35.538.957**

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 minibond product 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	31/12/2021			31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**46.604.685**	**28.508.457**		**66.016.347**	**18.313.667**	
1.1 Structured securities						
1.2 Other debt securities	46.604.685	28.508.457		66.016.347	18.313.667	
2. Equities			896.216			896.216
3. Financing						
Total	**46.604.685**	**28.508.457**	**896.216**	**66.016.347**	**18.313.667**	**896.216**

Equities, for a total of Euro 896 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	31/12/2021	31/12/2020
1. Debt securities	**75.113.142**	**84.330.015**
b) Public administrations		
c) Banks	12.336.854	27.716.184
d) Other financial companies	30.726.832	30.933.382
of which: insurance companies		
e) Non-financial companies	32.049.456	25.680.449
2. Equities	**896.216**	**896.216**
a) Public administrations		
b) Banks		
c) Other financial companies		
of which: insurance companies		
d) Non-financial companies	896.216	896.216
3. Financing		
a) Public administrations		
b) Banks		
c) Other financial companies		
of which: insurance companies		
d) Non-financial companies		
e) Households		
Total	**76.009.358**	**85.226.231**

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

	Gross value					Total 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	55.031.635		20.005.907	75.600		56.489	672.904	680.400,00		
Financing										
Total 31/12/2021	**55.031.635**		**20.005.907**	**75.600**		**56.489**	**672.904**	**680.400**		
Total 31/12/2020	**80.602.098**		**3.000.923**	**726.994**		**247.534**	**83.569**	**4.000,00**		

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	31/12/2021						31/12/2020					
	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												
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							**3.156.939**			**3.156.939**		
4.1 Structured securities												
4.2 Other debt securities							3.156.939			3.156.939		
5. Other assets												
Total							**3.156.939**			**3.156.939**		

In accordance with IAS 1, amounts for 2020 have been reclassified for better comparison.

No amounts are shown as the company does not have any debt securities issued by banks at 31/12/2021.

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

Type of transactions/Amounts	31/12/2021						31/12/2020					
	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**			**11.837.624**			**11.837.624**		
2.1 Structured securities												
2.2 Other debt securities	3.032.931			3.032.931			11.837.624			11.837.624		
3. Other assets												
Total	**3.032.931**			**3.032.931**			**11.837.624**			**11.837.624**		

The item “Debt securities” is represented, in Level 1 of the fair value hierarchy, by bonds issued by Cassa Depositi e Prestiti.

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

Type of transactions/Amounts	31/12/2021						31/12/2020					
	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	**400.069.244**	**1.108.747**				**424.181.162**	**236.879.903**	**1.500.311**				**253.176.713**
1.1 Finance lease												
of which: without final purchase												
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	400.069.244	1.108.747					236.879.903	1.500.311				253.176.713
of which: from enforcement of guarantees												
2. Debt securities	**13.160.921**			**13.160.921**			**21.489.604**			**21.489.604**		
- Structured securities												
- Other debt securities	13.160.921			13.160.921			21.489.604			21.489.604		
3. Other assets	**5.708.131**	**470**				**5.708.600**	**5.514.248**					**5.514.248**
Total	**418.938.295**	**1.109.216**		**13.160.921**		**429.889.763**	**263.883.754**	**1.500.311**		**21.489.604**		**258.690.961**

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", “Club Deal and Syndacated loan” and “Turnaround”, disbursed to companies in the Lombardy region essentially SMEs and MICAPs and by two loans related to direct or indirect investee companies of the Lombardy Region, namely Milano Serravalle - Milano Tangenziale S.p.A. and Fondazione Minoprio.

The item “Debt securities” is represented, in Level 1 of the Fair Value Hierarchy, by bonds and 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	31/12/2021			31/12/2020		
	First and second stage	Third stage	Impaired acquired or originated	First and second stage	Third stage	Impaired acquired or originated
1. Debt securities	**13.160.921**			**21.489.604**		
a) Public administrations	5.019.527			5.004.907		
b) Non-financial companies	8.141.394			16.484.697		
2. Loans to:	**400.069.244**	**1.108.747**		**236.879.903**	**1.500.311**	
a) Public administrations	1.784.657			**12.894.717**		
b) Non-financial companies	396.100.689	1.071.558		222.277.261	1.448.630	
c) Households	2.183.897	37.189		1.707.925	51.681	
3. Other assets	**5.708.131**	**470**		**5.514.248**		
Total	**418.938.295**	**1.109.216**		**263.883.754**	**1.500.311**	

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

	Gross value					Total adjustments				Total partial write-offs (*)
	First stage		Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
		of which instruments with low credit risk								
Debt securities	11.177.897		5.020.978			3.572	1.451			
Financing	391.833.339		13.151.233	6.519.230		3.989.615	925.713	5.410.484		
Other Assets	5.708.320			470		189				
Total 31/12/2021	**408.719.556**		**18.172.211**	**6.519.700**		**3.993.376**	**927.164**	**5.410.484**		
Total 31/12/2020	**271.254.816**		**11.396.095**	**7.864.240**		**3.572.483**	**200.110**	**6.363.928**		**5.579**

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

	Gross value					Total adjustments				Total partial write-offs (*)
	First stage		Second stage	Third stage	Impaired acquired or originated	First stage	Second stage	Third stage	Impaired acquired or originated	
		of which instruments with low credit risk								
1. Loans granted in accordance with GL	2.432.084		3.752.777			-36.692	-95.399			
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	3.500.256					-170.172				
Total 31/12/2021	**5.932.340**		**3.752.777**			-206.864	-95.399			
Total 31/12/2020	**37.893.206**		**5.196.836**			**-947.641**	**-156.100**			

4.6 Financial assets measured at amortised cost: guaranteed assets

	31/12/2021						31/12/2020					
	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:					**282.609.323**	**258.896.980**					**149.088.240**	**131.033.738**
- Assets under finance lease												
- Receivables for factoring												
- Mortgages												
- Pledges					1.776.932	1.776.932					406.282	406.282
- Unsecured guarantees					280.832.391	257.120.048					148.681.958	130.627.456
- Credit derivatives												
2. Non-performing assets guaranteed by:					**960.217**	**960.217**					**1.470.215**	**1.463.213**
- Assets under finance lease												
- Receivables for factoring												
- Mortgages												
- Pledges												
- Unsecured guarantees					960.217	960.217					1.470.215	1.463.213
- Credit derivatives												
Total					**283.569.540**	**259.857.197**					**150.558.455**	**132.496.951**

VE = Book value exposure
VG = Fair value guarantee

SECTION 7 – EQUITY INVESTMENTS

7.1 Equity investments: information about shareholdings

In 2021 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

Assets/Amounts	31/12/2021	31/12/2020
1 Property assets		**959**
a) land		
b) buildings		
c) furniture		959
d) IT equipment		
e) other		
2 Purchased under finance leases		
a) land		
b) buildings		
c) furniture		
d) IT equipment		
e) other		
Total		**959**
of which: obtained through enforcement of guarantees received		

Property, plant, and equipment were reduced to zero during 2021 following the completion of the depreciation of the historical value of the assets.

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

	Land	Buildings	Furniture	IT equipment	Other	Total
A. Opening gross amount			**959**			**959**
A.1 Total net reductions in value						
A.2 Opening net amount						
B. Increases:						
B.1 Purchases						
B.2 Capitalised improvement expenditures						
B.3 Reversals of impairment						
B.4 Increases in fair value booked to						
a) equity						
b) income statement						
B.5 Positive exchange differences						
B.6 Reclassified from property held for investment						
B.7 Other changes						
C. Decreases:			**-959**			**-959**
C.1 Sales						
C.2 Depreciation			-959			-959
C.3 Impairment adjustments booked to						
a) equity						
b) income statement						
C.4 Negative changes in fair value booked to:						
a) equity						
b) income statement						
C.5 Negative exchange differences						
C.6 Transfers to:						
a) property, plant and equipment held for investment purposes						
b) non-current assets and groups of assets held for sale						
C.7 Other changes						
D. Closing net amount						
D.1 Total net reductions in value						
D.2 Closing gross amount						
E. Valuation at cost						

SECTION 9 – INTANGIBLE ASSETS

This section illustrates item 90.

9.1 Intangible assets: breakdown

Assets/Amounts	31/12/2021		31/12/2020	
	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	**417.670**		**413.284**	
2.1 owned	417.670		413.284	
- generated internally				
- other	**417.670**		**413.284**	
2.2 acquired under financial lease				
Total 2	**417.670**		**413.284**	
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	**417.670**		**413.284**	

9.2 Intangible assets: annual changes

	Total
A. Opening balance	**413.284**
B. Increases	**189.184**
B.1 Purchases	189.184
B.2 Writebacks	
B.3 Increases in fair value:	
- to equity	
- to income statement	
B.4 Other changes	
C. Decreases	**184.797**
C.1 Sales	
C.2 Depreciation	184.797
C.3 Impairment:	
- equity	
- income statement	
C.4 Decreases in fair value:	
- to equity	
- to income statement	
C.5 Other changes	
D. Closing balance	**417.670**

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 2,511 thousand (Euro 2,119 thousand at 31.12.2020) of which Euro 1,305 thousand are current tax assets, as detailed in the following table, while Euro 1,206 thousand are deferred tax assets.

Item description	31/12/2021	31/12/2020
Advance payments of income tax	**0**	**1.032.864**
- IRES	-	733.735
- IRAP	-	299.129
Other tax receivables	**1.304.896**	**1.037**
- IRES	1.062.646	
- IRAP	242.250	1.037
Deferred tax income	**1.206.287**	**1.085.160**
Total current taxes	**2.511.183**	**2.119.061**

10.2 "Tax liabilities: current and deferred": breakdown

Tax liabilities amounted to Euro 234 thousand (Euro 57 thousand at 31.12.2020); they consist entirely of current taxes.

Item description	31/12/2021	31/12/2020
Provisions for income taxes	**234.035**	**57.016**
- IRES		
- IRAP	234.035	57.016
Other tax liabilities		
Deferred tax liabilities		
Total current and deferred taxes	**234.035**	**57.016**

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

Description	31/12/2021	31/12/2020
1. Opening balance	**1.028.772**	**908.377**
2. **Increases**	**61.135**	**317.730**
2.1. Deferred tax assets arising during the year	61.135	158.214
a) relating to prior years	0	112.690
c) reversals of impairment	0	
d) other	61.135	45.524
2.2 New taxes or increases in tax rates	0	
2.3 Other increases	0	159.516
3. Decreases	**-82.312**	**-197.335**
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	-82.312	-197.335
a) transformation into tax credits as per Law 214/2011		
b) other		
4. Closing balance	**1.007.595**	**1.028.772**

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

Description	31/12/2021	31/12/2020
1. Opening balance	**0**	**450.259**
2. Increases		
2.1. Deferred tax liabilities arising during the year		
a) relating to prior years		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**0**	**-450.259**
3.1 Deferred tax liabilities eliminated during the yea	0	-404.735
a) reversals	0	-404.735
b) due to changes in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases	0	-45.524
4. Closing balance	**0**	**0**

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

Description	31/12/2021	31/12/2020
1. **Opening balance**	**56.388**	**944.144**
2. **Increases**	**191.083**	**56.388**
2.1. Deferred tax assets arising during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other	191.083	56.388
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**-48.779**	**-784.628**
3.1 Deferred tax assets eliminated during the year	-48.779	-784.628
a) reversals	-48.779	-784.628
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	-159.516
4. Closing balance	**198.692**	**56.388**

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

Description	31/12/2021	31/12/2020
1. Opening balance	**0**	**817.356**
2. Increases	**0**	**450.259**
2.1. Deferred tax liabilities arising during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or increases in tax rates		
2.3 Other increases	**0**	**450.259**
3. Decreases	**0**	**-1.267.615**
3.1 Deferred tax liabilities eliminated during the year	0	-1.267.615
a) reversals	0	-1.267.615
b) due to changes in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**0**	**0**

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

BALANCE SHEET - ASSETS						
	Asset items	31.12.2021 IAS FL S.p.A.	31.12.2021 IAS Finolombarda SGR	31.12.2020 IAS AGGREGATE	Consolidation entries	31.12.2021 Consolidated IAS
10	Cash and cash equivalents	216.670.669		216.670.669		216.670.669
20	Financial assets measured at fair value through profit or loss	19.600.703		19.600.703		19.600.703
	a) financial assets held for trading	0		0		0
	b) financial assets designated at fair value	0		0		0
	c) other financial assets mandatorily measured at fair value	19.600.703		19.600.703		19.600.703
30	Financial assets measured at fair value through other comprehensive income	76.009.358		76.009.358		76.009.358
40	Financial assets measured at amortised cost	423.089.601		423.089.601	-9.159	423.080.442
	a) due from banks	0		0		0
	b) due from financial entities	3.042.090		3.042.090	-9.159	3.032.931
	c) due from customers	420.047.512		420.047.512		420.047.512
50	Hedging derivatives	0		0		0
60	Value adjustment of financial assets with generic hedges (+/-)	0		0		0
70	Equity investments	0		0		0
80	Property, plant and equipment	0		0		0
90	Intangible assets	417.670		417.670		417.670
	of which:	0		0		0
	- goodwill	0		0		0
100	Tax assets	2.511.183		2.511.183		2.511.183
	a) current	1.304.896		1.304.896		1.304.896
	b) deferred	1.206.287		1.206.287		1.206.287
110	Non-current assets and groups of assets held for sale	514.000	831.820	1.345.820	-514.000	831.820
120	Other assets	808.592		808.592		808.592
	TOTAL ASSETS	**739.621.777**	**831.820**	**740.453.597**	**- 523.159**	**739.930.438**

11.2 Liabilities associated with assets held for sale: breakdown

BALANCE SHEET - LIABILITIES AND EQUITY						
	Liabilities and equity items	31.12.2021 IAS FL S.p.A.	31.12.2021 IAS Finolombarda SGR	31.12.2020 IAS AGGREGATE	Consolidation entries	31.12.2021 Consolidated IAS
10	Financial liabilities measured at amortised cost	473.876.006		473.876.006		473.876.006
	a) payables	373.676.428		373.676.428		373.676.428
	b) securities issued	100.199.578		100.199.578		100.199.578
20	Financial liabilities held for trading	0		0		-
30	Financial liabilities designated at fair value	0		0		-
40	Hedging derivatives	0		0		-
50	Value adjustment to financial liabilities with generic hedges (+/-)	0		0		-
60	Tax liabilities	234.035		234.035		234.035
	a) current	234.035		234.035		234.035
	b) deferred	0		0		-
70	Liabilities associated with assets held for sale	0	135.442	135.442	-9.159	126.283
80	Other liabilities	6.357.560		6.357.560		6.357.560
90	Employee severance indemnities	1.787.058		1.787.058		1.787.058
100	Provisions for risks and charges	161.230		161.230		161.230
	a) commitments and guarantees given	30.051		30.051		30.051
	b) pension and similar commitments	0		0		-
	c) other provisions for risks and charges	131.180		131.180		131.180
110	Share capital	211.000.000	773.820	211.773.820	-773.820	211.000.000
120	Treasury shares (-)	0		0		-
130	Equity instruments	0		0		-
140	Share premium reserve	127.823		127.823		127.823
150	Reserves	45.065.099	219.764	45.284.863	259.820	45.544.683
160	Valuation reserves	715.759		715.759		715.759
170	Net profit (loss) for the year	297.206	-297.206	(0)		- 0
180	Minority interests	0		0		-
	TOTAL LIABILITIES AND EQUITY	**739.621.777**	**831.820**	**740.453.597**	**- 523.159**	**739.930.438**

SECTION 12 – OTHER ASSETS

This section illustrates item 120.

This item amounts to Euro 809 thousand (Euro 1,295 thousand in the previous year) and is made up of:

Description	31/12/2021	31/12/2020
Fees for services Other assets	808.592	1.295.026
Total	**808.592**	**1.295.026**

Receivables for other assets mainly refer to receivables from personnel, social security institutions, withholding taxes on interest income accrued during the year on current accounts and securities, and VAT receivable for the period.

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	31/12/2021			31/12/2020		
	Banks	Financial companies	Customers	Banks	Financial companies	Customers
1. Financing	373.676.428			111.935.402		
1.1 Repurchase agreements						
1.2 Other loans	373.676.428			111.935.402		
2. Lease payables						
3. Other payables						
Total	**373.676.428**			**111.935.402**		
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	373.676.428			111.935.402		
Total Fair value	**373.676.428**			**111.935.402**		

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. The ceiling was fully utilised during 2021.

The book value of amounts due to the EIB is Euro 225,257 thousand.

In 2021, a new loan was signed with Banca Popolare di Sondrio, with a 5-year term for a total of Euro 150 million, fully used, with a book value of Euro 148,418 thousand.

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

Type of transactions/Amounts	31/12/2021				31/12/2020			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	**100.199.578**	**100.361.500**			**50.163.237**	**50.871.500**		
1.1 structured								
1.2 others	100.199.578	100.361.500			50.163.237	50.871.500		
2. other securities								
2.1 structured								
2.2 other								
Total	**100.199.578**	**100.361.500**			**50.163.237**	**50.871.500**		

The balance is made up of the 2 bond issues, both with a nominal value of Euro 50 million, carried out by the Company. The first issue is dated 22 September 2017 at a rate of 1.53% for a term of five years, with repayment in a lump sum at maturity. The second issue is dated 22 December 2021 at a fixed rate of 0.967% for a duration of 4 years in a single payment at maturity. Both bonds are 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 6,358 thousand (Euro 5,149 thousand in the previous year) and is made up of:

Component	31/12/2021	31/12/2020
Due to suppliers	1.905.519	1.743.318
Other payables	4.452.041	3.405.287
Total	**6.357.560**	**5.148.605**

The item "due to suppliers" includes payables to suppliers for invoices to be received amounting to Euro 1,280 thousand, payables to Financial Entities of Euro 625 thousand relating to fee and commission expenses.
"Other payables" include "Accruals and deferred income" for Euro 317 thousand, "due to partners" of Euro 1,075 thousand, "due to social security agencies and withholdings" of Euro 1,224, amounts due to personnel and contractors of Euro 1,826 thousand, mainly for untaken holidays, bonuses and incentives.

SECTION 9 – EMPLOYEE SEVERANCE INDEMNITIES

This section illustrates item 90.

9.1 Employee severance indemnities

	31/12/2021	31/12/2020
A. Opening balance	**1.882.368**	**1.689.721**
B. Increases	**92.860**	**233.625**
B.1 Provision for the year	92.860	83.122
B.2 Other increases	0	150.503
C. Decreases	**-188.170**	**-40.977**
C.1 Payments made	-130.537	-39.433
C.2 Other decreases	-57.633	-1.544
D. Closing balance	**1.787.058**	**1.882.368**

Periodic cost	31/12/2021	31/12/2020
Total service cost	92.860	71.630
Interest cost	- 1.817	12.519
Actuarial gains(losses)	- 55.816	149.475
Total periodic cost	**35.227**	**233.624**

9.2 Other information

As regards the actuarial valuations for the purposes of determining the severance indemnities at 31.12.2021 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	2,81%
Inflation rate	1,75%
Discount rate	0,99%

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	31/12/2021	31/12/2020
1. Provisions for credit risk relating to commitments and financial guarantees given	30.051	153.647
2. Provisions on other commitments and other guarantees given		
3. Company severance entitlements		
4. Other provisions for risks and charges	131.180	389.274
4.1 legal and tax disputes		225.000
4.2 personnel costs	20.000	53.094
4.3 other	111.180	111.180
Total	**161.230**	**542.921**

Provisions for risks and charges decreased by a total of Euro 382 thousand compared to the previous year, due to lower allocations for write-downs on commitments and guarantees in application of IFRS 9, amounting to Euro 123 thousand. With regard to commercial and labour disputes, the Fund was utilised for Euro 33 thousand due to the conclusion of a lawsuit with former employees and released for Euro 225 thousand deriving from a lawsuit brought by a customer, which was ruled in favour of the Company and which invalidated the risk set aside in previous years. The provision for risks is recorded on the basis of risks considered certain or probable.

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			**389.274**	**389.274**
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			**-258.094**	**-258.094**
C.1 Used in the year			-33.094	-33.094
C.2 Changes due to changes to the discount rate				
C.3 Other changes			-225.000	-225.000
D. Closing balance			**131.180**	**131.180**

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

	Provisions for credit risk relating to commitments and financial guarantees given				
	First stage	Second stage	Third stage	Impaired acquired or originated	
Commitments to disburse	29.895	155			**30.051**
Financial guarantees provided					
Total	**29.895**	**155**			**30.051**

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	31/12/2021	31/12/2020
1. Share capital	211.000.000	211.000.000
2. Share premium reserve	127.823	127.823
3. Reserves	45.544.683	45.544.683
4. (Treasury shares)		
5. Valuation reserves	715.759	-149.581
6. Equity instruments		
7. Net profit (loss) for the year	0	0
Total	**257.388.265**	**256.522.925**

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	31/12/2021	31/12/2020
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	**33.568**		**302.111**	**335.679**
B.1 Allocation of profits	33.568		302.111	335.679
B.2 Other changes				-
C. Decreases			**-335.679**	**-335.679**
C.1 Uses				
- coverage of losses				
- distribution				
- transfer to capital				
C.2 Other changes			-335.679	-335.679
D. Closing balance	**7.107.400**		**38.437.283**	**45.544.683**

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 7,107,400;

- the reserve “ex art. 14 R.L. no. 33/2008” amounts to Euro 15,843,393;
- The statutory reserve of Euro 4,977,356;
- The statutory risk reserve of Euro 7,101,652;
- 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 consolidation reserve amounts to Euro 479,584.

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	31/12/2021	31/12/2020
1. Financial assets measured at fair value through profit or loss:					127.776
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value					127.776
1.3 Other financial assets mandatorily measured at fair value					
2. Financial assets measured at fair value through other comprehensive income	1.544.643			1.544.643	2.108.220
3. Financial assets measured at amortised cost:	573.094	5.854.307	11.793	6.439.195	4.367.853
3.1 Due from banks	11.647		11.793	23.440	244.970
3.2 Receivables from financial companies	99.642			99.642	293.740
3.3 Due from customers	461.805	5.854.307		6.316.112	3.829.143
4. Hedging derivatives					
5. Other assets					
6. Financial liabilities					
Total	**2.117.737**	**5.854.307**	**11.793**	**7.983.837**	**6.603.849**

Interest and similar income totalled Euro 7,984 thousand; there was an increase in interest amounting to Euro 1,380 thousand (Euro 6,604 thousand at 31 December 2020).

From the numbers reported, the composition of the financial investment portfolio experienced a decrease in investments in 2021 in favour of an increase in the use of loans receivable (+68% compared to 2020).

1.3 Interest and similar expenses: breakdown

Items/Technical forms	Payables	Securities	Other	31/12/2021	31/12/2020
1. Financial liabilities measured at amortised cost	-551.250	-801.342		-1.352.591	-999.910
1.1 Payables to central banks					
1.2 Payables to banks	-551.250			-551.250	-208.820
1.3 Payables to financial companies					
1.4 Payables to customers					
1.5 Securities issued		-801.342		-801.342	-791.090
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value					
4. Other liabilities and provisions					-3.468
5. Hedging derivatives					
6. Financial assets					
Total	**-551.250**	**-801.342**		**-1.352.591**	**-1.003.378**
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 2021.

SECTION 2 – COMMISSIONS

This section illustrates items 40 and 50.

2.1 Fee and commission income: breakdown

Detail	31/12/2021	31/12/2020
1. financial lease transactions		
2. factoring transactions		
3. consumer credit		
4. guarantees issued		
5. services of:	12.296.620	11.686.090
- management of funds on behalf of third parties	12.296.620	11.686.090
- exchange rate intermediation		
- product distribution		
- other		
6. collection and payment services		
7. servicing for securitisations		
8. other commissions (to be specified)	996.023	1.256.221
Total	**13.292.643**	**12.942.311**

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 2021, the Parent Company collected Euro 12,848,633 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)[5].

2.2 Fee and commission expenses: breakdown

Detail/Sectors	31/12/2021	31/12/2020
1. guarantees received		
2. distribution of services from third parties		
3. collection and payment services		
4. other commissions (to be specified)	-123.449	-315.272
Total	**-123.449**	**-315.272**

Item d "other fees and commissions", amounting to Euro 123 thousand (Euro 315 thousand at 31.12.2020), consists mainly of Euro 10 thousand relating to fee and commission expenses recognised to credit Institutions to be paid to the affiliated banks for placement of "Credito Adesso" loans, Euro 58 thousand for fees for the use of the EIB funding, COSME commission expense for

[5] This amount is in addition to Euro 273,187 for grants (Finlombarda share) received from the European Commission for specific projects.

Euro 20 thousand, commission on the placement of the new bond issue Euro 20 thousand and bank commissions for Euro 15 thousand.

SECTION 3 – DIVIDEND AND SIMILAR INCOME

This section illustrates item 70.

3.1 Dividends and similar income: breakdown

Items/Income	31/12/2021		31/12/2020	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading				
B. Other financial assets mandatorily measured at fair value		110.570		263.123
C. Financial assets measured at fair value through other comprehensive income				
D. Equity investments				
Total		**110.570**		**263.123**

The above table shows income (Euro 111 thousand) from coupons accrued on ANIMA UCITS funds present in the Balance Sheet assets.

SECTION 6 – GAINS (LOSSES) FROM SALE OR REPURCHASE

This section illustrates item 100.

6.1 Gains (Losses) from sale/repurchase: breakdown

Items/Income items	31/12/2021			31/12/2020		
	Gains	Losses	Net profit for the year	Gains	Losses	Net profit for the year
A. Financial assets						
1. Financial assets measured at amortised cost:	4.027	-19.528	-15.106	8.784	-37.796	-29.013
1.1 Due from banks	634		634	5.687		5.687
1.2 Due from financial entities	3.393		3.393			
1.3 Due from customers	395	-19.528	-19.133	3.096	-37.796	-34.700
2. Financial assets measured at fair value through other comprehensive income	185.658	-143.419	42.239	790.748	-917.356	-126.608
2.1 Debt securities	185.658	-143.419	42.239	790.748	-917.356	-126.608
2.4 Loans						
Total assets	**189.686**	**-162.948**	**27.133**	**799.532**	**-955.152**	**-155.621**
B. Financial liabilities measured at amortised cost						
1. Due to banks						
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	**16.628**	**250.684**	**-285.342**	**-287**	**-18.317**
1.1 Debt securities					
1.2 Equities					
1.3 Mutual fund units	16.628	250.684	-285.342	-287	-18.317
1.4 Financing					
2. Financial assets in currency: exchange differences					
Total	**16.628**	**250.684**	**-285.342**	**-287**	**-18.317**

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				31/12/2021	31/12/2020
	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	**-488.343**										**-488.343**	**15.253**
- for leases												
- for factoring												
- other receivables	-488.343										**-488.343**	**15.253**
B. Receivables from financial companies							**539**				**539**	**20.137**
- for leases												
- for factoring												
- other receivables							539				539	20.137
C. Receivables from customers	**-2.197.897**	**-754.079**		**-142.227**			**1.772.042**	**27.025**	**168.110**		**-1.127.026**	**-3.152.447**
- for leases												
- for factoring												
- for consumer credit												
- loans on pledge												
- other receivables	-2.197.897	-754.079		-142.227			1.772.042	27.025	168.110		-1.127.026	-3.152.447
Total	**-2.686.240**	**-754.079**		**-142.227**			**1.772.581**	**27.025**	**168.110**		**-1.614.830**	**-3.117.057**

* The adjustments included in the item "Due from banks - other receivables" refer to the balance sheet item "Cash and cash equivalents"

Impairment/reversals of impairment of financial assets measured at amortised cost amounted to Euro -1,615 thousand, of which Euro -488 thousand of 'lump sum' adjustments on current accounts and Euro -1,152 thousand of stage 1 and Stage 2 'lump-sum' adjustments (Performing) and analytical reversals of impairment for Euro 26 thousand. Against stage 1 and stage 2 adjustments of Euro -2,952 thousand, reversals of impairment of Euro 1,800 thousand were recorded, while for analytical adjustments (stage 3) reversals of impairment of Euro -142 thousand were recorded against reversals of impairment of Euro 168 thousand. The effect is mainly due to the considerable increase in outstanding (+68% compared to 2020) and the increase in the current account balance, which increased tenfold compared to last year.

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						31/12/2021	31/12/2020
	First stage	Second stage	Third stage		Impaired acquired or originated			
			Write-offs	Other	Write-offs	Other		
1. Loans granted in accordance with GL	- 36.692	- 95.399					- 132.091	- 644.740
2. Loans subject to outstanding moratorium measures no longer in compliance with GL and not evaluated as granted								- 99.310
3. Loans granted in accordance with other measures								
4. New loans	- 170.172						- 170.172	
Total	**- 206.863**	**- 95.399**					**- 302.262**	**- 744.050**

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				31/12/2021	31/12/2020
	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	-8.618	-426.789		-676.400							-1.111.807	463.324
B. Loans												
- Due to customers												
- Due to financial companies												
- Due to banks												
Total	-8.618	-426.789		-676.400							-1.111.807	463.324

SECTION 10 – ADMINISTRATIVE EXPENSES

This section illustrates item 160.

10.1 Personnel costs: breakdown

Type of expense/Values	31/12/2021	31/12/2020
1) Employees	-12.979.315	-12.099.550
a) wages and salaries	-9.234.833	-8.606.100
b) social contributions	-2.588.057	-2.434.774
c) termination indemnities		
d) pension expenses		
e) provision for employee severance indemnity	-124.214	-83.122
f) provision for pension and similar commitments:		
- defined contribution		
- defined benefits		
g) payments to external supplementary pension funds:	-592.909	-567.852
- defined contribution	-592.909	-567.852
- defined benefits		
h) expenses in connection with equity-settled share-based payment agreements		
i) other employee benefits	-439.302	-407.702
2) Other serving personnel	-476.944	-427.900
3) Directors and Statutory Auditors	-196.045	-209.922
4) Retired personnel		
5) Recovery of expenses for employees seconded to other companies		
6) Reimbursement of expenses for seconded third-party employees at the company	-2.778	-7.197
Total	**-13.655.082,49**	**-12.744.568,49**

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	31/12/2021	31/12/2020	Average number
Managers	10	12	11
Middle managers	58	57	57,5
Employees	86	88	87
Total	**154**	**157**	**155,5**

10.3 Other administrative expenses: breakdown

Description	31/12/2021	31/12/2020
General services	-226.826	-151.888
Development services	-163.924	-137.636
Consultancy	-723.856	-269.112
Supervisory Authorities	-19.500	-31.200
Leases and rentals	-762.522	-389.430
Indirect taxes	-171.036	-141.973
Other services	-790.419	-692.068
Total	**-2.858.083**	**-1.813.307**

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 2021, while tax advisory costs amounted to Euro 24,452.

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	31/12/2021	31/12/2020
Commitments and guarantees given		
Other net allocations		-19.094
Total		**-19.094**

There were no allocations in 2021.

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

Assets/income items	Amortisation and Depreciation (a)	Impairment adjustments (b)	Reversal of impairment (c)	Net result (a + b - c)
A. **Property, plant and equipment**				
1. Held for use	**-959**			**-959**
- owned	-959			-959
- rights of use acquired through leas				
2. Held for investment purposes				
- owned				
- rights of use acquired through leas				
3. Inventories				
Total	**-959**			**-959**

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	**-184.797**			**-184.797**
1.1 Owned	-184.797			-184.797
1.2 Acquired under finance lease				
2. Assets relating to finance lease				
3. Assets granted under operating leases				
Total	**-184.797**			**-184.797**

SECTION 14 – OTHER OPERATING INCOME AND EXPENSES

This section illustrates item 200.

14.1 Other operating expenses: breakdown

Items/Amounts	31/12/2021	31/12/2020
Other operating expenses	- 406.238	- 160.319

The item mainly consists of the reversal of the tax credit related to the "IRES refund for lack of IRAP deduction" for a total of Euro 390 thousand.

14.2 Other operating income: breakdown

Items/Amounts	31/12/2021	31/12/2020
Other income	455.230	241.850

The amount is mainly attributable to: the recovery of previous provisions for risks on irrevocable commitments in application of the IFRS9 standard for Euro 124 thousand, settlement deeds equal to Euro 50 thousand, compensation for Euro 22 thousand, release of the provision for risks for legal disputes equal to Euro 225 thousand, penalties applied to suppliers for Euro 17 thousand.

SECTION 19 – TAXES ON INCOME FROM ORDINARY OPERATIONS

19.1 Income taxes on ordinary operations: breakdown

	Income components/Values	31/12/2021	31/12/2020
1.	Current taxes (-)	-234.035	-57.916
2.	Changes in current taxes of previous years (+/-)		-2
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 (+/-)	-21.177	-151.811
5.	Change in deferred tax liabilities (+/-)		
6.	Income tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	-255.212	-209.720

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	552.418	27,50%	151.915	15.993.573	5,57%	890.842	16.545.991	1.042.757
Theoretical tax burden	0			5,57%				
Decrease in taxable amount	-1.751.429	27,50%	-481.643	-11.493.418	5,57%	-640.183	-13.244.847	-1.121.826
Increase in taxable amount	951.329	27,50%	261.616	-298.458	5,57%	-16.624	652.872	244.992
Taxable amount	0	27,50%		4.201.697	5,57%	234.035	4.201.697	234.035
Total actual current taxes in the financial statements	0	27,50%		234.035,00	5,57%		234.035,00	

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

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

This item includes the loss for the year of Finlombarda SGR of Euro 297,206.

INCOME STATEMENT						
	Income Statement items	**31.12.2021 IAS FL S.p.A.**	**31.12.2021 IAS Finolombarda SGR**	**31.12.2021 IAS AGGREGATE**	**Consolidation entries**	**31.12.2021 Consolidated IAS**
10	Interest and similar income	7.983.837		7.983.837		7.983.837
	of which: interest income with the effective interest method	7983837,18				
20	Interest and similar expenses	(1.352.591)		(1.352.591)		(1.352.591)
30	**Net interest income**	**6.631.246**	**0**	**6.631.246**	**0**	**6.631.246**
40	Fee and commission income	13.292.643		13.292.643		13.292.643
50	Fee and commission expenses	(123.449)	0	(123.449)		(123.449)
60	**Net commission income**	**13.169.194**	**0**	**13.169.194**	**0**	**13.169.194**
70	Dividends and similar income	110.570		110.570		110.570
80	Net trading income	0		0		0
90	Net hedging gains (losses)	0				
100	Gains/losses on disposal or repurchase of:	27.133		27.133		27.133
	a) financial assets measured at amortised cost	(15.106)		(15.106)		(15.106)
	b) financial assets measured at fair value through other comprehensive income	42.239		42.239		42.239
	c) financial liabilities	0		0		0
110	Net income from other assets and financial liabilities measured at fair value through pr	(18.317)		(18.317)		(18.317)
	a) financial assets and liabilities designated at fair value	0		0		0
	b) other financial assets mandatorily measured at fair value	(18.317)		(18.317)		(18.317)
120	**Operating income**	**19.919.826**	**0**	**19.919.826**	**0**	**19.919.826**
130	Net adjustments/writebacks for credit risk of:	(2.726.637)		(2.726.637)	0	(2.726.637)
	a) financial assets measured at amortised cost	*(1.614.830)*		(1.614.830)		(1.614.830)
	b) financial assets measured at fair value through other comprehensive income	*(1.111.807)*		(1.111.807)		(1.111.807)
140	gains/losses from contractual amendments without cancellations	0	0	0	0	0
150	**PROFIT FROM FINANCIAL MANAGEMENT**	***17.193.189***		***17.193.189***		***17.193.189***
160	Administrative expenses:	(16.513.166)		(16.513.166)		(16.513.166)
	a) personnel costs	(13.655.082)		(13.655.082)		(13.655.082)
	b) other administrative expenses	(2.858.083)		(2.858.083)		(2.858.083)
170	Net provisions for risks and charges	0		0		0
	a) commitments and guarantees given	0		0		0
	b) other net allocations	0		0		0
180	Impairment/reversal of impairment of property, plant and equipment	*(959)*	0	(959)		(959)
190	Impairment/reversal of impairment of intangible assets	*(184.797)*		(184.797)		(184.797)
200	Other operating income and expenses	*58.151*		58.151	(9.159)	48.992
210	**OPERATING COSTS**	**(16.640.771)**		**(16.640.771)**	**(9.159)**	**(16.649.930)**
220	Gains (losses) on equity investments	0		0		0
230	Net result of fair value measurement of property, plant and equipment and intangible a	0		0		0
240	Goodwill impairments	0		0	0	0
250	Gains (losses) on disposal of investments	0		0	0	0
260	**PROFIT (LOSS) FROM ORDINARY OPERATIONS BEFORE TAXES**	**552.418**		**552.418**	**(9.159)**	**543.259**
270	Income taxes on ordinary operations	(255.212)		**(255.212)**		**(255.212)**
280	**PROFIT (LOSS) FROM ORDINARY OPERATIONS AFTER TAXES**	**297.206**		**297.206**		**288.047**
290	Profit (loss) from discontinued operations after taxes	0	**(297.206)**	**(297.206)**	**9.159**	**(288.047)**
300	**NET PROFIT (LOSS) FOR THE YEAR**	**297.206**	**(297.206)**	**(0)**		**(0)**
310	Net profit (loss) pertaining to minority interests	0		**0**		**0**
320	Net profit (loss) pertaining to the Parent Company	**297.206**	**(297.206)**	**(0)**		**(0)**

In accordance with IAS 1, amounts for 2019 have been reclassified for ease of understanding

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	31/12/2021	31/12/2020
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	12.906.632	196.145.601
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	12.906.632	196.145.601
i) certain to be used		
ii) uncertain to be used	*12.906.632*	*196.145.601*
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	**12.906.632**	**196.145.601**

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	31/12/2021 Public funds	31/12/2021 Public funds – of which at own risk	31/12/2020 Public funds	31/12/2020 Public funds – of which at own risk
1. Performing assets				
- finance lease				
- factoring				
- other loans	179.726.005		205.270.260	
of which: for enforcement of guarantees and commitments				
- equity investments				
- guarantees and commitments	154.307.166		148.921.330	
2. Non-performing assets				
2.1 Non-performing				
- finance lease				
- factoring				
- other loans	41.380.056		43.498.491	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
2.2 Unlikely-to-pay				
- finance lease				
- factoring				
- other loans	1.674.264		7.724.120	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
2.3 Past due non-performing exposures				
- finance lease				
- factoring				
- other loans	2.461.822		5.687.900	
of which: for enforcement of guarantees and commitments				
- guarantees and commitments				
Total	**379.549.314**		**411.102.100**	

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	31/12/2021	31/12/2020
Total under management	**727.642.946**	**767.841.718**

Details are shown below:

Funds on behalf of Lombardy Region	31/12/2021	31/12/2020
- Deposits in c/a and securities under Regional Laws	488.052.512	492.591.363
- Loans, finance lease transactions		
outstanding under Regional Laws	224.745.914	261.664.165
- Due from customers on accrued instalments	496.234	516.605
- Sundry receivables	2.225.115	2.124.537
- Payments on warranty account	1.469.373	1.469.373
Total Lombardy Region	**716.989.147**	**758.366.043**

Simpler Management	31/12/2021	31/12/2020
- Deposits in c/a and securities	295.968	296.261
Total Simpler Management	**295.968**	**296.261**

FLA Management	31/12/2021	31/12/2020
- Deposits in c/a and securities	10.354.162	9.179.414
Total FLA Management	**10.354.162**	**9.179.414**

JOP Management	31/12/2021	31/12/2020
- Deposits in c/a and securities	3.669	3.736
Total Simpler Management	**3.669**	**3.736**

Table 1/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
SINGLE FUND 598/94 LAW 1329/65	113.746	0	0	13.451	(8.724)	(349)	896	0	119.019	0	119.019
Mis. 1.1. F	0										133.309
FUND LAW 1329/65	(160)	0	0	0	0	(104)	0	0	(264)	0	(264)
Pia (Law 1329/65-Law 36/88)	0										0
Development Fund	100.228	0	0	0	0	(67)	0	0	100.161	0	100.161
Industrial districts	0										0
R.L. 22/2006 former 1/99 and 1/99 PIA	3.418.230	0	(57.252)	416.685	(54.214)	(784)	10.434	0	3.733.097	9.175.876	12.908.974
	9.534.496										27.573
R.L. 68/86	25.271	0	0	4.436	(290)	(249)	415	0	29.584	625.384	654.967
	629.879										20.308
FRIM BUSINESS START-UP LINE 8	2.448.427	0	0	159.750	(22.669)	(332)	882	0	2.586.058	1.397.069	3.983.127
	1.555.952										15.564
FRIM COOPERATION	4.181.418	427.838	0	2.414.835	262.348	641	21.678	0	7.308.758	21.382.892	28.691.650
	23.803.456										19.152
R.L. 16/93	80.596	0	0	3.272	0	(89)	7	0	83.786	515.557	599.343
	518.828										50.082
Guarantee Fund - R.L. 16/93	1.423.210	0	0	0	0	(112)	0	0	1.423.098	0	1.423.098
	0										0
FONCOOPER	1.057.365	0	0	263.791	(100.204)	(82)	3.654	0	1.224.524	311.170	1.535.694
	568.223										5.455
R.L. 21/2003	6.188.970	0	0	363.241	(16.105)	(160)	4.197	0	6.540.143	1.895.966	8.436.108
Revolving fund	2.258.318										6.238
R.L. 21/2003	494.982	0	0	0	0	(104)	0	0	494.878	0	494.878
Abb. Fund Rates	0										0
R.L. 21/2003	1.397.749	0	0	0	0	(170)	0	0	1.397.579	0	1.397.579
Guarantee fund	0										0
R.L. 34/96	753.894	0	0	2.873.045	(2.775.377)	(118)	(2.422)	0	849.022	1.501.628	2.350.650
	4.350.344										12.202
R.L. 34/96 red. Rates	1.171.891	0	0	0	0	(189)	0	0	1.171.701	0	1.171.701
	0										0
Guarantee	7.247.875	0	(63.203)	0	0	(190)	0	0	7.184.482	0	7.184.482
Fund 34/96	0										
	1.428.816										1.428.816
Guar. Fund Institutes	3.084.016	0	0	0	0	0	0	0	3.084.016	0	3.084.016
	0										

Table 2/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
OB2 Craftsmen	286.929	0	0	0	0	(66)	0	(9.960)	276.903	73.580	350.483
enterprises	73.580										0
OB2 Imp.art.	206.917	0	0	0	0	77	0	0	206.994	0	206.994
Guarantee fund	0										0
R.L. 1/2007	87.542	0	0	24.435	0	(242)	5.039	0	116.774	1.378.917	1.495.691
(former R.L. 34/96)	1.403.171										8.610
R.L. 1/2007 MEASURES A) B)-C)	6.446.846	0	0	141.427	(13.741)	(521)	(2.920)	(56.892)	6.514.199	3.965.522	10.479.721
	4.104.467										113.461
FRIM TENDER RGD 1988 OF 2011	10.695.764	(12.168.819)	0	11.268.619	86.785	(777)	71.966	0	9.953.538	12.028.794	21.982.332
	23.291.424										26.645
Revolving Fund and Innovation Guarantee	82.955	0	0	6.709	0	(78)	0	0	89.586	10.476	100.061
Craftsmen	17.069								0		0
	40.557							0		0	40.557
R.L. 1/2007 INDUSTRY	656.926	0	0	0	0	(68)	0	(61.530)	595.329	168.370	763.699
	168.370										564
R.L. 35/96	7.822.250	0	0	87.498	(25.388)	(367)	5.290	0	7.889.284	2.275.923	10.165.207
	2.368.055										77.671
R.L. 35/96 art. 8bis.(NEXT FUND)	13.280.332	0	0	0	0	(112)	0	0	13.280.220	0	13.280.220
	0										0
NEXT II FUND	42.405	0	0	0	0	(104)	0	0	42.301	0	42.301
	0										0
FRIM-FESR	38.729.235	(22.645.068)	0	3.760.179	(1.031.752)	4.157	30.340	0	18.847.091	7.698.792	26.545.883
	11.454.984										87.273
RL 35/96 Meas. D2	152.693	0	0	0	0	(355)	0	0	152.338	184.250	336.588
	184.250										1.423
Rent Support Fund Tender	(312)	0	0	0	0	(104)	0	0	(416)	0	(416)
	0										0
FUND FOR ACCESS TO	3.411.523	(960.398)	0	14.359	0	(108)	0	0	2.465.376	0	2.465.376
FIRST HOME	0										2.373
ALER TENDER	16.473.871	(9.296.985)	0	0	0	(195)	0	0	7.176.690	0	7.176.690
	0										0
CONTRIBUTION ALER HOMES	1.606.570	(64.576)	0	0	0	(107)	0	0	1.541.888	0	1.541.888
	0										0

Table 3/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
R.L. 36/88 - 2001 criteria	12.347	0	0	0	0	(216)	0	0	12.131	0	12.131
and PIA RL 36	0										21.247
R.L. 9/91	36.575	0	0	7.049	(0)	(76)	(165)	0	43.382	22.852	66.235
	29.870										332
R.L. 31/96	(330)	0	0	0	0	(104)	0	0	(434)	0	(434)
	0										0
R.L. 23/1999	612.978	0	0	0	0	(104)	0	0	612.874	0	612.874
	0										0
R.L. 23/1999 Guarantee Fund	438.030	0	0	0	0	(104)	0	0	437.926	0	437.926
	0										0
Infrastructure Fund	(6.963.887)	(5.885.037)	0	6.491.586	331.789	(82)	(2.808)	0	(6.028.440)	40.081.166	34.052.726
Docup Ob. 2	46.569.907										0
Revolving Fund	11.160.714	(4.211.836)	0	1.180.125	(208.025)	(1.266)	0	0	7.919.712	13.982.962	21.902.675
Infrastructure	15.163.087										0
R.L. 26/2002	386.034	0	0	308.627	(112.221)	(794)	4.406	0	586.052	390.515	976.566
	698.537										1.675
R.L. 35/96 art. 6 p. 1	(587)	0	0	0	0	(104)	0	0	(691)	0	(691)
VOUCHER	0										0
MEZZANINE	(523)	0	0	0	0	(104)	0	0	(627)	0	(627)
	0										0
R.L. 35/86 PIA	(247.429)	0	0	0	0	(434)	0	0	(247.863)	0	(247.863)
INTEC 3	0										0
R.L. 35/86 PIA	11.046	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	242.337	0	242.337
INTEC 3	0										0
L. 215 - V Tender	(53)	0	0	55.607	0	(112)	0	0	55.442	0	55.442
Add. Resources	0										262.549
R.L. 13/2000 P.I.C.	96.525	3.408	0	3.385	0	(79)	(7)	0	103.232	108.259	211.491
	111.614										55.386
R.L. 13/2000	20.979	0	0	1.040	0	(69)	0	0	21.950	81.072	103.022
TENDER 2006	82.102										85.041

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Table 4/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
R.L. 19/2004-R.L. 35/95	603.880	0	0	580.534	(138.464)	(971)	307	0	1.045.287	890.656	1.935.943
Revolving Fund	1.471.190										0
R.L. 19/2004-R.L. 35/95	114.189	0	0	0	0	(104)	0	0	114.085	0	114.085
Guarantee fund	0										0
R.L. 35/95	4.035.820	0	(121.500)	1.653.439	(308.299)	(891)	481	0	5.259.049	5.491.589	10.750.638
CULTURE 2008	7.053.903										6.297
FSE SUBSIDY	(534)	0	0	0	(0)	(104)	0	0	(638)	0	(638)
GLOBAL	0										0
FUND LAW 598/94	(407.605)	0	0	0	0	(104)	0	0	(407.709)	0	(407.709)
Pia (Law 140/97 - Law 598/94)	0										0
FUND LAW 598/94	1.249	0	0	0	0	(104)	0	0	1.145	0	1.145
Pia New Economy	0										0
FUND LAW 598/94	(674)	0	0	0	0	(104)	0	0	(778)	0	(778)
Pia Intec 4	0										0
R.L. 13/00	240.298	0	0	0	0	(67)	0	0	240.231	6.543	246.774
TENDER FOR SMALL MUNICIPALITIES	6.543										46
FRI - INTERNATIONALISATION	906.854	0	0	623.417	(196.574)	(232)	5.668	0	1.339.133	1.004.892	2.344.025
FUND	1.627.626										1.884
Social Health Fund	153.209	0	0	0	0	(68)	0	0	153.141	0	153.141
	0										0
FIMSER	(13.189.436)	6.585.192	(3.289.894)	0	3.513	(383)	0	0	(9.891.008)	275.515	(9.615.493)
	275.515										1.267
TENDER FOR SERVICES	(202)	0	0	0	0	(67)	0	0	(269)	24.195	23.926
R.L. 1/07	24.195										122
AXIS 1 INNOVATION MEASURE 1.5	(637)	0	0	0	0	(226)	0	0	(863)	110.136	109.273
	110.136										1.227
LR35/96 PIA New Econ. And New Economy	(366)	0	0	0	0	(275)	0	0	(641)	69.340	68.699
	69.340										20.166
ADP AXIS 1 MEASURE A-B	(307)	0	0	0	0	(104)	0	0	(411)	0	(411)
	0										0
P.I.P. TENDER	7.097	0	0	627	0	(70)	0	0	7.655	120.466	128.121
	121.093										816
P.I.C.S. Integrated plans fund	45.137	0	0	0	0	(67)	0	0	45.070	50.149	95.220
for competitiveness	50.149										268
START-UP RESTART DIRECT LOANS TENDER	3.295.938	0	0	1.229.584	11.619	(845)	59.838	0	4.596.134	5.814.204	10.410.338
	7.081.977										77.572
START-UP RESTART CONTRIB. TUTOR TENDER	962.285	0	0	796	0	(112)	213	0	963.182	0	963.182
	0										247.752
LR13/2000 Tender	4.013	0	0	0	0	(104)	0	0	3.909	0	3.909
INNOVA RETAIL (2010)	0										0
SEED FUND	298.643	(41.693)	0	299.386	(253.693)	(68)	(3.400)	0	299.175	0	299.175
	277.600										0

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Table 5/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
TENDER FASHION 2008	1.635.738	0	0	0	0	(76)	0	0	1.635.661	0	1.635.661
	0										78.112
TENDER FASHION 2009	1.159.480	0	0	4.065	0	(77)	0	0	1.163.468	0	1.163.468
	4.065										0
FASHION START-UP-YOUNG AND/OR FEMALE TALENT	198.264	0	0	0	0	(104)	0	0	198.160	0	198.160
	0										0
TRADE DISTRICTS 1	(740)	0	0	0	0	(178)	0	0	(918)	0	(918)
	0										0
TRADE DISTRICTS 2	47.626	0	0	0	(4.470)	(69)	0	0	43.087	0	43.087
	0										0
TRADE DISTRICTS 3	99.930	0	0	0	0	(104)	0	0	99.826	0	99.826
	0										0
TRADE DISTRICTS 4	880	0	0	0	0	(104)	0	0	776	0	776
	0										0
TRADE DISTRICTS 5	27.239	0	0	0	0	(104)	0	0	27.135	0	27.135
	0										0
R.L. 21/2008 cinemas and theatres	3.287.028	(318.244)	(9.843)	400.175	(125.080)	(428)	992	0	3.234.599	777.280	4.011.879
	1.176.646										181
R.L. 21/08 Theatre Guarantee Fund	418.701	0	0	0	0	(67)	0	0	418.634	0	418.634
	0										0
Skypass Lombardy	37.680	0	0	0	0	(225)	0	0	37.454	0	37.454
	0										184.687
R.L. 14/2007 AT. 3	12.776.077	(240.000)	0	0	0	(107)	0	0	12.535.970	0	12.535.970
	0										0
JEREMIE FESR FUND	18.277.837	0	7.930	0	0	68.543	0	0	18.354.309	0	18.354.309
	0										0
JEREMIE FSE FUND	4.273.631	0	4.000	0	0	8.795	0	0	4.286.425	0	4.286.425
	0										0
JEREMIE FSE 2010 FUND	391.562	0	0	0	0	(180)	0	0	391.382	0	391.382
	0										0
JEREMIE FSE 2010 FUND	509.314	0	0	0	0	(128)	0	0	509.186	0	509.186
Guarantee	0										0
RGD 7025/08 EXPRESSIONS OF	355.262	0	0	5.910	(5.910)	(145)	0	0	355.117	385.289	740.406
INTEREST	391.199										81.966

Table 6/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
MIL Guarantee Fund	1.153.309	0	(19.362)	0	0	(831)	0	0	1.133.116	0	1.133.116
	0										0
Operating Credit Fund	389.322	3.785.943	(4.449.833)	375	1.967	(1.674)	(43)	0	(273.944)	0	(273.944)
agriculture	0										3.306
Tourism Meas. A-B	111.303	0	0	0	0	(263)	0	0	111.039	176.019	287.058
	176.019										90.900
Tourism Meas. C	266.966	0	0	325	0	(299)	(325)	0	266.666	163	266.829
	488										51
MIUR TENDER	7.841.994	0	0	12.020	(6.033)	34.634	46	0	7.882.661	465.567	8.348.228
EXPRESSIONS OF INTEREST	477.587										3.002
MIUR TENDER	32.910.523	0	0	1.049.252	(125.604)	9.991	3.401	0	33.847.562	1.080.516	34.928.078
FRIM FESR	2.127.748										3.536
MIUR TENDER	17.827.128	(283.848)	0	708.586	(79.680)	(91.321)	1.868	0	18.082.732	1.439.589	19.522.321
FAR FIN	2.144.683										7.312
2011 THEATER DIGITALISATION TENDER	463.128	0	0	40.412	(1.682)	(147)	174	0	501.885	28.387	530.272
	68.799										0
FINTER	648.204	0	0	38.081	(6.566)	(277)	33	0	679.473	90.380	769.853
	128.247										440
GREEN AREAS FUND TENDER	2.555.741	0	(634.791)	0	0	(144)	0	0	1.920.806	0	1.920.806
	0										0
MOVIE PROD. FUND	257.001	0	0	0	0	(104)	0	0	256.897	0	256.897
	0										0
MOVIE FUND	191.376	0	0	0	0	(283)	0	0	191.093	0	191.093
	0										0
BIOMEDICA NERVIANO	(381)	0	0	0	0	0	0	0	(381)	0	(381)
	0										0
2012 THEATER DIGITALISATION TENDER	569.764	0	0	20.959	(6.232)	(243)	112	0	584.360	28.279	612.639
	49.231										0
ANTI-USURY FUND	9.515	0	(8.501)	0	0	(106)	0	0	908	0	908
	0										0
FUND FOR RED. INTEREST = EIB	3.522.705	(1.900.000)	(981.946)	17.549	(5.693)	(332)	1	0	652.284	0	652.284
	0										331.215
R&D TENDER FOR BUSINESS COMBINATIONS	12.404.820	0	(49.000)	5.669.930	(2.613.457)	36.333	13.976	(236.046)	15.226.556	13.656.226	28.882.781
	19.277.157										1

Table 7/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
DIGITALISATION FUND	304.228	0	0	0	0	(104)	0	0	304.124	0	304.124
	0										0
INSTITUTIONAL AGREEMENTS FUND	(102.105)	13.150.162	(6.237.376)	0	(67.637)	(316)	0	0	6.742.728	0	6.742.728
	0										0
INTERNATIONALISATION VOUCHER FUND	15.313	0	0	0	0	(104)	0	0	15.209	0	15.209
	0										0
DRIADE FUND	216.004	0	0	0	(10.380)	(105)	0	0	205.520	0	205.520
	0										0
SKI COMPLEX 2015 TENDER	863.871	0	0	607.010	(225.988)	(431)	4.757	0	1.249.221	757.195	2.006.416
	1.362.360										702
CTS TENDER	367.789	0	0	34.490	(8.859)	(350)	53	0	393.123	44.109	437.232
	78.547										400
INFRASTRUCTURES AND MOBILITY TENDER	9.844.378	(8.120.000)	0	0	0	(107)	0	0	1.724.271	0	1.724.271
	0										0
LOMBARDIA CONCRETA RISK COVERAGE	1.064.757	0	0	0	0	(104)	0	0	1.064.653	0	1.064.653
	0										0
ERGON FUND	100.393	0	0	0	0	(208)	0	0	100.185	0	100.185
	0										0
TOURISM	417.772	0	(150.000)	0	0	(226)	0	0	267.546	0	267.546
EXCELLENCE PROJECT	0										0
LOMBARDIA CONCRETA - FUND FOR RED. OF RATES	(1.906.755)	0	0	8.090	0	(128)	383	0	(1.898.411)	0	(1.898.411)
	0										1.368
FRIM	133.461	0	0	87.915	(39.200)	(216)	0	0	181.961	148.382	330.343
FIERE	235.362										988
FUND TO SAFEGUARD	2.663.365	0	0	156.685	(42.665)	(247)	0	0	2.777.138	1.113.450	3.890.588
LOCAL CULT. SISMA MN	1.270.135										0
TENDER FOR	359.158	0	0	34.816	(4.473)	(223)	196	0	389.474	223.380	612.854
SKI LIFTS	258.238										175.248
DIGITALISATION 2013 FUND RL. 21/08 ART. 5	(200.964)	0	0	359.422	(16.681)	(286)	708	0	142.200	461.060	603.260
	820.781										1.056
MIUR FAR	11.170.933	(326.810)	0	326.810	0	41.636	0	0	11.212.569	0	11.212.569
CONTRIBUTIONS	0										90.894
START-UP RESTART FUND	75.035	0	0	(3.443)	168	(138)	(847)	0	70.775	0	70.775
CONTRIB. B.P.	0										144.335
SCHOOL CONSTRUCTION FUND	12.997.581	(171.406)	(408.349)	647.149	52.139	(440)	0	0	13.116.674	6.981.382	20.098.056
	7.220.182										0

Table 8/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
CASH CREDIT RATES REDUCTION	292.393	0	0	0	0	(104)	0	0	292.289	0	292.289
	0										0
MAINTENANCE SUPPORT FUND OF RENTED HOME	(193.957)	0	0	1	(1)	(183)	0	0	(194.140)	0	(194.140)
	0										0
VOUCHER PATENTS MEASURE E 2013	397.590	(397.507)	0	0	0	(83)	0	0	(0)	0	(0)
	0										0
CULTURE 2013 TENDER	1.075.546	0	(173.299)	362.636	(29.506)	(298)	0	0	1.235.080	3.362.747	4.597.827
	3.595.409										0
TAXI 2013 TENDER	(52)	3.176	0	0	0	(106)	0	0	3.018	0	3.018
	0										0
LOMBARDIA CONCRETA RED. COMMERCE RATES	1.222.571	0	(76.217)	1.032	0	(109)	61	0	1.147.338	0	1.147.338
	0										35.978
SOCIAL ANTICIPATION	872.747	0	0	0	0	(104)	0	0	872.643	0	872.643
	0										0
VOUCHER PATENTS MEAS. F 2014	2.087.047	(2.086.968)	0	0	0	(80)	0	0	(0)	0	(0)
	0										0
FRIM FESR 2020	15.293.651	0	0	2.952.023	(861.706)	(9.594)	69.173	(47.337)	17.396.209	8.764.173	26.160.382
	11.738.453										44.296
ASAM ANTICIPATION	142.578	0	0	0	0	(104)	0	0	142.474	0	142.474
	0										0
DESIGN COMPETITION FUND	5.999	0	0	0	0	(104)	0	0	5.895	0	5.895
	0										0
DAT - TOURISM ATTRACTIVENESS DISTRICTS	(271.559)	271.637	0	0	0	(104)	0	0	(26)	0	(26)
	0										0
FASHION DIGITAL TENDER	(312)	0	0	0	0	(104)	0	0	(416)	0	(416)
	0										0
NEWS STAND TENDER	219.706	0	0	0	0	(104)	0	0	219.602	0	219.602
	0										0
MINIBOND PROJECT	(8)	0	0	0	0	(104)	0	0	(112)	0	(112)
	0										0
COUNTER-GUARANTEE FUND	30.764.039	(4.000.000)	(338.061)	0	0	(308.125)	0	(96.720)	26.021.133	0	26.021.133
	0										0

Table 9/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
MUSICAL INSTRUMENTS FUND	34.223	0	0	0	0	(104)	0	0	34.119	0	34.119
	0										0
LINEA INTRAPRENDO TENDER	10.409.032	(7.565.000)	(329.787)	1.014.125	(341.936)	(101.104)	35.507	(80.688)	3.040.149	2.839.051	5.879.199
	3.507.162										19.520
NATURAL CALAMITIES FUND	(312)	0	0	0	0	(104)	0	0	(416)	0	(416)
	0										0
FOPPOLO ANTICIPATION	6.574	0	0	0	0	(104)	0	0	6.470	0	6.470
	0										0
2016 CULTURE FUND PRIVATES-CHURCH ENTITIES	1.611.587	0	(186.630)	296.113	(133.794)	(373)	0	0	1.586.903	3.247.429	4.834.332
	3.403.570										0
2015 PUBLIC ENTITIES CULTURE FUND	1.429.873	0	(658.937)	29.878	5.010	(132)	0	0	805.692	1.595.647	2.401.338
	1.131.322										0
FREE FUND	12.271.132	0	(1.676.811)	486.209	(44.359)	(27.715)	0	(20.866)	10.987.590	8.934.185	19.921.775
	7.743.583										0
REVOLVING FUND RL 21/08 YEAR 2016	563.773	(663.999)	(119.038)	100.756	4.347	(132)	0	0	(114.294)	747.136	632.842
	788.372										0
Fund for Agricultural Enterprises	628.961	8.837.950	(4.733.464)	690.718	(539.491)	(340)	91.894	(63.024)	4.913.205	19.955.135	24.868.340
	15.911.708										0
Al Via Guarantee Fund	65.334.077	10.215.680	158.257	0	0	(40.899)	0	(215.680)	75.451.434	0	75.451.434
	0										0
Research and Innovation Fund	462.402	0	(261.519)	0	0	(112)	0	0	200.771	0	200.771
	0										0
Stoa Tender	200.623	0	0	0	(100.000)	(86)	0	0	100.537	0	100.537
	0										30.295
Public Sports Facilities Tender	10.896	(125.000)	0	0	0	(71)	0	0	(114.175)	0	(114.175)
	0										0
Scholastic Construction Tender	(9.349.709)	0	0	290.449	73.508	(142)	0	0	(8.985.893)	2.282.283	(6.703.610)
	2.572.732										0
Store Revolution	357.124	1.375.910	(1.690.394)	0	(1.466)	(342)	0	0	40.832	0	40.832
	0										0
Faber Tender	316.015	0	(246.781)	0	(1.133)	(114)	0	0	67.987	0	67.987
	0										0
Credit Support Fund (New Frim Coop)	(5.571)	1.592.134	(1.525.142)	368.233	(112.246)	(389)	23.476	0	340.495	3.274.046	3.614.542
	2.116.779										0

Table 10/10 Changes during the year 1.1.2021 – 31.12.2021 and balance sheet amounts at 31.12.2021

Laws	Balances available at 31.12.2020	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 31.12.2021 (***)	Loans Existing at 31.12.2021	Balance of third party provisions
	Existing loans										on-call receivables
											guarantee deposit
Lombardy to Stay Tender	(346.015)	2.109.431	(919.600)	0	97.259	(112)	0	0	940.963	0	940.963
	0										0
Frim Fesr II Research and Development	5.055.449	41.323	(1.002.712)	62.848	(70.755)	(411)	14.955	(41.323)	4.059.374	3.385.843	7.445.218
	2.445.962										0
Line for Internationalisation Fund	917.391	3.280.703	(3.087.157)	115.437	(52.038)	(78)	0	(30.703)	1.143.555	5.304.108	6.447.663
	2.332.388										0
Bei Interest Rate Reduction Fund/Evolution Loan	3.768.370	4.253.000	(4.801.093)	0	(17.466)	(359)	0	0	3.202.452	0	3.202.452
	0										0
Tender Faber 2020	(16)	7.194.027	(7.185.969)	0	0	(547)	0	0	7.495	0	7.495
	0										0
Tender Trade Districts for Territorial Reconstruction	2.439.621	3.463.473	(5.899.293)	0	0	(494)	0	0	3.307	0	3.307
	0										0
Reactive against Covid	4.231.643	3.501.973	(7.733.616)	0	0	(159)	0	0	(159)	0	(159)
	0										0
ARCHE' 2020	0	182.635	0	0	0	(66)	0	0	182.569	0	182.569
	0										0
Fund for the recovery of local entities	17.567.670	250.370.849	(243.814.737)	0	0	(8.633)	0	0	24.115.148	0	24.115.148
	0										0
AL VIA - Contribution	0	4.279.904	0	0	0	(162)	0	0	4.279.742	0	4.279.742
	0										0
Social Anticipation 2020	0	0	0	0	(0)	(50)	0	0	(50)	0	(50)
	0										0
Bei Interest Rate Reduction "Credito Evolution" (FSC Resources)	0	35.000.000	(23.644.543)	0	0	(235)	0	0	11.355.222	0	11.355.222
	0										0
Fund for the capitalization of Lombard cooperatives	0	0	(82.800)	(9)	0	(33)	9	0	(82.833)	82.800	(33)
	0										9
Infrastructure program	0	20.209.163	(14.600.930)	0	0	(225)	0	0	5.608.009	0	5.608.009
	0										0
Fund for intervention in support of the economic fabric of local entities	0	19.769.975	(19.090.251)	0	0	(851)	0	0	678.874	0	678.874
	0										0
Capitalization measure	0	9.000.000	(6.074.371)	0	0	(81)	0	0	2.925.548	0	2.925.548
	0										0
Treasury Management	23.718.938	(7.027.484)	0	0	0	1.015.863	0	0	17.707.317	0	17.707.317
	0										0
TOTAL	492.587.627	320.404.807	(366.263.815)	51.247.965	(10.037.478)	599.626	474.549	(960.770)	488.052.512	224.745.914	712.798.426
	261.664.165										2.721.349
	1.469.373										1.469.373

(*) includes the fair value delta and accrued income
(**) The interest on loans column includes late payment interests on revoked contributions
(***) The cash balances column at 31.12.2021 includes cash pooling receivables of Euro 167,787,284.30

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

Changes in the Year 01.01.2021 - 31.12.2021

Name	Availab. Balances at 31.12.2020	Decrease and/or Increase provision	Disbursements to Enterprises Loans	Repayments	Interest, charges and Income on current account and securities	Reimbursement made	Compensation Finlombarda paid	Balances available at 31.12.2021	Loans existing at 31.12.2021	Balance sheet balances
JOP	3.736	0	0	0	(67)	0	0	3.669	0	3.669
Ambiente	9.179.414	932.542	0	0	242.205	0	0	10.354.162	0	10.354.162
Simpler	296.261	0	0	0	(292)	0	0	295.968	0	295.968
TOTAL	9.479.411	932.542	0	0	241.846	0	0	10.653.799	0	10.653.799

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

The Parent Company 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.
As we collect money from the general public, the absorption of capital is measured by applying a 8% percentage to total risk-weighted assets, as required by the legislation on financial intermediation.

2.2 Systems for managing, measuring and monitoring

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

The Parent Company 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 the Parent Company'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, insurance policies 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 linked to the COVID-19 emergency, which characterised 2021 as well, there was a sharp 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.

With reference to the initiatives taken to deal with the particular situation, the financed companies were able to benefit from two different forms of moratorium:

- regional moratorium, for which funded entities were able to apply until 31 March 2021;
- "Cura Italia" moratorium and subsequent government extensions up to the latest one ordered by "Sostegni Bis" Decree Law no. 73 of 25 May 2021, which allowed by 15 June 2021 to submit a suspension extension, for loans already subject to the "Cura Italia" moratorium, up to the installments falling due by 31 December 2021.

As of 31 December 2021, the amount of outstanding moratorium amounts to Euro 6,118 thousand (corresponding to the carrying amount of Euro 6,185 thousand) and refers entirely to the "Cura Italia" moratorium.

The valuation of loans granted is carried out in accordance with IFRS 9. Performing loans, in particular, loans 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, 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. 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 2021 provisions, given the continuation of a critical scenario with respect to the years prior to 2020, as a matter of prudence it was deemed appropriate to calibrate the curves of the marginal PD values higher than the historical series of default rates of the last 3 years, taking the previous years as a reference.

3. Impaired credit exposures

Impaired credit exposures are identified through the systematic monitoring of loans by the Monitoring and Recovery 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	orming past due e	ming past due expo	performing expos	Total
1. Financial assets measured at amortised cost	919.034	151.899	38.283	5.193.082	416.778.144	423.080.443
2. Financial assets measured at fair value through other comprehensive income		75.600			75.037.542	75.113.142
3. Financial assets designated at fair value						
4. Other financial assets mandatorily measured at fair value						
5. Financial assets held for sale						
Total 31/12/2021	**919.034**	**227.499**	**38.283**	**5.193.082**	**491.815.686**	**498.193.585**
Total 31/12/2020	**1.256.667**	**963.232**	**7.406**	**153.044**	**362.328.294**	**364.708.644**

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

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	6.519.407	5.410.190	1.109.216		426.891.767	4.920.541	421.971.226	423.080.443
2. Financial assets measured at fair value through other comprehensive income	756.000	680.400	75.600		75.766.936	729.394	75.037.542	75.113.142
3. Financial assets designated at fair value					X	X		
4. Other financial assets mandatorily measured at fair value					X	X		
5. Financial assets held for sale								
Total 31/12/2021	**7.275.407**	**6.090.590**	**1.184.816**		**502.658.703**	**5.649.934**	**497.008.769**	**498.193.585**
Total 31/12/2020	**8.591.234**	**6.367.928**	**2.223.306**	**5.579**	**367.150.147**	**4.103.696**	**363.046.452**	**365.269.757**

In accordance with IAS 1, amounts for 2020 have been reclassified for ease of understanding

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	5.127.448	0	0	65.635	0	0	0	0	1.109.216			
2. Financial assets measured at fair value through other comprehensive income							75.600					
3. Financial assets held for sale												
Total 31/12/2021	**5.127.448**			**65.635**			**75.600**		**1.109.216**			
Total 31/12/2020	**76.055**			**76.989**			**726.994**		**1.500.311**			**1.500.311**

FINLOMBARDA

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

Reasons/risk stages	Assets included in the first stage						Assets included in the second stage						Assets included in the third stage						Financial assets impaired acquired or originated					Total allocations on commitments to disburse funds and financial guarantees given				Total
	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	**51.309**	**3.572.483**	**247.534**					**200.110**	**83.569**					**6.363.928**	**4.000**									**153.647**				**10.676.581**
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	488.343	420.893	-191.044					**727.054**	**589.336**					**-953.738**	**676.400**				X	X	X	X	X	**-123.752**	**155**			
Final total inventories	**539.652**	**3.993.376**	**56.489**					**927.164**	**672.904**					**5.410.190**	**680.400**									**29.895**	**155**			**12.310.227**
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 cost	9.893.911	4.487.519	55.133		111.879	
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees provided						
Total 31/12/2021	**9.893.911**	**4.487.519**	**55.133**		**111.879**	
Total 31/12/2020	**5.149.771**	**20.886.203**	**40.563**		**239.589**	**9.052**

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	**3.690.609**					
A.1 granted in accordance with GL	3.690.609					
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 31/12/2021	**3.690.609**					
Total 31/12/2020	**4.250.337**	**6.482.758**				

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												
a) Non-performing												
b) Performing	**217.209.809**	**217.209.809**				**539.652**	**539.652**				**216.670.156**	
A.2 ALTRE												
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	46.784.834	26.106.023	20.678.811			688.217	15.313	672.904			46.096.617	
- of which: forbearance exposures												
TOTAL A	**263.994.643**	**243.315.831**	**20.678.811**			**1.227.869**	**554.965**	**672.904**			**262.766.773**	
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing												
a) Performing												
TOTAL B												
TOTAL A+B	**263.994.643**	**243.315.831**	**20.678.811**			**1.227.869**	**554.965**	**672.904**			**262.766.773**	

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

Reasons/Category	Non-performing	Unlikely-to-pay	Non-performing past due exposures
A. Initial gross exposure		**726.994**	
- of which: exposures granted not derecognised			
B. Increases			
B.1 reclassified from performing exposures			
B.2 reclassified from financial assets impaired acquired or originated			
B.3 reclassified from other categories of non-performing exposures			
B.4 contractual amendments without derecognition			
B.5 other increases			
C. Decreases		**-726.994**	
C.1 reclassified to performing exposures			
C.2 write-offs			
C.3 collections		-726.994	
C.4 proceeds from sale			
C.5 losses from sale			
C.6 reclassified to other non-performing exposure categories			
C.7 contractual amendments without derecognition			
C.8 Other decreases			
D. Final gross exposure			
- of which: exposures granted not derecognised			

6.3 Impaired on-balance sheet credit exposures to banks and financial companies: 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			**4.000**			
- of which: exposures granted not derecognised						
B. Increases						
B.1 impairment of assets impaired acquired or originated						
B.2 other impairment						
B.3 losses from sale						
B.4 reclassified from other non-performing loan categories						
B.5 contractual amendments without derecognition						
B.6 other increases						
C. Decreases			**-4.000**			
C.1 reversal of impairment from						
C.2 reversal of impairment from			-4.000			
C.3 gains from sale						
C.4 write-offs						
C.5 reclassified to other non-performing exposure categories						
C.6 contractual amendments without derecognition						
C.7 other decreases						
D. Final total impairment						
- of which: exposures granted not derecognised						

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	5.949.068			5.949.068		5.030.034			5.030.034		919.034	
- of which: forbearance exposures	571.392			571.392		432.870			432.870		138.522	
b) Unlikely-to-pay	1.262.976			1.262.976		1.035.477			1.035.477		227.499	
- of which: forbearance exposures	57.583			57.583		45.264			45.264		12.320	
c) Non-performing past due exposures	63.656			63.656		25.372			25.372		38.283	
- of which: forbearance exposures												
d) Performing past due exposures	5.299.454	5.231.552	67.903			106.372	104.104	2.268			5.193.082	
- of which: forbearance exposures												
e) Other performing exposures	450.574.414	432.470.106	18.104.308			4.855.346	3.930.449	924.896			445.719.069	
- of which: forbearance exposures												
TOTAL A	**463.149.569**	**437.701.658**	**18.172.211**	**7.275.700**		**11.052.601**	**4.034.553**	**927.164**	**6.090.884**		**452.096.968**	
B. OFF-BALANCE SHEET EXPOSURES												
a) Non-performing												
a) Performing	12.906.632	12.884.957	21.675			30.051	29.895	155			12.876.581	
TOTAL B	**12.906.632**	**12.884.957**	**21.675**			**30.051**	**29.895**	**155**			**12.876.581**	
TOTAL A+B	476.056.201	450.586.615	18.193.886	7.275.700		11.082.652	4.064.448	927.320	6.090.884		464.973.549	

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

Tipologia esposizioni / valori	Esposizione lorda					Rettifiche di valore complessive e accantonamenti complessivi					Esposizione Netta	Write-off parziali complessivi*
		Primo stadio	Secondo stadio	Terzo stadio	Impaired acquisite o originate		Primo stadio	Secondo stadio	Terzo stadio	Impaired acquisite o originate		
A. FINANZIAMENTI IN SOFFERENZA												
a) Oggetto di concessioni conformi con le GL												
b) Oggetto di misure di moratoria non più conformi alle GL e non valutate come oggetto di concessione												
c) Oggetto di altre misure di concessione												
d) Nuovi finanziamenti												
B. FINANZIAMENTI IN INADEMPIENZE PROBABILI												
a) Oggetto di concessioni conformi con le GL												
b) Oggetto di misure di moratoria non più conformi alle GL e non valutate come oggetto di concessione												
c) Oggetto di altre misure di concessione												
d) Nuovi finanziamenti												
C) FINANZIAMENTI SCADUTE DETERIORATE												
a) Oggetto di concessioni conformi con le GL												
b) Oggetto di misure di moratoria non più conformi alle GL e non valutate come oggetto di concessione												
c) Oggetto di altre misure di concessione												
d) Nuovi finanziamenti												
D) FINANZIAMENTI NON DETERIORATI												
a) Oggetto di concessioni conformi con le GL												
b) Oggetto di misure di moratoria non più conformi alle GL e non valutate come oggetto di concessione												
c) Oggetto di altre misure di concessione												
d) Nuovi finanziamenti												
E) ALTRI FINANZIAMENTI NON DETERIORATI		**5.932.340**	**3.752.777**				**-206.863**	**-95.399**			**9.382.854**	
a) Oggetto di concessioni conformi con le GL		2.432.084	3.752.777				-36.692	-95.399			6.052.770	
b) Oggetto di misure di moratoria non più conformi alle GL e non valutate come oggetto di concessione												
c) Oggetto di altre misure di concessione												
d) Nuovi finanziamenti		3.500.256					-170.172				3.330.084	
TOTALE (A+B+C+D+E)		**5.932.340**	**3.752.777**				**-206.863**	**-95.399**			**9.382.854**	

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	**6.317.856**	**543.830**	**8.229**
- of which: exposures granted not derecognised			
B. Increases		**756.000**	**55.133**
B.1 reclassified from performing exposures		756.000	55.133
B.2 reclassified from financial assets impaired acquired or originated			
B.3 reclassified from other categories of non-performing exposures			
B.4 contractual amendments without derecognition			
B.5 other increases			
C. Decreases	**-940.180**	**-94.438**	
C.1 reclassified to performing exposures			
C.2 write-offs			
C.3 collections	-940.180	-94.438	
C.4 proceeds from sale			
C.5 losses from disposals			
C.6 reclassified to other non-performing exposure categories			
C.7 contractual amendments without derecognition			
C.8 other decreases			
D. Final gross exposure	**5.377.676**	**1.205.393**	**63.362**
- of which: exposures granted not derecognised			

6.5bis On-balance sheet credit exposures to customers: changes in gross exposures granted by credit quality

Reasons/Quality	Non-performing forbearance exposures	Other forbearance exposures
A. Initial gross exposure	**994.324**	**92.092**
- of which: exposures granted not derecognised		
B. Increases		**4.259.148**
B.1 reclassified from performing loans not subject to forbearance		4.259.148
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	**-365.348**	
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	-365.348	
C.6 proceeds from sale		
C.7 losses from sale		
C.8 other decreases		
D. Final gross exposure	**628.976**	**4.351.240**
- 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	**5.901.926**	**658.578**	**461.179**	**101.458**	**823**	
- of which: exposures granted not derecognised						
B. Increases			**680.400**		**24.549**	
B.1 impairment of financial assets impaired acquired or originated						
B.2 other impairment			680.400		24.549	
B.3 losses from sale						
B.4 reclassified from other non-performing loan categories						
B.5 contractual amendments without derecognition						
B.6 other increases						
C. Decreases	**-871.892**	**-225.708**	**-106.102**	**-56.194**		
C.1 reversal of impairment from valuation						
C.2 reversal of impairment from collection	-871.892	-225.708	-106.102	-56.194		
C.3 gains from sale						
C.4 write-offs						
C.5 reclassified to other non-performing exposure categories						
C.6 contractual amendments without derecognition						
C.7 other decreases						
D. Final total impairment	**5.030.034**	**432.870**	**1.035.477**	**45.264**	**25.372**	
- 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		Financial companies (of which: insurance companies)		Non-financial companies		Households		Banks	
	Net	Total impairment	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							881.845	4.969.364	37.189	60.670		
of which: forbearance exposures							138.522	432.870				
A.2 Unlikely-to-pay loans							227.499	1.035.477				
of which: forbearance exposures							12.320	45.264				
A.3 Past due non-performing exposures							38.283	25.079				
of which: forbearance exposures												
A.4 Performing exposures	12.486.528	3.470	33.759.763	678.079			436.241.726	4.915.268	2.183.897	42.980	229.007.010	549.790
of which: forbearance exposures												
Total (A)	**12.486.528**	**3.470**	**33.759.763**	**678.079**			**437.389.354**	**10.945.188**	**2.221.086**	**103.650**	**229.007.010**	**549.790**
B. Off-balance sheet exposures												
B.1 Non-performing												
B.2 Other performing exposures							12.831.549	29.775	45.032	275		
Total B							**12.831.549**	**29.775**	**45.032**	**275**		
Total (A+B) (2021)	**12.486.528**	**3.470**	**33.759.763**	**678.079**			**450.220.903**	**10.974.963**	**2.266.118**	**103.925**	**229.007.010**	**549.790**
Total (A+B) (2020)	**199.021.904**	**34.773**	**42.821.909**	**198.733**			**286.110.892**	**10.270.368**	**2.046.389**	**99.783**	**51.107.134**	**72.937**

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

Esposizioni/Aree geografiche	Italia		Altri Paesi europei	
	Esposizione netta	Rettifiche di valore complessive	Esposizione netta	Rettifiche di valore complessive
A. Esposizioni creditizie per cassa				
A.1 Sofferenze	919.034	5.030.034		
A.2 Inadempienze probabili	227.499	1.035.477		
A.3 Esposizioni scadute deteriorate	38.283	25.372		
A.4 Esposizioni non deteriorate	709.518.704	6.182.983	4.160.221	6.603
Totale (A)	**710.703.521**	**12.273.867**	**4.160.221**	**6.603**
B. Esposizioni creditizie fuori bilancio				
B.1 Esposizioni deteriorate				
B.2 Esposizioni non deteriorate	12.876.581	30.051		
Totale (B)	**12.876.581**	**30.051**		
Totale (A+B) (2021)	**723.580.102**	**12.303.918**	**4.160.221**	**6.603**
Totale (A+B) (2020)	**573.095.992**	**10.666.825**	**8.012.236**	**9.768**

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	918.014	4.733.699		294.599	1.020	1.737		
A.2 Unlikely-to-pay loans	227.499	1.035.477						
A.3 Past due non-performing exposures	38.283	25.372						
A.4 Performing exposures	597.532.768	5.292.701	33.351.866	737.345	78.043.377	146.524	590.693	6.413
Total (A)	**598.716.564**	**11.087.249**	**33.351.866**	**1.031.945**	**78.044.397**	**148.260**	**590.693**	**6.413**
B. Off-balance sheet exposures								
B.1 Non-performing								
B.2 Other performing exposures	12.727.107	29.524	149.474	526				
Total B	**12.727.107**	**29.524**	**149.474**	**526**				
Total (A+B) (2021)	**611.443.671**	**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

a) Amount (gross exposure): Euro 234,596,486;

b) Amount (weighted value): Euro 219,107,400;

c) Number: 6 positions, namely Banca Intesa, Banco BPM, Banca AKROS (connected with Banco BPM), Banca Nazionale del Lavoro, Banca Popolare di Sondrio and Arexpo.

With reference to exposures to credit institutions, it should be noted that the amount is mainly due to the liquidity on the current accounts in the name of the company and, precisely with reference to the latter, as of 31 December 2021, there was a temporary excess with respect to the 25% limit on the counterparty Banca Popolare di Sondrio, which was promptly normalised on 13 January 2022.

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, mutual funds and insurance policies, with a prevalence of bonds, and 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 2021, the two lines have an outstanding amount of Euro 225.3 million (book value). In 2021, a new line of credit for Euro 150 million was fully drawn down with Banca Popolare di Sondrio, with a book value of Euro 148.4 million. The Company has bonds for Euro 91.3 million, current accounts for Euro 216.7 million, loans to businesses stipulated for Euro 401.2 million, of which floating-rate for Euro 300 million exposed to interest rate risk and Euro 101.2 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 2017, the Company issued a Bond listed on the Luxembourg Stock Exchange of Euro 50 million. The benchmark rate is fixed and repayment is scheduled for September 2022. In December 2021, the company, under the EMTN programme for 500 million, proceeded with a new bond issue for a nominal value of Euro 50 million, 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	from over 5 years to 10 years	over 10 years	Undefined maturity
1. Assets	**216.670.156**	**28.086.208**	**307.369.240**	**17.790.285**	**106.185.609**	**15.084.574**	**17.978.849**	
1.1 Debt securities		7.967.999	13.902.024	4.882.956	35.443.001	11.132.165	17.978.849	
1.2 Receivables	216.670.156	20.118.209	293.467.216	12.907.329	70.742.608	3.952.409		
1.3 Other assets								
2. Liabilities	**1.743**		**373.674.685**	**50.187.720**	**50.011.858**			
2.1 Payables			373.674.685					
2.3 Debt securities				50.187.720	50.011.858			
2.4 Other liabilities	1.743							
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 225.3 million, as well as the new line of Euro 150 million (book value Euro 148.4 million) of Banca Popolare di Sondrio fully used (duration 5 years). The two bond issues, for a total of Euro 100 million, are at a fixed rate. The average duration of funding sources is between 4 and 5 years. About 13% of the asset items consists of investments in bonds issued by supervised financial institutions and leading corporate companies, for a total of Euro 91.3 million, the rest being cash balances on the Company's current accounts, i.e. Euro 216.7 million. Loans to customers other than bonds, amounting to a total of around Euro 401.2 million, of which around 75% (Euro 300 million) are at floating rates, have an average duration of between three and four 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 mutual funds and capitalisation policies 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 2021 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.

1. *Breakdown by currency of assets, liabilities and derivatives*

Items	CURRENCIES					
	USA Dollars	GB Pounds	Yen	Canadian dollars	Swiss Francs	Other currencies
A. Financial assets	**1.782.052**	**34.250**	**21.712**	**11.564**		**297.846**
A.1 Debt securities						
A.2 Equities						
A.3 Receivables						
A.5 Other financial assets	1.782.052	34.250	21.712	11.564		297.846
- other assets						
B. Financial Institution liabilities						
C.1 Payables						
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities						
E. Financial derivatives						
+ long positions						
+ short positions						
Total assets	**1.782.052**	**34.250**	**21.712**	**11.564**		**297.846**
Total liabilities						
Imbalance (+/-)	**1.782.052**	**34.250**	**21.712**	**11.564**		**297.846**

The capital requirement for the exchange rate risk amounts to Euro 171,763.

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 Service 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 Service 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. Furthermore, as a result of the bond issue, the Asset Management and Treasury Service prepares and updates the Contingency Funding Plan required by the Bank of Italy from those taking deposits from the general public. 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 2021, the Company has liquid assets, mainly current accounts for about Euro 216.7 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 100 million. In addition, the Company is evaluating the possibility of applying for a new line of credit with the EIB.

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	**216.999.007**			**204.433**	**27.378.585**	**41.084.113**	**49.298.128**	**199.962.239**	**121.856.433**	**52.710.835**	**25.866.888**
A.1 Government securities								5.019.527			
A.2 Other Debt securities					7.464.809	13.902.024	4.882.956	25.882.978	5.043.686	29.111.015	
A.3 Loans				204.433	19.913.776	27.182.089	44.415.172	169.059.734	116.812.747	23.599.820	
A.4 Other assets	216.999.007										25.866.888
On-balance sheet liabilities	**1.743**					**10.472.212**	**60.336.540**	**114.499.350**	**157.550.129**	**131.016.032**	
B.1 Payables											
- Banks	1.743					10.472.212	10.148.819	114.499.350	107.538.271	131.016.032	
- Financial companies											
- Customers											
B.2 Debt securities							50.187.720		50.011.858		
B.3 Other liabilities											
Off-balance sheet transactions	**1.277.571**							**6.607.041**	**5.022.019**		
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	1.277.571							6.607.041	5.022.019		
- 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	31/12/2021	31/12/2020
1. Share capital	211.000.000	211.000.000
2. Share premium reserve	127.823	127.823
3. Reserves	45.544.683	45.544.683
- of profits	45.544.683	45.544.683
a) legal	7.107.400	7.073.832
b) statutory	4.977.356	4.943.788
c) treasury shares		
d) others	33.459.927	33.527.062
- other		
4. (Treasury shares)		
5. Valuation reserves	715.759	-149.581
- 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	1.007.664	220.979
- 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	-291.905	-370.560
- Share of valuation reserves relating to equity investments valued at equity		
6. Equity instruments		
7. Net profit (loss) for the year	0	0
Total	**257.388.265**	**256.522.925**

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

Assets/Amounts	31/12/2021		31/12/2020	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities		1.023.063		236.378
2. Equities	15.399		15.399	
3. Financing				
Total	15.399	1.023.063	15.399	236.378

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	**236.378**	**-15.399**	
2. Positive changes	**2.596.228**		
2.1 Increases in fair value	1.521.537		
2.2 Impairment for credit risk	1.025.291		
2.3 Reversal to income statement of negative realisation reserves	49.400		
2.4 Transfers to other equity components (equities)			
2.5 Other changes			
3. Negative changes	**-1.809.543**		
3.1 Decreases in fair value	-1.809.543		
3.2 Reversal of impairment for credit risk			
3.3 Reversal to income statement of positive reserves: realisation			
3.4 Transfers to other equity components (equities)			
3.5 Other changes			
4. Closing inventories	**1.023.063**	**-15.399**	

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.

It should be noted that Finlombarda does not calculate consolidated regulatory capital since the subsidiary Finlombarda Gestioni SGR is below the threshold envisaged by Bank of Italy Circular 288. In individual 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.

4.2.1.2 - Quantitative information

Items/Amounts	31/12/2021	31/12/2020
A. Core capital before the application of prudential filters	**241.219.393**	**240.043.432**
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)	**241.219.393**	**240.043.432**
D. Elements to be deducted from the core capital	709.575	783.844
E. Total core capital (TIER 1) (C-D)	**240.509.819**	**239.259.588**
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)	**240.509.819**	**239.259.588**

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 41.8 million of capital requirements imposed by the first pillar, the Company holds regulatory capital equal to Euro 240.5 million and therefore has a surplus of Euro 198.7 million. Tier 1 Capital Ratio is 46.04% and Total Capital Ratio amounts to 46.04%.

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
A. RISK ASSETS				
A.1 Credit and counterparty risk	834.539.410	669.333.533	483.321.033	350.665.886
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			38.665.683	28.053.271
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			41.792.442	31.377.208
C. RISK ASSETS AND RATIOS				
C.1 Risk-weighted assets			522.405.519	392.215.101
C.2 Core capital/Risk-weighted assets (Tier 1 capital ratio)			46,04%	61,00%
C.3 Regulatory capital/Risk-weighted assets (Total capital ratio)			46,04%	61,00%

SECTION 5 – STATEMENT OF COMPREHENSIVE INCOME

Items	Gross Value	Income tax	Net Value
Net profit (loss) for the year	0	0	0
Other comprehensive income after tax without reversal to income statement			
Equities designated at fair value through other comprehensive income:			
a) change in fair value			
b) transfers to other equity components			
Financial liabilities at fair value through profit or loss (change of own credit rating):			
a) change in fair value			
b) transfers to other equity components			
Hedging of equities designated at fair value through other comprehensive income			
a) change in fair value (hedged instrument)			
b) change in fair value (hedging instrument)			
Property, plant and equipment			
Intangible assets			
Defined benefit plans	78.656		78.656
Non-current assets and groups of assets held for sale			
Share of valuation reserves of equity investments valued at equity			
Income tax relating to other comprehensive income without reversal to income statement			
Other comprehensive income with reversal to income statement			
Foreign investment hedges:			
a) changes in fair value			
b) reversal to income statement			
c) other changes			
Exchange differences:			
a) changes in fair value			
b) reversal to income statement			
c) other changes			
Cash flow hedges:			
a) changes in fair value			
b) reversal to income statement			
c) other changes			
of which: result of net positions			
Hedges (non designated elements):			
a) changes in fair value			
b) reversal to income statement			
c) other changes			
Financial assets (other than equities) measured at fair value through other comprehensive income			
a) changes in fair value	-197.570		-197.570
b) reversal to income statement			
- impairment adjustments			
- gains/losses on disposal			
c) other changes			
Non-current assets and groups of assets held for sale:			
a) changes in fair value			
b) reversal to income statement			
c) other changes			
Share of valuation reserves of equity investments valued at equity:			
a) changes in fair value			
b) reversal to income statement			
- impairment adjustments			
- gains/losses on disposal			
c) other changes			
Income tax relating to other comprehensive income with reversal to income statement			
Total other income components	-118.915		-118.915
Comprehensive income (item 10+190)	**-118.915**	**0**	**-118.915**
Consolidated comprehensive income of minority interest			
Consolidated comprehensive income of the parent company	**-118.915**	**0**	**-118.915**

SECTION 6 – TRANSACTIONS WITH RELATED PARTIES

6.1 - Information on remuneration of managers with strategic responsibilities

Finlombarda S.p.A.

	31/12/2021	31/12/2020
Members of the Board of Directors	142.438	159.558
Board of Statutory Auditors	46.800	46.800
Supervisory body	19.500	31.200

Finlombarda Gestioni SGR S.p.A.

	31/12/2021	31/12/2020
Members of the Board of	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 refer exclusively to the Lombardy Region and are traded at market conditions.

At 31/12/2021, the amounts due to the Sole Shareholder Lombardy Region are as follows:

LOMBARDY REGION	Revenues	12.836.250	Costs	5.078
	Receivables	5.459.065	Payables	-

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:

Type of services	Counterparty	31/12/2021	31/12/2020
Audit	Audirevi SPA	29.832	29.832
Other services	Audirevi SPA	13.122	26.103

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.

Nexia Audirevi
Audit & Assurance

FINLOBARDA S.p.A.

Independent Auditor's Report

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

Audirevi SpA
Via Paolo da Cannobio, 33 - 20122 Milano
T: +39 0287070700 F: +39 0287070719

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, 2021, 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, 2021 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 Responsabilities 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, 2021, 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, 2021 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, 2021 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 2022

Audirevi S.p.A.

(signed in the original)

Gian Mauro Calligari
Partner